

**ECONOMIC DEVELOPMENT COMMISSION
MEETING SUMMARY**

November 17, 2016
9:00 a.m. – 12:15 a.m.

MEETING DATE

November 17, 2016
1625 Broadway, Suite 2700
Denver, CO 80202

MEETING PARTICIPANTS

A. Commission Members

J. J. Ament, Chuck Murphy, Carrie Schiff, Mashenka Lundberg, Jay Seaton, Denise Brown, Millete Birhanemaskel and Benita Duran.

B. Guests

Aldo Svaldi, Ed Sealover, Barry Gore, Neil Marciniak, Lynn Meyers, Laura Brandt, Jerene Petersen, John Nicholas, Mark Gregson, Jeff Ollinger, Alan of Project 1993, John of Project 1993, Neil of Project 1993, Michael of Project Quick, Jack DiNardo, DeAnne McCann, Jacob Castillo, Melvin Yarber, Darren Hollingsworth, Edward Fuerte, Jo Downey, Cathy Schulte, Lisa Harper, Terri Benson, H. J. Greenwood, Bonnie Peterson, Tiffany Theil, Susan Fries, Michelle Haynes, Michael Wisdom, Kevin Wilkens, Walt Boulden, Stephanie Gonzales, Laura Lewis, Alicia Heinrich, and MJ Alhabeeb.

C. Staff

Fiona Arnold, Jeff Kraft, Donald Zuckerman, Courtney Potts, Jenifer Doane, Angela Mendez, Simon Fox, Sam Bailey, Michelle Hadwiger, Sonya Guram and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the EDC Meeting Summary from the October 20, 2016 meeting.
2. The Economic Development Commission approved the following items: Project Cresta; Project Click; Project 1993; Re-certification of 472 Contribution Projects; Northwest - Clear Clear Creek Economic Development Corporation; Northwest - Clear Creek Greenway Trail, Region 10 - Region 10 Broadband Infrastructure; Region 10 - Paradox Broadband Infrastructure; Northwest - Advocate Safehouse; Larimer - The Wellness Center at Estes Park; Northwest - Hayden Museum Expansion; Northwest - Perry Mansfield, Central Colorado -Tabor Opera House; Region 10 - Ute Indian Museum; Northwest-Steamboat Art Museum Operations; Central Colorado -Bell Tower Cultural Center; EZ Administration Funding; Stay Dogs; Ascentia Imagining; CANVAS Technology; Cognitive Robotics; Colorado School of Mines; Colorado School of Mines, 3D SMA Printing; Colorado State University, Eximis Surgical; Colorado State University, OCA Treatment; Colorado State University for VDC-597; GeoVisual Analytics, Inc.; Graham Equipment, LLC; Kelvin Thermal Technologies, Inc.; MenoGenix, Inc.; NREL, EcoSnap-AC; Orderly Health; PetroDE; Rocco, LLC; RxAssurance, Inc.; SiLion, Inc.; SunTech Drive; University of Colorado, Cogswell; University of Colorado-Denver; University of Denver; Utility Asset Management; Vairex Air Systems; and VisibleHand, Inc.; and JCITC Scoring Matrix.

A. Meeting Called to Order

Ament called the meeting to order.

MEETING SUMMARY

Murphy moved approval of the October, 2016 meeting summary.

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

B. Strategic Fund (SF): Jeff Kraft

Strategic Balance Update

Kraft informed the Commission that OEDIT staff was notified that we are unable to roll forward about \$3.6M in the Strategic Fund that was originally appropriated to OEDIT through the general fund in FY 14/15. As a result the Strategic Fund has been decreased by that amount. For the past fifteen years we have been able to transfer our General Fund money into the Economic Development Cash Fund. The State Controller's office provided the new interpretation. The books for FY 15/16 are closed but we do believe the statute can be interpreted in several different ways so staff is currently having ongoing dialogue with other state officials in other state offices to resolve this matter. Also, we have a carry-forward amount of \$4.5M from the FY 15/16 that we were successfully able to roll forward to the current fiscal year of 16/17 but according to the current interpretation will expire on June 30, 2017 and can't be rolled forward further or transferred to the cash fund if we don't spend it. We are finalizing a legislative strategy to modify and clarify the statute so we can prevent this from happening again.

