

**ECONOMIC DEVELOPMENT COMMISSION
MEETING SUMMARY**

March 15, 2018
9:00 a.m. – 12:00 p.m.

MEETING DATE

March 15, 2018
1625 Broadway, Suite 2700
Denver, CO 80202

MEETING PARTICIPANTS

A. Commission Members

Carrie Schiff, Rob Brown, Benita Duran, Robert Price, Chris Franz, Karen Blumenstein, Denise Brown, and Tom Clark.

B. Guests

Laura Brandt, Tammy Fields, Dirk Draper, David Project 5855, Marcus 5855, Turid Nagel-Caseboldt, Joanne Greek, Steph Francis, Sarah Stober, Jessica Erickson, Roger Caruso, Adriana Abarca, and Jessica Erickson.

C. Staff

Stephanie Copeland, Jeff Kraft, Anna Ewing, Sean Gould, Ken Jensen, Rebecca Gillis, Dan Lane, Emily Williams, Michelle Hadwiger, Kelly Manning, Katie Woslager, Che Sheehan, Reid Aronstein, Christine Hoffman and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the EDC Meeting Summary from the February 15, 2018 meeting.
2. The Economic Development Commission approved the following items: Project Ubuntu; Project 5855; Certified Small Business Communities Year-2 Funding; SLV, Engine 168 and Historic Car Project; DEN, Latino Cultural Arts Center; NM, Mary Miller Theater Rehabilitation; DEN, Prodigy Coffee House; NM, Good Samaritan Medical Center Foundation; 2018 CU Tech Transfer Allocation Projects; Rocky Mountain Manufacturing; Pierce Corporation; Phoenix Haus; and Delegation of Authority to Issue Further Benefits for RJS.

A. Meeting Called to Order

Schiff called the meeting to order.

Introductions

Kraft introduced two new board members, Karen Blumenstein and Robert Price.

Kraft introduced two new staff members, Reid Aronstein and Che Sheehan.

Meeting Minutes

Clark moved approval of the meeting minutes from the February 15, 2018. Franz seconded the motion. Motion passed unanimously.

M/S/P – Clark, Franz – Meeting Minutes approved as presented by staff.

**B. Job Growth Incentive Tax Credit (JGITC): Jeff Kraft
Project 5855**

Hadwiger presented project 5855. Project 5855 is a mid-tier defense contractor that develops operational systems for space, cyber, and electronic warfare missions. Project 5855 is looking for a location to accommodate new employees as a result of its rapid growth. The company currently has dual headquarters, one of which is located in Colorado. Project 5855 estimates that this project will lead to the creation of 455 net new full time jobs in Colorado.

Staff is requesting \$6,926,858 in performance-based Job Growth Incentive Tax Credits over an 8-year period. This incentive is contingent upon the creation of up to 455 net new full-time jobs at a 100% of the AAW of any county in Colorado the company decides to locate, in support of this project.

M/S/P – Franz, Duran – Project 5855 approved as presented and recommended by staff.

Project Ubuntu

Hadwiger presented Project Ubuntu. Project Ubuntu is an IT company headquartered in San Francisco, California. Project Ubuntu provides a peer-to-peer lending platform for small businesses, enabling eligible and creditworthy businesses who wish to borrow and lend across the United States, the United Kingdom, and Europe to connect. The US operations focus on assisting accredited and institutional investors lend money to American businesses. Through offering services such as originations, underwriting, servicing, and collections for a small fee, the company provides tools for small businesses and lenders that have not previously existed. The company has combined technology and risk management models to provide growth capital for small businesses and allow investors an opportunity to gain returns through their online marketplace.

Project Ubuntu's leadership is seeking to open a new Business Center as a platform for future growth. The company has narrowed its search for its new Business Center location to Denver, Colorado and Arizona. The most important factors in the decision of where to expand include: cost of operations, talent availability and training opportunities, and availability of space to accommodate the company's growth over time.

Staff is requesting \$5,188,409 in performance-based Job Growth Incentive Tax Credit over an 8-year period. This incentive is contingent upon the creation of up to 291 net new full-time jobs at a minimum average annual wage of \$66,430 (100% of the targeted county's AAW or 100% of the AAW of any county in Colorado the company decides to locate).

M/S/P – Duran, Price – Project Ubuntu is approved as presented and recommended by staff.

Updated of Approved Projects

Hadwiger provided the following project updates.

AlphaGraphics, Inc./Project Husker was approved by the EDC on 3/16/2016 for \$1,021,169 in JGITC for the creation of 55 net new jobs. This is a headquarters relocation from Salt Lake City, UT. In the move, the company will consolidate much of its finance, marketing and network support service teams in the new location.

