

**ECONOMIC DEVELOPMENT COMMISSION
MEETING SUMMARY**

July 20, 2016
10:00 a.m. – 1:20 p.m.

MEETING DATE

July 20, 2016
2001 Blake Street
Denver, CO 80205

MEETING PARTICIPANTS

A. Commission Members

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

B. Guests

Jason Peterman, Turid Nagel-Caseboldt, Adam Schindler, Paul Schweitzer, Laura Brandt, David, Matt, Heather MacKenzie, Vicky, Stephanie, Emily Howell, Lynn Myers, Lance Pinn, Jeremy Balboni, Eric Setzer, Jessica Erickson, Dennis, Clif Harald, Linda, Barton, Jep Seman, Stacy Johnson, Susan Grafton, Alan Krcmarik, Reed Rowley, John Cullen, Colin Floom, Jason Berman, Kristi Pollard, Dave, Frederick Lahey, Senator Cadman, Kevin Schiff, Doug Brown, Nicole Ament, and Mary Lou Murphy.

C. Staff

Fiona Arnold, Jeff Kraft, Michelle Hadwiger, Anna Ewing, Holly Shrewsbury, Sam Bailey, Simon Fox, Lauren Sloan, Donald Zuckerman, Angela Mendez, Luis Benitez, Katie Woslager, Liz Cahill, Rebecca Gillis, Ken Jensen and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the EDC Meeting Summary from the June 16, 2016 meeting.
2. The Economic Development Commission approved the following items: Meeting Summary from June 16, 2016; 2U, Inc.; Project Silva; Project Happy Feet; Project Colony; Avista Pharma Solutions; Project Traverse; Project Diesel; Light Foundry, LLC; CattkeFit, Inc.; Taiga Biotechnologies; The Lifted Life; Little Evil; and General Synfuels International, Inc.

MEETING SUMMARY

A. Meeting Called to Order

Ament called the meeting to order.

Ament begin the Celebration of Life for Howard Gelt.

Monfort moved approval of the June 16, 2016 meeting summary.

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

**B. Job Growth Incentive Tax Credit (JGITC): Michelle Hadwiger
2U, Inc.**

Hadwiger presented the 2U, Inc. project request. 2U, headquartered in Maryland, is a publicly-held company that partners with leading colleges and universities to deliver online degree programs to students. 2U is rapidly expanding its reach among prominent universities prompting a need for additional workforce

to service this growth. The company is considering Colorado, Arizona, Maryland, and New York for this competitive expansion.

Staff is requesting approval of a performance-based JGITC in the amount of \$8,350,746 for the creation of 485 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 – Murphy, Monfort – project approved as presented and recommended by staff.

Project Silva

Hadwiger presented Project Silva. Project Silva is a space-based optical communications systems company based in Massachusetts. The company develops small optical communications terminals suitable for small satellites and ground networks. To support the company's rapid growth, Project Silva is considering a relocation of the company's global headquarters to markets outside of Massachusetts. The company has identified Arizona, California, Colorado, and Virginia as markets that possess skilled talent, ability to attract and retain high-quality technical talent, concentration of aerospace companies, and access to transportation assets and facilities necessary for growing a high-tech company.

Staff is requesting approval of a performance-based JGITC in the amount of \$4,942,505 for the creation of 305 net new full-time jobs with an average annual wage of \$77,285, 100% of Broomfield County's average annual wage or 100% of the County's annual average wage the Company decides to locate to, in support of this project.

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

Project Happy Feet

Hadwiger presented Project Happy Feet. Project Happy Feet is an Arizona-based destination health care provider that deploys non-narcotic, non-surgical treatment for peripheral neuropathy, most often affiliated as a side effect of chemotherapy and other forms of disease. Project Happy Feet will move its headquarters to Denver, Colorado, and will establish a training center and treatment center at the same location. This flagship venue will be supported by two additional destination treatment clinics located in Grand Junction and Ft. Collins. These additional locations were chosen due to deep pre-existing health care markets and extensive referral networks, and because of their accessibility and proximity to out-of-state markets via major interstate access.

Staff is requesting approval of a performance-based JGITC in the amount of \$2,422,454 for the creation of 234 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.

Brown asked what general area of technology is the company deploying and does the company have any affiliations with local research institutions.