Kraft also informed the board about the repeal of the Economic Development Fund and the EDC all together. Staff again is working on renewing the Commission and the Fund.

Strategic Forecast

Kraft presented the Strategic Fund Balance Forecast which currently shows a sub-balance of \$13,065,189.

Project Cresta

Hadwiger presented Project Cresta. Project Cresta is a privately-held company based on the West Coast that provides management, workflow, and data software solutions for the insurance industry. The company's products and services, which are sold to insurance agencies, are used by nearly 30,000 insurance groups nationwide. Project Cresta is considering Colorado, North Carolina, Arizona, and Utah for the creation of a new West Coast office. The company is considering these markets for access to a skilled millennial workforce that can be hired locally and a low-cost business environment.

Staff is requesting approval of a performance-based Strategic Fund grant in the amount of \$350,000 for the creation of 500 net new full-time jobs with an average annual wage of \$64,480, 100% of Denver County's average annual wage, with a required \$1:\$1 local match from the City and County of Denver in support of this project.

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

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

Project Click

Hadwiger presented the Project Click. Project Click is a publicly-held, Colorado-based global provider of information technology products, services, and solutions to commercial and industrial users. Project Click is considering the relocation of its information technology, data center, and enterprise resource planning (ERP) staff from the East Coast to Colorado or Texas. As a note to the EDC, Project Click was previously approved for a Job Growth Incentive Tax Credit. The company has collected 43% of their original incentive based on the creation of 742 jobs. The company believes they will end their original incentive agreement within range of their job creation goals. Project Click is entirely separate from the previously approved incentive. OEDIT will ensure that the jobs associated with Project Click are not duplicated across the previously approved incentive project.

Staff is requesting approval of a performance-based JGITC in the amount of \$5,995,554 for the creation of 263 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 – Murphy, Schiff – project approved as presented and recommended by staff.

Project 1993

Hadwiger presented Project 1993. Project 1993 was incorporated in 1998 and is currently headquartered in Mountain View, California. Through the use of data analytics, the company sells customized software which enables clients to strategically price their products and increase revenue. This price optimization software is often partnered with Systems Applications and Products (SAP) used throughout the world. Among the company's customers are IBM, Ford, Boeing, and Chevron. The market for the company's product is continually expanding, as its technology is becoming popular amongst large international firms. Project 1993 is a headquarters relocation opportunity for the State of Colorado, as the leadership at the company is currently taking into consideration a move from Silicon Valley to another location.

Staff is requesting approval of a performance-based JGITC in the amount of \$1,217,899 for the creation of 47 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 – Duran, Murphy – project approved as presented and recommended by staff.

D. Enterprise Zone (EZ): Sonya Guram

Brown commented that she spent a few days with the EZ Administrators and OEDIT staff talking about potential policy changes to the EZ program as a result of policy concerns expressed by the Commission. This was a one of the best experiences I've ever had. It was two days of intense committed work with people who are running these programs on shoe-string budget but yet not totally vested in the status-quo. They were really open to changing things and developing the policies to make the program better and address the Commissions concerns and I want to acknowledge that.

EZ Contribution Tax Credit Overview and Policies

Guram provided an overview of the revised policies for discussion. Staff will review these policies with local Administrators and Communities so everyone is aware of the direction we will be going.

The Commission supported the changes and directed staff to move forward with a review of these policies with the local Administrators and Communities.

Staff will bring a final version back to the EDC for approval.

Contribution Project Annual Re-certification

Guram presented the 472 EZ Contribution Projects up for re-certification.

Brown asked for clarification in that the 472 on the table today would be approved under the existing Policies.

Guram said yes. All higher-education projects which were brought up for discussion at re-certification for eligibility in 2016 have been brought into compliance. All projects have been given an end-date in line with the proposed policy. Some projects that are being re-certified for eligibility in 2017 do not satisfy the proposed policies, but will be "grandfathered" through the end-date imposed through the proposed policy – these will likely not satisfy requirements and be proposed for any extended term.

M/S/P – Brown, Seaton – all 472 EZ Contribution Projects were approved for re-certification.

New Contribution Project Proposals

Guram presented twelve new Contribution Project Proposals for approval which are being brought forward under the proposed new policies and guidelines.

