

**ECONOMIC DEVELOPMENT COMMISSION
MEETING SUMMARY**

December 15, 2016
9:00 a.m. – 12:15 a.m.

MEETING DATE

December 15, 2016
1625 Broadway, Suite 2700
Denver, CO 80202

MEETING PARTICIPANTS

A. Commission Members

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

B. Guests

Ed Sealover, Lynn Meyers, Laura Brandt, Josh Birks, Ted Freeman, Jerry Pacheco, Mike Martinez, Representative Tracey Kraft-Tharp, Wendy Nafziger, Tricia Allen, Rich Werner, Jim Project Thunderbird, George Francis, Bo Martinez, Stacie of Project Pikes, Tammy Fields, Cathy Schulte, Jessica Erickson, Wynne Palermo, Jim Rees, Bob Cope, David Neville, Jariah Walker, and Robert “Bobby” F. Kennedy Jr. III.

C. Staff

Fiona Arnold, Jeff Kraft, Liz Cahill, Anna Ewing, Dan Lane, Rebecca Gillis, Laura Blomquist, Angela Mendez, Simon Fox, Sam Bailey, Luis Benitez, Donald Zuckerman, Courtney Potts, Jenifer Doane, Ken Jensen, Sonya Guram, Meridith Marshall and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the EDC Meeting Summary from the November 17, 2016 meeting.
2. The Economic Development Commission approved the following items: Project Peter; Project Puzzle; Project Thunderbird; Project Rolling; Project Pikes; Project Peak; Project 5738; CSU-Chandrasekar; CSU-Kota; CSU-Linke; CSU-Sharvelle; CSU-Susan Bailey; CSU-Travis Bailey; CSU-Volckens; National Jewish-Humphries; National Jewish-Knight; National Jewish-Saveedra; EZ Contribution Project Fort Garland Museum/Historic Colorado; Freak Power; Colorado Classic; Small Business Non-profit Loan Fund; Certified Small Business Districts; and CEO Connect Bike Rides.

A. Meeting Called to Order

Ament called the meeting to order.

Arnold notified the Commission of upcoming staff changes. Arnold and Bailey will be departing OEDIT.

MEETING SUMMARY

Murphy moved approval of the October, 2016 meeting summary.

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

B. Job Growth Incentive Tax Credit (JGITC): Sam Bailey

Project Peter

Bailey presented Project Peter. Project Peter is a Colorado-based advanced manufacturer focused on designing and manufacturing products for use across commercial and industrial applications for the energy

and aerospace industries. In addition to growing the company's manufacturing lines, Project Peter has made significant investments to its company's brand and workplace to attract the millennial generation to support the company's future growth.

Staff is requesting approval of a performance-based JGITC in the amount of \$57,126,518 for the creation of 500 net new full-time jobs with an average annual wage of \$46,449, 100% of Larimer County's average annual wage, in support of this project.

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

Project Puzzle

Bailey presented Project Puzzle. Project Puzzle is a software as a service (SaaS) benefits Administration Company serving clients throughout the United States. Project Puzzle competes against other software providers, traditional benefits administration providers, resource planning software, and in-house corporate benefit groups to win clients. The adoption of SaaS solutions in the competitive marketplace has been growing rapidly, and Project Puzzle is making a name for itself as one of the leading providers of benefits administration.

Staff is requesting approval of a performance-based JGITC in the amount of \$4,445,415 for the creation of 294 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 – Brown, Monfort – project approved as presented and recommended by staff.

Project Thunderbird

Bailey presented Project Thunderbird. Project Thunderbird is one of the largest independent title insurance agency groups in the United States, with operations in Colorado, Wyoming, Texas, Nevada, and Arizona. Along with its title agency functions, the company also possesses a sizeable property and casualty (P&C) insurance entity with a presence in several other states. Project Thunderbird, as a parent, was organized in 2002 and is currently headquartered in Aurora, Colorado. As the title insurance industry modernizes, it is most sensible for the parent company to centralize its duties that are currently carried out across its larger offices and to expand its headquarters location.

Staff is requesting approval of a performance-based JGITC in the amount of \$620,897 for the creation of 38 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, Ginsburg – project approved as presented and recommended by staff.

Project Rolling

Bailey presented Project Rolling. Project Rolling is an international agricultural production company that manufactures a wide range of consumer food products for consumption globally. The company operates in over 100 countries and has established its primary North American operations in Metro Denver. Project Rolling is evaluating Colorado, Florida, and New York as part of a global reorganization of its operations and shared services center functions.

Staff is requesting approval of a performance-based JGITC in the amount of \$4,350,239 for the creation of 155 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 – Murphy, Ginsburg – project approved as presented and recommended by staff.

