

**ECONOMIC DEVELOPMENT COMMISSION
MEETING SUMMARY**

September 29, 2016
8:00 a.m. – 10:45 a.m.

MEETING DATE

September 29, 2016
Monfort College of Business
800, 17th Street
Kepner Hall, Lower Level, Room 0040
Greeley, CO 80639

MEETING PARTICIPANTS

A. Commission Members

J. J. Ament, Dick Monfort, Carrie Schiff, Mashenka Lundberg, Benita Duran, Noel Ginsburg, Jay Seaton and Denise Brown.

B. Guests

Rich Werner, Dick Pickett, Lisa Hudson, Melissa Hughes, Representative Steve Humphrey, Representative Dave Young, Jane Blackstone, Tim Hale, Sara Hale, Chris Hahn, Jon Project Red Rocks, Bo Martinez, Lynn Meyers, Jim Project Duke, Patricia Project Duke, Turid Nagel-Caseboldt, Jim Williams, Melissa Humes, Jeff Litchford and Jared Januschka.

C. Staff

Fiona Arnold, Jeff Kraft, Michelle Hadwiger, Sam Bailey, Liz Cahill, Jenifer Doane, John Bristol, Angela Mendez, Simon Fox, Rebecca Gillis, Margaret Hunt, LeeAnn Morrill, Kelly Manning, Lauren Sloan, Donald Zuckerman, Katie Woslager and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the EDC Meeting Summary from the August 18, 2016 meeting.
2. The Economic Development Commission approved the following items: Meeting Summary from August 18, 2016; Project Red Rocks; Project Elektra; Project Duke; Coastal Cloud; Project Selene; Jibe Consulting; Idol Minds; Shooting In Vein; and Go NoCO NCRTA Board Members.

WELCOME

A. Meeting Called to Order

Ament called the meeting to order.

Welcome to Greeley

Kay Norton provided welcoming remarks to the group.

Greeley Perspective

Monfort provided his Greeley perspective. Monfort gave some of his family history in Greeley and talked a little about the largest employers in Greeley of which JBS is the largest. Monfort said when he was appointed to the EDC one of the items they were tasked with was to replot where the enterprise zones should be. Greeley is approximately half in the zone. The part that Leprino is in is a part of the enterprise zone. Most of the growth in Greeley is to the west. The fact that Greeley landed Leprino is largely due to the enterprise zone. Because of Leprino, dairies are coming around Greeley as well. This is a great story for Greeley. Because of fracking, the oil and gas business has been good in Weld County. Leprino received the largest one-time cash grant this board ever did. What we're doing is working, not just the created and

retained jobs but the dairies and all the other businesses that have come with it. The counties annual average wage is \$43,000 the wage Leprino is paying is substantially higher. The UNC BizHub has been a great addition, not only to UNC but to Weld County as a whole. The east portion of Greeley has been a challenge but because of the enterprise zone, I think we are making great strides. It's a great community that has its challenges but I think it's doing a great job of keeping up and growing.

MEETING SUMMARY

Schiff moved approval of the August 18, 2016 meeting summary.

M/S/P – Schiff, Seaton – meeting summary approved as presented by staff.

B. Job Growth Incentive Tax Credit (JGITC): Michelle Hadwiger

Project Red Rocks

Hadwiger presented the Project Red Rocks. Project Red Rocks is an information technology firm that supplies cloud business continuity, cloud file sync, and cloud-to-cloud backup solutions for managed service providers (MSPs), cloud service providers, system integrators, and value-added resellers (VARs).

Staff is requesting approval of a performance-based JGITC in the amount of \$2,628,758 for the creation of 108 net new full-time jobs with an average annual wage of \$100,278, 100% of Denver County's average annual wage, in support of this project.

M/S/P – Monfort, Lundberg – project approved as presented and recommended by staff.

Project Elektra

Hadwiger presented Project Elektra. Project Elektra is a Metro Denver-based information technology firm focused on the remote management of database systems for Fortune 500 companies. Project Elektra provides custom services to businesses which includes database planning, design, building, deployment, and lifecycle support. Furthermore, the company provides data intelligence and analytics to customers in order to help them leverage their data most efficiently.

Staff is requesting approval of a performance-based JGITC in the amount of \$5,178,574 for the creation of 293 net new full-time jobs with an average annual wage of \$77,285, 100% of Broomfield County's average annual wage, in support of this project.

M/S/P – Monfort, Duran – project approved as presented and recommended by staff.

Project Duke

Hadwiger presented Project Duke. Project Duke is a publicly-held health and wellness and bioscience company that has designed, developed, manufactured, and deployed a non-surgical, non-ablative medical device that remodels collagen and restores tissue. The company's patented technology is used primarily in women's health and has successfully been distributed in sixty-five countries around the world. Project Duke, based in California, sells their medical device to established medical partners who are then able to administer treatments to patients.