Xactly/Project Aloha was approved by the EDC on November 16, 2017 for JGITC for \$11,147,006. The projected job creation: up to 479 net new full-time jobs. Xactly was recently acquired by Vista Equity Partners, a private equity firm that which has vastly expanded in the Denver area recently - Granicus, Vertafore, and Ping Identity.

Strava/Project 5846 was approved by the EDC on December 21, 2017 for JGITC for \$2,291,102. The projected job creation is up to 89 net new full-time jobs. The project is moving forward in Colorado. The team will grow within Galvanize on Platte Street to start operations quickly.

C. Strategic Fund (SF): Jeff Kraft

Kraft presented the Strategic Fund Balance Forecast which shows a current balance of \$298,913.

Manning presented the Certified Small Business Communities Year-2 funding request.

The Certified Small Business Community Program is a three year pilot program to assist rural communities in Colorado with economic diversification through entrepreneurship. The Year 1 request for \$200,000 was approved in December of 2016. This approval included funding for staff and the first year of grant awardees. Staff was hired in March of 2017 and grants were awarded in October and need to be used by June 30, 2018. In year one an additional \$150,000 in Federal funding was leveraged for the SBDC based on the CSBC funding. These funds are to be utilized in rural disadvantaged communities.

The Certified Small Business Community Program offers assistance to rural communities who want to help their community through entrepreneurship growth, retention and expansion. Entrepreneurs can be the driving force in a local economy, especially ones that have been hit by large company closures and relocations. Entrepreneurs create jobs, invest in the community, create innovation, improve the quality of life, and assist communities in competing in a regional, national and global economy.

In October 2017 a funding request for \$100,000 was approved to pay the Program Manager and associated expenses to keep the program running. The Program Manager has created an informational flyer, updated the Blueprint 2.0 information sheet, reviewed and updated the CSBC 2018 application, has visited 15 communities and done presentations to 36 communities, and is overseeing the implementation of the program in the winning communities from 2017.

Staff is requesting \$110,000 to fund the program itself for Year 2.

Brown asked for a reminder on the sustainability plan for this program.

Copeland said this is not meant to be an ongoing programmatic expense coming out of OEDIT. This is meant to be “priming the pump”. All the communities are aware that they will have to take this over.

Manning said that we start to work with them in Year 2 on a sustainability plan. Much like the Incubator/Accelerator Program, if they are unable to prove sustainability, they may not receive that final year of funding.

Duran asked to be invited to be a part of the evaluation process.

Manning will follow-up with the extended invitation.

Schiff asked Manning to talk about the programs integration with Start-Up Colorado.

Manning a lot of these communities are not yet ready to do a start-up weekend or week. Start-Up Colorado is designed to help with some of those initiatives. SBDC is part of the overall design of Start-Up Colorado and we are working with the Certified Communities to bring them up so they would be eligible to have the capacity to a start-up week.

Hoffman said she has heard from the communities that a lot of people want to live in rural areas but still want to telecommute and work so broadband is a huge issue. The communities that have invested in broadband, like Rio Blanco, are receiving huge gains from that. This is also one of the reasons the co-working spaces have been really popular.

M/S/P – Duran, R. Brown – Certified Small Business Community Program Year-2 Funding approved as presented and recommended by staff.

D. Enterprise Zone (EZ): Sonya Guram

Guram provided and overview of the State Enterprise Zone Program.

Guram presented the following Contribution Projects for consideration.

EZ – Project Name	Project Type	Completion Date	Project Budget	1 yr. Projected Credits
SLV - Engine 168 and Historic Car Project	Capital - Tourist Attraction	2023	\$1,600,000	\$27,500
Denver - Latino Cultural Arts Center Capital Campaign	Capital - Tourist Attraction	2023	\$13,860,000	\$76,875
North Metro - Mary Miller Theater Rehabilitation	Capital Community Facility	2020	\$600,000	\$137,500
Denver - Prodigy Coffee House	Operations - Job Training	2023	\$637,000	\$76,250
North Metro - Good Samaritan Medical Center Foundation	Operations - Job Training	2023	\$260,000	\$63,750

M/S/P – Clark, Franz – Project Destiny approved as presented and recommended by staff. Duran recused herself from the Latino Cultural Arts Center Capital Campaign Project.

E. Advanced Industries (AI): Katie Woslager

AI Budget

Woslager presented the AI Budget which shows \$6,474,540 in remaining available funds.

Advanced Industry Proof of Concept Proposals

Wosalger presented the following Proof of Concept Projects for consideration.

