

**ECONOMIC DEVELOPMENT COMMISSION
MEETING SUMMARY**

January 19, 2017
9:00 a.m. – 11:10 a.m.

MEETING DATE

January 19, 2017
1625 Broadway, Suite 2700
Denver, CO 80202

MEETING PARTICIPANTS

A. Commission Members

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

B. Guests

Bonnie Peterson, Tiffany Pehl, Roger Caruso, Laura Lewis-Marchino, Elizabeth Marsh, Ann Petersen, Jason White, Clif Harald, Jim Mulligan, Ed Sealover, Derek Wagner, Adrian Garcia, Ann Parsons, Marc Nager, Ashley Nager, Aldo Svaldi, Sandy Head, Hannah Parsons, Torry van Slyke, Kate Sabott, Kevin Hodge and Patti Devine Beckwith.

C. Staff

Jeff Kraft, Michelle Hadwiger, Liz Cahill, Anna Ewing, Dan Lane, Rebecca Gillis, Angela Mendez, Simon Fox, Jenifer Doane, Kelly Manning, Michael Bradley, Donald Zuckerman, Courtney Potts, Ken Jensen, Sonya Guram, and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the EDC Meeting Summary from the December 15, 2016 meeting.
2. The Economic Development Commission approved the following items: Project Jungfrau; Project Snapshot; Project Kayak; De Beque Inclusion in Mesa County RJS Zone; Hemp Adobe Homes; Southwest Colorado Accelerator Program for Entrepreneurs (SCAPE); Telluride Venture Accelerator (TVA); Power of Place; Old Town Hot Springs EZ Contribution Project; Clinica Campesina EZ Contribution Project, and Amendment to Northwest EZ Boundary.

A. Meeting Called to Order

Ament called the meeting to order.

MEETING SUMMARY

Schiff moved approval of the December 25, 2016 meeting summary.

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

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

Hadwiger presented Project Jungfrau. Project Jungfrau designs, develops, and delivers automation solutions for health systems, warehouses, and distribution centers. Project Jungfrau was acquired by a leading intelligent automation company in 2015 and is headquartered in Switzerland.

The parent company of Project Jungfrau has a North American headquarters location in Sterling, Michigan.

Company leadership in Michigan has been pressing for the consideration of the company's expansion to occur there rather than in Colorado. Should the company representatives be able to present an attractive offer from the State, the project will occur in the Metro Denver area. Those involved with Project Jungfrau have considered many iterations of the project and its build-out in Colorado to meet the expectations of national and international company leadership. It has been decided that the official proposal to retain the project in Colorado will consist of the establishment of 31,000 square feet of office space in Westminster (Jefferson County) and 51,000 square feet of flex space in Broomfield.

Staff is requesting approval of a performance-based JGITC in the amount of \$876,897 for the creation of 64 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 – Duran, Ginsburg – project approved as presented and recommended by staff.

Project Snapshot

Hadwiger presented Project Snapshot. Project Snapshot is an information technology company offering Software as a Service (SaaS) products for the renewable energy industry. The company focuses on the solar photovoltaic industry sector and its mission is to enable the adoption of clean energy by providing an end-to-end software solution that monitors and manages renewable energy systems. The company was founded in 2007 and is headquartered in Boulder, Colorado. As a result of the company's growth, the team has grown too large for its current Boulder location. Along with the physical relocation of the company to a larger space, Project Snapshot is forecasted to hire up to 30 net new employees in 2017 and 115 new employees in total by 2020 to accommodate the acceleration of the business.

Staff is requesting approval of a performance-based JGITC in the amount of \$2,745,673 for the creation of 115 net new full-time jobs with an average annual wage of \$60,710, 100% of Boulder County's average annual wage, in support of this project.

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

Project Kayak

Hadwiger presented Project Kayak. Project Kayak is a publicly-held, American-based cloud-computing and distribution company with global operations. The company was founded in the 1990s and has expanded significantly through organic growth of its products and services and the acquisition of other cloud computing businesses and content distributors. Project Kayak is considering establishing a new corporate office to support the company's cloud computing services that will support the company's global operations.

Staff is requesting approval of a performance-based JGITC in the amount of \$7,927,121 for the creation of 411 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.

Schiff asked why the Cost Differential Analysis was not provided.

Hadwiger said because of the way the client grows organically, the client doesn't make their site selection based on the metrics we use for our Cost Differential Analysis. Additionally the client signs NDA's in all the markets and take them very seriously. They have a large presence in competitive markets and they don't want to violate their NDA agreements by disclosing what the other states are offering.

Hadwiger said the client is meeting the legislative intent based on the information they have provided us.

Ament said the letter provided to the board was to address a leaked news story to make clear that the client has not made a decision.