Barton said we have developed a proprietary approach to treating neuropathy without narcotics. It's actually a treatment not a mask for symptoms that people experience. The treatment protocol is a combination of TENS fibrillation and local anesthetic injected at a very short term for a period of time. We currently do not have any affiliations to local research institutions at this time.

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

Project Colony

Hadwiger presented Project Colony. Project Colony is a publicly-held telecommunications provider headquartered on the East Coast of the United States. The company offers a variety of telecommunications

services for residential and business customers across the country. Project Colony is considering a major expansion of its operations in Colorado or Missouri. The company has similar real estate assets that would allow the company to scale quickly in either state. Within Colorado, the company is considering locating in the Denver Tech Center area.

As a note to the EDC, Project Colony has previously received a Job Growth Incentive Tax Credit. Today's incentive request is for an entirely separate project. Furthermore, OEDIT will ensure that the jobs hired under the first incentive project are not duplicated across Project Colony's future growth of 922 net new full-time employees.

Staff is requesting approval of a performance-based JGITC in the amount of \$23,902,127 for the creation of 922 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.

Ament asked when was the EDC approval of the previous JGITC project approved for this company.

Kraft said it was within the last twelve months. The contract is in place and they are performing on it.

Hadwiger presented the AI Budget which currently shows a balance of \$4,825,824 available for future projects.

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

Avista Pharma Solutions, Inc.

Hadwiger presented Avista Pharma Solutions, Inc. Avista Pharma Solutions, Inc is a contract testing, development, and manufacturing organization for pharmaceutical, animal health, and medical device clients. Currently, Avista owns four testing and operations facilities in North Carolina, Minnesota, Massachusetts, and Longmont, Colorado. The company will be making a \$2.8 million expansion to grow its drug manufacturing capabilities at its pre-existing site in Colorado or North Carolina.

Staff is requesting approval of a performance-based JGITC in the amount of \$1,289,273 for the creation of 83 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 – Murphy, Duran – project approved as presented and recommended by staff.

Project Traverse

Hadwiger presented Project Traverse. Project Traverse is a Boulder-based information technology firm focused on selling cyber security analytics and solutions to businesses. The privately-held company has grown to nearly 600 employees globally with over 300 employees based in Colorado. Project Traverse is considering expanding their skilled workforce to support the company's significant growth. Project Traverse's considerations for expanding in Boulder, Colorado or the United Kingdom include the cost and availability of skilled talent, time zones, and density of information technology firms present in the immediate markets. Outsourcing the growth to a provider of services in India has been identified as the most cost effective option however, the company would sacrifice further developing the company culture, development and retention of employees, and the company's brand.

Staff is requesting approval of a performance-based JGITC in the amount of \$2,214,559 for the creation of 74 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.

Schiff recused herself from the discussion and vote of this project.

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

Project Diesel

Hadwiger presented Project Diesel. Project Diesel is a publicly-held bioscience company with locations worldwide supporting the acceleration of lifesaving medical applications and solutions. In Colorado, Project Diesel currently has over 100 employees across two locations in the Metro Denver Area. Project Diesel is evaluating communities to expand its manufacturing capabilities. The new location will serve production, research and development, warehousing, and distribution activities for four new lines of medical applications. Considering the scale of the project, Project Diesel has identified Colorado, Maryland, and Texas as potential locations.

Staff is requesting approval of a performance-based JGITC in the amount of \$11,746,314 for the creation of 74 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 – Brown, Murphy – project approved as presented and recommended by staff.

Update of Previously Approved Project

Hadwiger provided an update of previously approved projects. Project Apothecary, a publicly-held bioscience company, has selected Weld County for the creation of 170 net new full-time jobs after being approved for a \$2.4 million dollar Job Growth Incentive Tax Credit at the January 2016 EDC meeting. The project was done in partnership with OEDIT and Upstate Colorado Economic Development Commission. OEDIT and the local community are working with the company to provide a public announcement regarding the project. Project Bucket has selected Denver, Colorado for the company's corporate headquarters after considering multiple states. This project was completed in partnership with OEDIT, the Outdoor Recreation Industry Office, and the Denver Office of Economic Development.