EZ – Project Name	Project Type	Completion Date	1 yr. Projected Credits
Northwest - Clear Creek Economic Development Corporation	Operations - Economic Development Organization	2021	\$31,250
Northwest - Clear Creek Greenway Trail	Capital - Infrastructure	2021	\$56,250
Region 10 - Region 10 Broadband Infrastructure	Capital - Infrastructure	2021	\$45,000
Region 10 - Paradox Broadband Infrastructure	Capital - Infrastructure	2021	\$102,500
Northwest - Advocate Safehouse	Operations - Homeless Assitance	2021	\$122,075
Larimer - The Wellness Center at Estes Park	Capital - Tourist Attraction	2019	\$750,000
Northwest - Hayden Museum Expansion	Capital - Toursist Attraction	2020	\$121,250
Northwest - Perry Mansfield	Capital - Toursit Attraction & Operations - Visitor Event/Attraction	2021	\$37,500
Central Colorado - Tabor Opera House	Capital - Toursit Attraction & Operations - Visitor Event/Attraction	2021	\$25,000
Region 10 - Ute Indian Museum	Capital - Tourist Attraction & Operations - Visitor Event/Attraction	2021	\$62,500
Northwest - Steamboat Art Museum Operations	Operations - Visitor Event/Attraction	2021	\$68,750
Central Colorado - Bell Tower Cultural Center	Operations - Visitor Event/Attraction	2021	\$6,250
TOTAL			\$1,428,325

Guram noted the two Region 10 Broadband proposals. Project status will incentivize land owners to provide perfections of easements on the infrastructure.

Guram also made note of the Wellness Center in Estes Park. This is a tourist attraction and is a capital project. The Wellness Center has a ninety-nine year lease from the Stanley Hotel's parent company Grand Heritage which owns the underlying land.

Kraft said that this project is a structurally separate, non-profit project with a ninety-nine year ground lease to occupy a parcel of the campus at the Stanley Hotel.

M/S/P – Duran, Schiff – New Contribution Project Proposals were approved as presented and recommended by staff.

EZ Administrative Grant Request

Staff is requesting total Strategic Funds of \$366,500 for Enterprise Zone administration for calendar year 2017 to be committed at the end of 2016. This amount is consistent with funds granted by the EDC for 2016 (\$366,500) and in-line with historic funding. The \$366,500 will provide grants for local zone administration and funds to cover travel and costs associated with meetings and trainings for local zone administrators organized by OEDIT. In 2016 we allocated \$356,100 for administrative grants and \$10,400 for meeting and travel costs. We've spent approximately \$7,000 on meetings/travel year-to-date in 2016, so we propose reducing this portion to \$8,000 in 2017 to shift more of the allocation to administrative grants.

With \$2,400 more available for administrative grants, and an objective of funding up to half of the actual costs of administering the program, we propose \$16,950 (up from \$16,800 in 2016) for each urban zone and \$21,000 (up from \$20,900) for each rural zone. There are 19 administrators responsible for pre-certifications, certifications, and reporting that will receive grants. Urban zones have been funding a larger portion of their EZ administrative costs with organization funds, so we propose giving them a slight percent increase over the rural zones with these additional funds. Rural zones typically have high travel and meeting costs because of the large geographic areas they cover, and they process are larger number of pre-certifications and certifications. EZ administrative costs include personnel, over-head, supplies, meeting and marketing materials.

M/S/P – Seaton, Lundberg – Administrative funds approved as presented and recommended by staff.

E. Film, Television and Media (OFTM): Courtney Potts, Donald Zuckerman

Potts presented the OFTM budget. If today's project is approved the budget will show a balance of \$448,229 available for future projects.

Potts presented Stray Dogs, LLC. Stray Dogs, LLC has submitted an application for the narrative feature film Stray Dogs. The film is produced by Denver-based Grighthouse Films and California-based Avery Productions. The estimated qualified local expenditures of the application would result in a rebate of \$120,400. The applicant estimates a total of \$602,000 in qualified local expenditures. The expected economic impact could reach up to \$1,037,351 in the local economy.

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

F. Advanced Industries (AI): Michelle Hadwiger

Brown asked for an update on streamlining any changes in the process for the AI program.