Staff is requesting approval of a performance-based JGITC in the amount of \$2,292,501 for the creation of 130 net new full-time jobs with an average annual wage of \$60,528, 100% of Arapahoe County's average annual wage, in support of this project.

M/S/P – Monfort, Lundberg – project approved as presented and recommended by staff.

Coastal Cloud

Hadwiger presented Coastal Cloud. Coastal Cloud, headquartered in Florida, provides customer relationship management (CRM) strategy, architecture, optimization, configuration, implementation, training, and administration to small and large businesses. Coastal Cloud assists public sector organizations and private firms with the integration of platforms such as Salesforce.com, Hubspot, Microsoft Dynamics, Google Apps, and other leading cloud-based software-as-a-service (SaaS).

Staff is requesting approval of a performance-based JGITC in the amount of \$786,404 for the creation of 51 net new full-time jobs with an average annual wage of \$73,039, 100% of Routt County's average annual wage, in support of this project.

M/S/P – Seaton, Schiff – project approved as presented and recommended by staff.

Project Selene

Hadwiger presented Project Selene. Project Selene is a privately-held air purification systems provider headquartered in the United Kingdom with its North American subsidiary in Colorado. The company offers a variety of air purification systems for medical, military, safety, and other uses and sells its products in over 80 countries around the world. Project Selene employs 40 employees in Colorado and maintains a substantial presence in the Metro Denver area.

Staff is requesting approval of a performance-based JGITC in the amount of \$1,165,124 for the creation of 67 net new full-time jobs with an average annual wage of \$64,480, 100% of Denver County's average annual wage, in support of this project.

M/S/P – Monfort, Ginsburg – project approved as presented and recommended by staff.

Update of Previously Approved Project

Hadwiger provided an update of a previously approved project. Agilent Technologies, formerly known as Project Apothecary, selected Frederick, Colorado in Weld County to establish a new manufacturing facility. The company plans to hire 170 net new full-time employees and invest over \$150 million dollars in a new state-of-the-art facility. This project was done in partnership with Upstate Colorado Economic Development Corporation, represented today by Rich Werner and Cathy Schulte, Town of Frederick, Department of Local Affairs, and OEDIT. Agilent Technologies was approved in January 2016 for a Job Growth Incentive Tax Credit of \$2.3 million dollars. The company made a formal announcement on August 9th. The project highlights the crucial partnership required to deliver on significant projects for the State of Colorado. Agilent Technologies serves as an example of how OEDIT works on behalf of the State of Colorado and in partnership with Weld County, Upstate Colorado Economic Development Corporation, and the Town of Frederick.

Confidentiality

Hadwiger followed-up with the Commission on a discussion at the previous EDC meeting regarding Confidentiality of clients. OEDIT will provide to the EDC in the project update list the actual company name of confidentially approved projects that have selected Colorado for their job creation project and plan to proceed with the incentive contracting process. We will ask that the EDC maintain the confidentiality of the project until they make their public announcement.

The board agreed with this process update and directed staff to move forward.

C. Strategic Fund (SF): Jeff Kraft, Michelle Hadwiger

Strategic Fund Balance Forecast

Kraft presented the Strategic Fund Balance Forecast which shows a balance of \$12,558,823 with an assumed Pipeline of \$4.5M.

Jibe Consulting

Hadwiger presented Jibe Consulting. Jibe Consulting, Inc. is an information technology firm specialized on management and consulting services. The company's primary business emanates from implementing Oracle's cloud-based solutions for customers across many industries. Jibe's services enable large and small domestic and international clients to implement cloud software solutions to drive scalability in their business' growth trajectory.

Staff is requesting a performance-based Strategic Fund cash incentive in the amount of \$33,000 for the creation of 34 net new full-time jobs with a minimum annual average wage of \$64,480, 100% of Denver County's annual average wage in support of this project.

M/S/P – Monfort, Ginsburg – projects approved as presented and recommended by staff.

D. Advanced Industries (AI): Katie Woslager

AI Budget

Woslager presented the AI Budget which shows a total balance of \$2,725,792 available for future projects.

AI Program Highlights

Woslager provided some program highlights noting to date, there have been 492 jobs created since this programs inception in 2013, 592 have been retained. 26 licenses have been created. 148 patents filed. 27 new companies have been formed. \$200M of capital leveraged which comes in the form of federal grants, SBIR, NIH, NSF, venture capital funding, etc. and \$13M in capital investment. In addition, the AI program funded EcoVapor Recovery Systems, a Greeley company that will be apply for additional funding during the next cycle. The company's technology is to control vapor emissions.