C. Advanced Industries (A): Katie Woslager

Woslager presented the AI Budget which shows a balance of \$3,822,705.21 available for future projects if the projects being presented today are approved.

Woslager reminded the board that in October of 2015 the Governor traveled to Israel on a trade mission. Out of that trip came a cooperative agreement that was signed with the R&D Authority in Israel. We are being proactive in our funding strategy and thought this would be a good fit for companies here in Colorado that are working on innovative technologies and R&D with Israeli companies and partner with them. The following projects will work into this strategy.

Light Foundry, LLC

Woslager presented the Light Foundry, LLC Project. Although daylighting in buildings is not a new concept, the urgency of integrating well-designed daylighting strategies into the overall design/construction process is at the forefront. Daylighting has become an increasingly important component of the US Green Building Council's LEED certification standard, the most widely used and adopted system world-wide. Controlling or mitigating glare, in particular, is a critical aspect of a good daylighting solution, yet, up until recently it has been extremely difficult to define in technical terms. The Glare Probe is not an enhancement or add-on to the existing LightStanza technology, but a hefty, meaningful and consequential aspect of daylighting analysis that has yet to be integrated into any design tool, given its complexity. The glare probe is a new and essential opportunity for cloud computing, which is the future of integrated, powerful design tools. The Israel Partner on this project is Vital-Rosenberg Architects.

Staff is requesting a grant of \$100,000 in support of this project

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

Cattlefit, Inc.

Woslager presented the Cattlefit, Inc. Project. CattleFit is developing a wireless health monitor for the beef cattle industry to monitor animal health, reduce antibiotic use, and prevent livestock fatalities. The CattleFit monitor is a wireless wearable device designed to monitor the health of beef cattle. It attaches to the animals ear and is a similar size to a regular identification ear tag used by most cattle operations. The CattleFit device uses wireless technology to monitor and transmit the vital signs of an animal to any mobile device such as a smartphone or iPad. A rancher or feedlot worker can be alerted to any animal experiencing symptoms of illness or disease via the CattleFit app or by text message or email alert.

CattleFit was founded by David Poussard in Colorado. David has a Masters degree in Entrepreneurship and is the founder of a successful international company. He has assembled a team with expertise in the areas of technology, veterinary science, business strategy, and ranching to help guide the development and success of CattleFit. The Israel Partner on this project is Sol-Chip, Ltd.

Staff is requesting a grant of \$100,000 in support of this project

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

Taiga Biotechnologies, Inc.

Woslager presented the Taiga Biotechnologies, Inc. Project. Transfusion of red blood cells (RBC) is commonly needed in many clinical and surgical practices. On average, 36,000 units of blood are needed every day in the U.S. and nearly 21 million units of blood are transfused annually. It has become increasingly difficult to provide for a variety of reasons, including a steady drop in the supply of donated blood that is eligible for transfusion, failure of Oxygen transporters to show efficacy in the clinical setting, recent complications associated with Erythropoietin (Epo) usage and subsequent increase in the demand for RBC transfusions. In addition, the established shelf life for donated red blood cells is 42 days from the date of collection, which puts a time constraint on the donated blood's viability. The extension of the shelf life for donated blood would limit the number of discarded blood units due to expiration, increasing the available supply.

The Company has developed a technology that can produce an almost unlimited supply of RBCs in the laboratory. These RBCs function in animals as if they were produced by the animal. We have performed animal studies utilizing this technology where animals were induced with anemia and were transfused with RBCs generated in the laboratory. Results showed a 100% survival rate of those animals who received our RBCs compared to a 20% survival rate of those without RBC transfusion. The Israel Partner on this project is the Institute for Research in Military Medicine at the Hebrew University of Jerusalem.

Staff is requesting a grant of \$100,000 in support of this project

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

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

Sloan presented the OFTM budget which currently shows an available balance of \$1,141,474 if the projects presented today are approved.

Before The Lifted Life Project is presented, Arnold disclosed to the Commission that although she doesn't think it's a conflict but in the interest of full disclosure, Colin Floom, a producer of The Lifted Life also owns a Coffee Company which is a tenant in a real estate development owned by Arnold's company.