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

Update of EDC Approved Projects

Hadwiger presented an update of previously approved projects. Project Red Rocks was approved on September 29, 2016 for a JGITC for the creation of 108 net-new full time jobs in Denver County. The company has allowed GBD to share the following company statement today:

“eFolder is pleased to announce our new headquarters in Denver, CO. eFolder has chosen Colorado as the strategic center for our next leg of growth. The company is consolidating our two offices from San Francisco, CA and Atlanta, GA, into a new 25,000 square foot headquarters facility into the booming Denver downtown. This move will result in over one hundred new, high paying tech jobs in the Denver market. eFolder is well underway with an aggressive hiring campaign for 2017, with over thirty current openings across sales, marketing, product management, and engineering functions. eFolder is a B2B software-as-a-service (SaaS) company focused on delivering data protection, business continuity, and file collaboration services to businesses throughout North America and Europe.”

C. Rural Jump-Start (RJS): Ken Jensen De Beque

Jensen presented the De Beque request. The town of De Beque in Mesa County has passed a resolution to participate in the Rural Jump-Start program as a part of the Mesa County Rural Jump-Start zone. This is approved by Colorado Mesa University and endorsed by the Grand Junction Economic Partnership. The Mesa County Zone currently includes Grand Junction, Fruita, Palisade, and the entire unincorporated county.

Brown asked if there was a reason they were not included the initially and will there be other additions.

Jensen said De Beque adopted a wait and see attitude. They wanted to see how the program would work.

Derek Wagner said there are looking for some on the Grand Mesa but we have yet to have prospects materialize in those areas.

M/S/P – Seaton, Lundberg – De Beque inclusion approved as presented by staff.

Hemp Adobe Homes

Jensen presented Hemp Adobe Homes. Hemp Abode Homes intends to manufacture building materials out of a bio-composite cement which includes industrial hemp. They plan to focus on four market segments of residential building materials, Pre-cast panels for interior walls, Board for exterior siding, Basalt-based wallboard (interior) and Roofing tiles. Hemp Adobe is marketing these items as high end products.

Staff has determined that the product market that Hemp Adobe Homes is operating in is certain manufactured high end building materials. These materials will contain hemp and a proprietary mix of concrete. Staff also contacted the U.S. Green Building Council and various partners in economic development. No one contacted knew of any manufacturers of competing building materials in Colorado.

Staff is requesting approval of Hemp Adobe Homes for the RJS program with an allocation of 25 new hires.

M/S/P – Seaton, Ginsburg – Hemp Adobe Homes approved as presented and recommended by staff.

Annual Reports

Staff is currently working with the RJS companies in collecting the annual reports and employee lists. Staff will review this information and make a recommendation to the EDC on the issuance of tax credits. Due to the timing of the EDC meeting, staff has not gathered the necessary information to make these recommendations for this EDC meeting.

It is important that the tax credit certificates be issued as soon as possible to both the businesses and the New Hires. Staff 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 will be limited to the 2016 filing. Staff will not issue any tax credits that are a borderline case. These cases will be brought to the EDC. Staff will make a full report to the EDC of any credits issued.

Kraft said staff will evaluate this process and adjust it next year if needed.

Schiff said she would like to see an update which shows how many jobs are created for each of the companies that are being approved.

Jensen said he would add actual hires to his report moving forward.

M/S/P – Brown, Lundberg - Limited authority for the resolution was approved as presented and recommended by staff.

D. Strategic Fund Initiative/Incubators (SFI): Jeff Kraft, Kelly Manning Strategic Forecast

Kraft presented the Strategic Fund Balance Forecast which currently shows a sub-balance of \$45,000.

Southwest Colorado Accelerator Program for Entrepreneurs (SCAPE)

Manning presented the SCAPE request. SCAPE provides funding, education and intense mentoring to start-ups and early stage companies. SCAPE is preparing ventures to enter markets, raise capital, and increase their chances of creating jobs and being successful.

SCAPE has exceeded the matching funds requirement for all three years of the OEDIT funding. The OEDIT funding has had a tremendous impact in rural Southwest Colorado and produced measurable, quantifiable, and direct local economic impact. Over the last three and a half years, the \$150,000 from OEDIT has been matched with \$250,000 of additional cash for program support, \$456,000 of in kind mentoring from a mentor network that has quadrupled, and \$3,700,000 invested in the companies.

Staff is requesting approval of year-four funding in the amount of \$50,000 in support of this project.

M/S/P – Schiff, Brown – Year-four funding in the amount of \$50,000 was approved as presented and recommended by staff.