Hadwiger updated the Commission on some of the recommendations from the independent consultant about the AI program touched on social media, marketing, branding and how to make sure we're telling our story about the program how it works and its effectiveness. The other recommendation was to have fewer cycles. We reduced our cycles down to two cycles to manage the program's effectiveness and get a greater ROI for the reviewer's time as well as the quality of applications we receive. Part of that recommendation was to have the Commission be the final approval for the incentive dollars after the reviewing committee has reviewed the applications and determined economic viability.

Hadwiger presented the following AI projects for final approval. Ascentia Imagining; CANVAS Technology; Cognitive Robotics; Colorado School of Mines; Colorado School of Mines, 3D SMA Printing; Colorado State University, Eximis Surgical; Colorado State University, OCA Treatment; Colorado State University for VDC-597; GeoVisual Analytics, Inc.; Graham Equipment, LLC; Kelvin Thermal Technologies, Inc.; MenoGenix, Inc.; NREL, EcoSnap-AC; Orderly Health; PetroDE; Rocco, LLC; RxAssurance, Inc.; SiLion, Inc.; SunTech Drive; University of Colorado, Cogswell; University of Colorado-Denver; University of Denver; Utility Asset Management; Vairex Air Systems; and VisibleHand, Inc.

M/S/P – Brown, Murphy – projects approved as presented and recommended by staff.

G. Regional Tourism Act (RTA): Jeff Kraft

Kraft provided a brief RTA update on the work staff is doing with each of the projects. We will have project representatives from Pueblo, Aurora and Colorado Springs to provide their semi-annual update.

H. EDC Budget: Jeff Kraft

Kraft presented the EDC Budget which currently shows a balance of \$13,415,189 available for future funding.

I. Other: Fiona Arnold Strategy Discussion

Arnold reviewed the Goals and Strategies of OEDIT and the use of existing resources and working on new matters.

Arnold then talked a little about the legislative strategy surrounding the EDC.

Strategic Fund Reserve

Kraft presented the proposed Resolution setting aside \$10M in Strategic Funds as a reserve for substantial economic development opportunities.

The motion would be that the EDC hereby resolves to set aside \$10M in Strategic Funds, subject to future EDC approval, as a reserve (or “dry powder”) for significant economic development opportunities. These would include fortune 500 headquarters, similarly sized US headquarters for multinational companies or other similar value expansions.

M/S/P – Duran, Murphy – Resolution approved as presented and recommended by staff.

Strategic Fund

Arnold outlined possible strategies for use of the Strategic Fund monies. As the state is thinking about the economy we should be thinking about where there are gaps in resources and how we can help fill the holes. One of the things we’ve talked about is the disappearance of the community bank and the absence of small loans for start-up businesses.

We’ve also discussed resources for increasing our ability to provide mentoring, counseling and guidance to small businesses through the SBDC network. We had originally hoped to ask for some State General funding, with such a tight state budget that is not to be this year. We talked about a strategic program, through the Strategic Fund and under the guidance of the EDC to try a new program for rural Colorado, a Certified Small Business Community Program.

Arnold also talked about a possible CEO/VCA type bike ride that we would provide invitations to. Essentially we would underwrite a bike ride with CEO’s and celebrities and they get to experience Colorado in a real way with their peers.

Arnold introduced Mike O’Donnell from Colorado Lending Source.

O’Donnell introduced himself and gave some background on Colorado Lending Source and what they do. Colorado Lending Source is a private not-for-profit resource for small business financing. We are also self-sustaining. We serve as a bridge connecting small business owners with the loan programs, lenders and support they need to succeed. We foster economic growth of diverse small businesses here in the state of Colorado.

Arnold also mentioned the Certified Small Business Community Metrics.

Arnold said staff will work on a proposal for the EDC to review and approve at a later date.

JGITC Scoring Proposal

Kraft presented the JGITC Scoring Proposal for the available funds that would give a maximum amount of credits to companies bringing jobs to rural areas of Colorado.

Hadwiger said the categories in the proposal were developed based on the trends we’ve seen over the last three years. What we see happening in the current Colorado economy and what we see happening nationally and how we can fill those gaps in a very strategic manner.

M/S/P – Brown, Schiff – JGITC Scoring Matrix approved as presented and recommended by staff.

Next Meeting

Ament said the next EDC meeting will be December 15, 2016.

With all items discussed, the meeting was adjourned.