Project Pikes

Bailey presented Project Pikes. Project Pikes serves institutional investment organizations by providing portfolio management, credit analysis, and total return risk analysis software. Beyond it's out of the box applications, the company customized software solutions for end users to support portfolio analysis, compliance metrics, and fixed income trading. Project Pikes is looking to partner with their primary independent contractor, Project Peak (also applying for a Job Growth Incentive Tax Credit), to establish a western presence in the United States to expand their ability to service clients outside of the Midwest. The co-location of the two companies will help enhance the growth of the businesses and tap into talent pools outside of the Chicago Metro area.

Project Pikes and Project Peak represent two companies with two separate employment plans that will work together to establish a new location. OEDIT has identified that there is no duplication of jobs between the two projects.

Staff is requesting approval of a performance-based JGITC in the amount of \$865,552 for the creation of 55 net new full-time jobs with an average annual wage of \$45,877, 100% of El Paso County's average annual wage, in support of this project.

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

Project Peak

Bailey presented Project Peak. Project Peak has been developing vertical market computer software for institutional financial markets since 1994. Today, the company employs 17 programmers and testers, along with additional consultants. The company's primary customer is Project Pikes, another company under consideration for the Job Growth Incentive Tax Credit. Project Peak is looking to partner with their client, Project Pikes (also applying for a Job Growth Incentive Tax Credit), to establish a western presence in the United States to expand their ability to service clients outside of the Midwest. The co-location of the two companies will help enhance the growth of the businesses and tap into talent pools outside of the Chicago Metro area.

Project Pikes and Project Peak represent two companies with two separate employment plans that will work together to establish a new location. OEDIT has identified that there is no duplication of jobs between the two projects.

Staff is requesting approval of a performance-based JGITC in the amount of \$568,626 for the creation of 55 net new full-time jobs with an average annual wage of \$45,877, 100% of El Paso County's average annual wage, in support of this project.

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

Update of EDC Approved Projects

Bailey presented an update of previously approved projects. BP Lower 48 has selected Denver, Colorado for the location of their new headquarters. The company plans to relocate and expand 328 jobs after being approved at the October EDC meeting for an \$8.9M JGITC. Project Cresta, which is still confidential and has yet to make an announcement, has selected Denver, Colorado for the location of their new office. The company plans to hire locally 500 employees after being approved for a \$350,000 Strategic Fund incentive.

C. Strategic Fund (SF): Jeff Kraft Strategic Forecast

Kraft presented the Strategic Fund Balance Forecast which currently shows a sub-balance of \$0 if the Certified Small Business Districts, Small Business Loan Fund, and the CEO Connect Bike Ride are approved today.

Project 5738

Bailey presented Project 5738. Project 5738 is a publicly-held, American food manufacturer based in the Midwest. The company manufactures a variety of consumer food and beverage products found in grocery stores throughout the world. Project 5738 has grown through acquisition of notable brands, acceleration of its own brands, and development of new products. Project 5738 is considering a major build-to-suit manufacturing facility to accommodate the expansion of one of its product lines. The company's capital investment of \$340 million dollars would result in a new state-of-the-art food production facility exceeding 250,000 square feet of manufacturing space.

Staff is requesting approval of the following three scenario's in support of this project with the understanding that only one scenario can and will be used depending on where the company lands. If the company selects a location not listed below, they would be entitled to an incentive amount based on their average annual wage in the area, the local match and the area's enterprise zone status.

Scenario 1

Staff is requesting approval of a performance-based Strategic Fund grant in the amount of \$1,146,000 for the creation of 382 net new full-time jobs at \$3,000 per net new job with an average annual wage of \$49,062, 100% of Adams County's average annual wage, with a required \$1:\$1 local match from the City of Brighton and Adams County in support of this project.

Scenario 2

Staff is also requesting approval of a performance-based Strategic Fund grant in the amount of \$955,000 for the creation of 382 net new full-time jobs at \$2,500 per net new job with an average annual wage of \$46,644, 100% of Weld County's average annual wage, with a required \$1:\$1 local match from the community under consideration in support of this project.

Scenario 3

Staff is requesting approval of a performance-based Strategic Fund grant in the amount of \$1,146,000 for the creation of 382 net new full-time jobs at \$3,000 per net new job with an average annual wage of \$46,644, 100% of Weld County's average annual wage, with a required \$1:\$1 local match from Windsor and Weld County in support of this project.

Monfort asked why the incentive for Longmont was smaller than the other two area's being considered.

Bailey said that the incentive amount for Longmont is less because they are not located inside an enterprise zone making the cost per net new job less.

Monfort asked if the Strategic Fund breakdown on cost per job is at the discretion of the board and can it be waived.

Kraft said it is board policy and therefore is at the discretion of the board.