The Lifted Life, LLC

Sloan presented the Lifted Life, LLC. Colorado-based The Lifted Life, LLC has submitted an application to produce the second season of The Lifted Life, the first 4x4 reality-tv show which airs nationally on the Velocity Channel, a network dedicated to all-things automotive and owned by Discovery Communications.

The project has a preliminary Colorado budget of \$232,700 comprised of \$212,700 in payroll and \$20,000 in spend to Colorado vendors. The Lifted Life, LLC estimates an all Colorado workforce of 19 employees comprised of 14 crew members and 5 cast members for this project. The estimated qualified local expenditures of the application would result in a maximum rebate of \$46,540.

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

Little Evil, LLC

Sloan presented the Little Evil Project. Little Evil, LLC has submitted an application to produce a narrative feature film entitled Little Evil. Little Evil is a horror comedy about a man, Gary that just married the woman of his dreams, but soon realizes that his new stepson may be the antichrist. The film already has distribution in place with Netflix and the distributor is financing the project.

The project has a total preliminary Colorado budget of \$6,554,739. Little Evil LLC plans to hire a Colorado workforce of 155, comprised of 137 crew members and 18 cast members. The film is estimated to spend \$4,490,768 in payroll and \$2,063,971 in Colorado vendor spend. The estimated qualified local expenditures of the application would result in a maximum rebate of \$1,310,947.

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

The Duct Tape Studios Project was removed from the agenda by staff and was not discussed.

E. Rural JumpStart (RJS): Ken Jensen General Synfuels, International, Inc. (GSI)

Jensen presented the General Sunfuels International, Inc. (GSI) project. GSI has developed a patented, environmentally friendly, energy-self-sustaining and economically attractive process to recover oil and gas products from oil shale. GSI intends to demonstrate its technology in the field through a commercially scalable prototype, which is under development. GSI is being reviewed here as a manufacturer of equipment. Any other operation that GSI might undertake (such as oil field services or exploration and production) are outside the scope of this application and are not being reviewed today, and are not part of this application.

GSI is working with Colorado Mesa University under a signed memo of understanding that anticipates partnering on applied research, internship and employment opportunities for CMU students, practical learning exercises at the Maverick Innovation Center, and a targeted scholarship program for CMU students enrolled in academic programs relevant to the company. OEDIT's assessment is that the relationship and activities described in the memo of understanding align the New Business with the academic mission of the state institution of higher education, and will result in positive benefits to the community and the local economy, per the requirements of the statute.

Staff recommends approving GSI for the Rural Jump-Start program with an allocation of 30 new hires. GSI is being approved for the manufacturing and sale of oil shale extraction equipment. Any other operations by GSI, such as oil field services or exploration & production, would need to be separated into a separate subsidiary, which is not covered by the this application, and is not approved for Rural Jump-Start by the EDC at this time.

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

Jensen said staff is working with DOR on how these tax credits will be distributed. Staff will continue to update the board on the progress of these discussions.

F. Regional Tourism Act (RTA): Jeff Kraft

Kraft said that Go NoCO has a few new stakeholders here today and would like to introduce them.

Jep Seman, counsel for the Go NoCO project introduced Susan Grafton, the new Economic Development Manager for the City of Loveland and Fredric Lahey, who is now formally affiliated with the Stanley Film Center Project. This meeting will also be our progress report to the EDC as noted in the Resolution.

Loveland

Susan Grafton introduced herself to the Commission and gave a project update on the Loveland portion of the Go NoCO Project. The White Water Adventure Park (WWAP) and the Water Park of the Rockies (WPR) are ready to go with exception to the funding for the WWAP. We are meeting this week with the WWAP to find out where they are on their financing. We are working to help them and the City of Loveland put into place some additional language to facilitate that project to take away any risks that they felt like might be there because of waiting on funding to come forward because of the length of time between getting the funding and getting things in place. We are hoping to work with EDC staff to de-couple these projects. It would allow us to get these two projects moving whereas right now, we are stymied.

Windsor

Stacy Johnson, the Director of Economic Development for the Town of Windsor thanked EDC Staff. We've worked hard and had ten different meetings since the award two of which were specifically focused on the Peligrande. The staff has worked diligently with us to come to resolution and we're still talking. We are currently at a stale-mate with the Peligrande. We've suggested a tranching approach for the Peligrande and that would get all three of the projects moving. We are currently at an impasse between staff and us.