Telluride Venture Accelerator (TVA)

Manning presented the TVA request. TVA is a nonprofit business accelerator for innovative enterprises with the aim of building and strengthening the entrepreneurial ecosystem in the Telluride region. Entering its fifth year, TVA has proven its ability to positively impact the local economy through job creation, cultivating a world class mentor network, and unlocking a vast amount of financial resources, ultimately helping create a vibrant entrepreneurial ecosystem.

TVA works closely with local governments, including the Town of Mountain Village which sponsors TVA annually at \$25,000 as well as sponsors fiber internet and provides discounted office space to graduate teams from TVA. TVA is financially supported by the Kauffman Foundation, the Johnson Family

Foundation, High Meadows Foundation, Blackstone Foundation, Dentons Law Firm, and Cooley Law Firm. Additionally, we have received support from the EDA via the i6 Challenge Grant to help expand the TVA activities and mission to support entrepreneurship across the broader region. These grants contribute modestly to the overall operational budget of TVA as well.

Staff is requesting approval of year-four funding in the amount of \$50,000 in support of this project.

M/S/P – Brown, Seaton – Year-four funding in the amount of \$50,000 was approved as presented and recommended by staff.

E. Colorado Office of Film Television and Media (COFTM): Courtney Potts

Budget

Potts presented the COFTM Budget which shows a balance of \$36,349 assuming today’s project is approved.

Power of Place

Potts presented HaveyPro’s, Power of Place. HaveyPro Cinema offers creative and uniquely powerful film productions distinguished by captivating story lines, intelligent interviews, artistic production values, evocative music, and that most elusive and valuable of all cinematic qualities — an emotional connection.

Historic Denver and the Emmy award-winning team behind HaveyPro Cinema aim to produce Power of Place, a feature length documentary that will demonstrate how great cities use historic preservation to create amazing places. Denver and its history will be the lens through which the transformative spirit of place is explored along with the value of purposeful preservation. The film will also feature one of Denver’s most visionary and indispensable leaders, Dana Crawford.

Per the applicant’s estimations, COFTM is anticipating a total of \$410,400 in qualified local expenditures and with the multiplier effect, could reach up to \$707,191 in economic activity. The estimated qualified local expenditures of the application would result in a rebate of \$82,080.

M/S/P – Duran, Ginsburg – Power of Place project approved as presented and recommended by staff.

F. Enterprise Zone (EZ): Sonya Guram

New Contribution Projects

Guram presented the following Contribution Project Proposals for approval.

EZ – Project Name	Project Type	Completion Date	1 yr. Projected Credits
Northwest – Old Town Hot Springs – Building and Pool Renovation	Capital – Tourist Attraction & Operations – Visitor Event/Attraction	2020	\$137,500
North Metro – Clinica Campesina, Lafayette Clinic, Capital Campaign and Operations	Capital - Infrastructure. Operations - Healthcare	2022	\$628,125

M/S/P – Brown, Seaton– New Contribution Project Proposal was approved as presented and recommended by staff.

Boundary Amendment

Guram presented the following Boundary Amendment to the Northwest EZ for review. The Northwest EZ Administrator has put forward a request to expand the enterprise zone area. This will be the first change to the zone area following the statewide review and resetting of enterprise zones that went into effect in January 2016. The US Census, American Community Survey (ACS) data used for the 2015 state-wide review was published in December 2014. According to that data, Rio Blanco County as a whole did not qualify for EZ status, and the block groups that contained the towns of Meeker and Rangely were excluded

from the enterprise zone. The ACS data reflected earlier activity driven by a boom in oil and gas development. Currently, block groups 1 and 2 of both census tract 9511 and 9512 have EZ designation. Now that the decline in oil and gas development and the outmigration of people in the county is reflected in the ACS data, local leadership is asking for inclusion of all of Rio Blanco County in the enterprise zone. With the decline in that industry, the ACS data published in December 2015 has the whole of Rio Blanco County qualifying by a low population growth rate.

Staff supports this amendment to the Northwest EZ. With these additions, the total NW EZ population, 106,587, is within the statutory limitation of 150,000 for a rural enterprise zone.

M/S/P – Brown, Seaton – Northwest EZ Boundary Amendment approved as presented and recommended by staff.

G. Marketing and Communications: Liz Cahill

Cahill presented OEDIT's Colorado Business Strategy.

H. Advanced Industry (AI): Katie Woslager

Woslager presented the AI budget which shows a total of \$11.5 in encumbered funds and a current remaining balance of \$6,683,161.

I. EDC Budget: Jeff Kraft

Kraft presented the EDC Budget which currently shows a balance of \$145,000 available for future funding.

J. Next Meeting

Ament said the next EDC meeting will be February 16, 2017.

With all items discussed, the meeting was adjourned.