E. Office of Film Television and Media (OFTM): Lauren Sloan, Donald Zuckerman

OFTM Budget

Sloan presented the OFTM Budget which shows a balance of \$568,629 available for future projects.

Sloan presented Idol Minds. Idol Minds is a Westminster based gaming company. With over 17 years in the business, Idol Minds has created over a dozen high-quality, immersive and fun games on multiple platforms. Idol Minds aims to develop a story-based video game similar to interactive movies and Choose Your Own Adventure books. The game is equally divided between three activities: watching animated cut scenes that advance the story, making choices about how the player responds to situations and taking direct control of the character to explore the world.

The project has a preliminary Colorado budget of \$3,572,000 comprised of \$2,998,000 in payroll to Colorado residents and \$574,000 in projected spend to Colorado vendors. Idol Minds has estimated a production workforce of 53 for this project, all of which will be Colorado contracted employees and new hires. These positions include writers, programmers, producers, cinematic designers, animators and actors for motion capture. The estimated qualified local expenditures of the application would result in a maximum rebate of \$714,400 but due to COFTM's limited funds, Idol Minds has agreed to a maximum rebate of \$250,000.

M/S/P – Schiff, Duran – projects approved as presented and recommended by staff.

Shooting In Vein

Sloan presented Shooting In Vein. SIV LLC has submitted an application to produce a feature film entitled Shooting in Vein. SIV LLC is a Colorado-based production company lead by Jared Januschka who will also direct the film. Shooting in Vein is about an artist that discovers that his long lost love died from a drug overdose, travels home to investigate and is forced to face his own conscience. The film is a

psychological thriller with a social message and a goal of helping people empathize with addiction. Filmmakers plan to film in Pagosa Springs during the off season.

The project has a total preliminary Colorado budget of \$170,381. The film plans to hire 15 Colorado crew members and 10 cast members. The production estimates a payroll spend of \$60,686 to Colorado residents and a \$109,695 spend to Colorado vendors. The estimated qualified local expenditures of the application would result in a rebate of \$34,076.

M/S/P – Monfort, Duran – projects approved as presented and recommended by staff.

F. Regional Tourism Act (RTA): Jeff Kraft

Aurora

Kraft presented the Aurora External Financial Advisor Letter from First Southwest. According to statute, if the RTA entity is going to privately place bonds, they will need to hire an external financial advisor to make sure that the interest rate for the privately placed bonds is consistent with a tax free interest rate and make sure that the financial condition of the financing authority is appropriately structured. In the case of Aurora, they made a decision to not do any upfront financing by placing bonds they made a decision to reimburse, over the length of the RTA agreement, the cost of the developer. They are not going to fund it with bonds, they are going to improve the cash flow and the internal rate of return to the development project by injecting the funding as it comes in and then reimburse the eligible costs.

Ament said his take-away from this which is applicable to other RTA projects is that our job was to approve a rebate of a portion of state sales tax that would be generated by the development of the new project. As proven here, our job was just to create the revenue stream. It is not to complete the financing on their behalf. All the projects were supposed to bring their own financial plan and this is evidence of that.

Schiff asked about the Aurora litigation. They did not refile.

Morrill said they couldn't. There was no action after this.

Go NoCO

Kraft said after OEDIT sent a letter to Go NoCO asking them if they did want to pursue any changes to the Go NoCO Guardrails, they would need to send a letter to OEDIT explaining exactly what they are pursuing and the legal rationale behind it. They have told us informally they do not have plans at this time to do that. The Stanley Film Center representatives do want to negotiate the details of some of the Guardrails and staff will work with them. The other projects are working on the financing.

Kraft presented the Go NoCO Proposed Appointments to the Northern Colorado Regional Tourism Board removing Renee Von Weiland from the proposed list. The remaining proposed appointees are Christopher Ruff, Tom Muth, Morgan Mulch and Joe Rosner. Go NoCO is working on getting the remaining proposed appointees to us.

Staff is requesting the board approve the proposed appointees subject to validation of ownership in the zone.

M/S/P – Monfort, Ginsburg – appointees approved subject to staff validation of property ownership.

G. Small Business Development Center (SBDC): Kelly Manning

Manning presented the Small Business Development Center Program. Manning talked about how the SBDC Statewide network is structured and organized noting that the network is a public private partnership. It is a matching program that receives federal dollars, some state dollars and community dollars. The program is free consulting and no-cost, low-cost training.

This program struggles to obtain the needed match so staff is working on a proposal to assist this program using the Strategic Fund dollars. Staff will bring that presentation to the board at a future meeting.

H. EDC Budget: Jeff Kraft

Kraft presented the EDC Budget which currently shows a balance of \$17,091,823 available for future funding.

I. Other: Jeff Kraft

The next EDC meeting will be October 20, 2016.

With all items discussed, the meeting was adjourned.