Arnold said these projects were presented as an entire project and strongly insistent that none of the projects should be separated at the time of the application. It is not the Commission's responsibility to ensure that Go NoCO is able to finance a project that was presented in a certain way and approved by the Commission.

Kraft suggested to the Go NoCO team that this conversation isn't ripe. It has not been fully vetted through staff. The idea today was to introduce the new stakeholders to the Commission and give an update. There are several questions that the staff has asked that are outstanding that have not been worked through or vetted.

Johnson completed the Windsor update by saying they have been working on transitioning the Go NoCO board into the Go NoCO Authority. The paperwork has been filed and the board selection has begun.

Alan Krcmerick with the City of Loveland said one of the reasons we brought these ideas forward today is we met with the Go NoCO board and they asked us if we did everything possible to get these things to the Commission. The Go NoCO board provided direction to us to mark up the Resolution and have that ready to present.

Stanley Film Center

Frederic Lahey Director of the Colorado Film School presented the Stanley Film Center progress report. We invited forty people from all over the world and had a symposium at the end of April to determine best practices and best strategies and get feedback from the industry. The symposium was a success. In March we retained Kevin Sterling, a real estate finance lawyer, to help us structure a financial deal whereby we can make this vision a reality. We also got our first project which will be a Writers Room that we're going to host at the Stanley. We have received our first donation in June which has already been turned into equipment for greater outreach. We're ready to move forward.

Ament asked Lahey if he is actively working with staff from the Film Center's point of view.

Lahey said the financing has to be set up first. That is not my area of expertise. I think Kevin Sterling met with Kraft and there were a series of emails but we have not gotten any substantive response that I am aware of.

Kraft said there have been multiple request for follow-up meetings for substantial additional discussion. There is a need for the Executive Director of the Film Center to represent the interest of the Film Center in the conversations. There is many questions outstanding to Sterling of which we have not received responses. When we set up our meeting with Sterling it took him several months to become available for the meeting. Staff is standing by and ready to have those discussions. Sterling based in Chicago has had a very difficult time being available for meetings and conversations. There is a lot of work that needs to be done.

Seman said there is a lot of work being done behind the scenes and we are feeling that time is of the essence at this point to get some of these other matters resolved. We are not suggesting that we want to back away from anything that was presented during the application process. There are some aspects of the construct that are creating difficulty and as much enthusiasm we have for the project some of the developers are starting to get a wayward eye because they don't see whether this thing is all going to come together. We would appreciate an opportunity to meet with a subset of the Commission and staff to try and get through these friction points and get this thing resolved.

John Cullen introduced himself and asked if Grand Heritage could speak on behalf of the non-profit side until it can be formed.

Arnold said, as I understand it, there are some changes in terms of the ownership structure of the assets and without having the non-profit that is actually going to be benefitting at the table, the only voice being heard would be that of the developer who is financing the development and then the non-profit could be disenfranchised. I know this is not the intent but without the non-profit independently represented that could be the issue.

Arnold wrapped up the conversation by saying that it sounds like, from the Go NoCO team perspective, you are not getting where you need to with staff. From our perspective, staff is simply implementing the approvals by the Commission and staff has no authority to wave those conditions. Given the issues around time and the apparent frustration from all three groups, Go NoCO might be at a point where you may need to come back to the Commission and ask for an amended approval.

Staff and legal counsel will work together to determine what the process would be for the Go NoCO projects to come back to the EDC and request an amended approval and if they can, given that the program is closed.

G. OEDIT Strategy: Fiona Arnold

Arnold presented the OEDIT Strategy to the board. This presentation is a part of a series that will happen throughout the year where other OEDIT programs that the EDC does not have oversight of will present to the Commission giving the board knowledge of what the other programs of OEDIT are doing.

Staff will work on how to more strategically deploy the JGITC in the communities that are already thriving and working on ideas on how to deploy the Strategic Fund.

H. EDC Budget: Jeff Kraft

Kraft presented the EDC Budget which currently shows a balance of \$12,062,428 available for future funding.

I. Other: Jeff Kraft

The next EDC meeting will be on Thursday, August 18, 2016.

With all items discussed, the meeting was adjourned.