AI Sector	TTO – Project Name	Principal Investigator	Funding Request	Matching Funds
Bioscience	University of Colorado - New Drugs to Combat Antimicrobial Resistant Bacteria	Corella Detweiler	\$94,846	\$32,500; Strategic Partnership with Crestone, Inc.
Aerospace/Energy & Natural Resources/ Infrastructure Engineering	University of Colorado - LIDAR with Non-Mechanical Beam Steering	Juliet Gopinath	\$97,500	\$32,500- CU TTO
Advanced Manufacturing	University of Colorado - Dynamic Resins for High-Performance Polymeric Photonic Materials	Christopher Bowman	\$97,500	\$32,500 - CU TTO
Bioscience	University of Colorado- Micro-Textured Balloons for Effective Small Bowel Endoscopy	Mark Rentschler	\$97,500	\$32,500 - CU TTO
Energy and Natural Resources/Cleantech	University of Colorado- Regional Methane Monitoring Networks	Greg Rieker	\$97,500	\$32,500 - CU TTO/Partnering with Anadarko Petroleum
Electronics/Information Technology	University of Colorado - Honeybee Health Monitoring Technology	Kimberly Drennan	\$97,500	\$32,500 - CU TTO
Advanced Manufacturing/Bioscience	University of Colorado- Contrast Agent for Magnetic Resonance Imaging Thermometry	Zbigniew Celinski	\$70,637	\$23,545.75- CU TTO

M/S/P – Franz, Clark - AI Projects approved as presented and recommended by staff.

F. Rural Jump-Start: Ken Jensen

Benefits to Companies

Jensen presented Rural Jump-Start. Four Rural Jump-Start companies have submitted their annual report for 2017. Three of the companies were approved at the end of 2017 and reported no new hires or benefit from the program.

Staff is requesting approval of the benefit to Prostar Geocorp for the 5 total new hires.

M/S/P – Clark, Duran – Benefits to Prostar Geocorp approved as presented and recommended by staff.

Waiver Request

Jensen said companies in the Rural Jump-Start program are required to have one New Hire at the end of the year of approval, and five New Hires at the end of every year after that. The three companies that were approved at the end of 2016 have not met that requirement, but given how late in the year they were

approved OEDIT recommends that this requirement be waived for Rocky Mountain Manufacturing, Pierce Corporation, and Phoenix Haus, as these companies have the potential to eventually meet the program requirements and contribute to the economy of western Colorado.

M/S/P – Blumenstein, Duran – Waiver approved as presented and recommended by staff.

Delegation of Authority

Jensen said OEDIT is currently working with the remainder of the Rural Jump-Start companies in collecting the annual reports and employee lists. Given that it is important that the tax credit certificates be issued as soon as possible to both the businesses and the New Hires, OEDIT is requesting a delegation of authority to issue tax credits to both Rural Jump-Start businesses and those employees who qualify as Rural Jump-Start New Hires. This delegation of authority is limited by the following conditions: 1) The delegation of authority is only for the 2017 filing; 2) OEDIT will not issue any tax credits in any instance that would be considered a borderline case. These cases will be brought to the EDC; and 3) OEDIT will make a full report of any credits issued to the EDC at the next EDC meeting.

Request for Delegation of Authority died from lack of support.

G. Regional Tourism Act (RTA): Jeff Kraft and Ken Jensen

RTA Monitoring Update

Kraft presented the Monthly RTA Project Scorecard. The Scorecard lists the RTA awards and projects. As the projects move forward, staff will continue to update this tracking sheet and provide it to the Commission.

RTA Draft Guidelines

Jensen presented the RTA Program Draft Guidelines which defines OEDIT and the EDC's commitments to be around this program and addresses items mentioned in the program audit.

Kraft said our intent is to publish a finalized document in June to the Auditor.

The Commission was supportive of the approach presented by staff, basing the commencement of substantial work assessment on multiple factors and avoiding detailed prescriptions.

The Commission's primary direction for enhancement is to take the remedies for projects missing conditions or requirements and make them more project specific tied to the individual resolutions and less generic.

H. Budget Update: Jeff Kraft

Kraft provided an update of the EDC budget which currently shows a balance of \$298,913 available for future projects.

I. Other

Update of Transferable Tax Credits (TTC): Ken Jensen

Jensen presented the TTC Update. There have been no changes to the Transferable Tax Credit program since the last EDC meeting. Only one company has been approved by the EDC for the Transferable Tax Credit program. Project 5000 is currently having extensive conversations with a key input supplier, and has demonstrated a substantial interest in moving this project forward in Colorado. A formal project update to the EDC is still planned for this summer.

There is another company interested in the Transferable Tax Credit program. This company has not been presented to the EDC yet. The company is a manufacturer of solar panels, currently headquartered outside the US, and considering a building in southern Colorado. This project would create approximately 1,000

jobs. Given the expected wage level, this company would only be eligible for the Enterprise Zone Incentive Tax Credit, not the Job Growth Incentive Tax Credit.

Next EDC Meeting

The next meeting will be on April 19, 2018.

With all items discussed, the meeting was adjourned.