Duran moved approval of 5738. Murphy seconded the motion.

Brown asked if the representative from Longmont would like to make a case to waive the policy consideration for the lower cost per job amount for this project.

Bailey said from staff position, to be able to present all the communities for this project on a level playing field would greatly impact the company and I know that Longmont would be in support of that.

Monfort amended the previous motion to waive the cost per job for Longmont taking it from \$2,500 per job to \$3,000 per job for a possible grant total amount of \$1,146,000. Ginsburg seconded the motion. Motion passed unanimously.

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

**D. Regional Tourism Act: Jeff Kraft
Colorado Springs Update**

Rees provided an update of the project.

UCCS

UCCS just initiated a partnership with Penrose St. Francis Centura Health to develop and operated the Sports Medicine and Performance Center. They will work together to develop a program. They will attempt to hire an architect in January. They hope to have work started by July of 2018 and complete the work by December of 2019.

USAFA

The USAFA received two proposals from the RFQ and completed their review of the offers for an Enhanced Use Lease and have determined them to not be responsive. They are currently evaluating the appropriate option for developing the Visitor Center. They anticipate a new revised RFQ will be issued in early 2017.

Olympic Museum

The Museum is in the funding stage and the cost estimate now for the construction piece is \$69M but there is \$3M in contingencies and \$3M for staffing and operating bringing the project total to approximately \$75M. That is a little more than what we had anticipated. We are in negotiations to try and put a bond together with a three-bank coalition lead by UMB. We are looking at a \$39M bond, \$15M of that would come from UMB, \$10M would come from Academy Bank and \$14M from First Bank. We are currently evaluating the term sheet and were close. We are hoping to bring this all back to the EDC by January.

From the bond, \$26.2 will net for the Museum piece and the rest of it is part of the infrastructure. We combined a part of the infrastructure account with the Museum account to sell one bond so we get some economy to scale.

Kraft reminded board members that there was a flexible fund that Colorado Springs could allocate among any of the Project Elements that needed it. That becomes enabled once the Museum does the financing.

Colorado Sports and Event Center

Cope said they have a privately funded Marketing and Feasibility Study being done right now by HBS. That report is due shortly. Stakeholders will review the results and formulate a plan to move this to the next level.

Pueblo Update

Pacheco said that the PBR Training Facility will be both a rehabilitation center for their current built-Ford-tough athletes and will also be broken into training programs by age group to try and develop a market as a feeder class into the sport. They are looking at cross-over sports to look for athletes such as wrestling, and motor cross. We have arrived at a concept plan that PBR appears to be comfortable with. Their current preferred trainer is Michael Johnson Performance. They would actually run the facility on behalf of PBR. Our architects are working on a final design. As soon as those are complete, I will let OEDIT know and inform the board.

The PBR Training facility will be a part of our Convention Center expansion. As a part of that PBR would like to provide a PBR Fan Zone which will be an actual experience and marketed as such.

With respect to financing, we believe we are at a point that we have a proven four-year revenue stream to secure the bonding necessary to complete the project. We will re-engage the city's Financial Advisor and make sure that a public placed revenue bond is still the best course of action. As soon as that information is available, I will let OEDIT staff know and inform the board.

We are still on track to break ground this summer. Demolition activities will occur in the next month.

Kraft asked if the hotel, on top of the Convention Center is still is still a possibility.

Pacheco said the hotel is going to move to a pad site immediately adjacent to the Convention Center.

Ament reminded Pueblo to do an open and transparent process with an RFP to the banks. Saying you won't know what the better deal is until you tap into all the available resources.

Aurora/Gaylord Update

Lynch said with this project we are achieving what the Legislature intended when they adopted the RTA. Construction is proceeding fantastically. We're opening on schedule, which looks like the fourth quarter of 2018. To date, we have booked 230,000 room nights at this facility. Eighty-eight percent of the business we're seeing is new to Colorado. These are conventions and conferences that have never entered or even considered the state of Colorado before. The construction is up to the seventh floor and we have employed somewhere in the neighborhood of 510 people on this project so far this year. A video of the project was shown.

Brown asked about the percentage of contracts going to minority and women-owned business during the construction phase of the project.

Lynch and Connerly did not have that information but would make that available to the Commission.

Brown asked that when they supply the information, remind us of what the goal was as compared to where you're at today.

Lynch said they could provide that.

E. Advanced Industries (AI): Katie Woslager

Woslager presented the following AI projects for final approval.

Research Institution/Researcher	Industry	\$ Requested
CSU-Chandrasekar	Advanced Manufacturing, Electronics, Infrastructure Engineering	\$80,000
CSU-Kota	Advanced Manufacturing	\$80,000
CSU-Linke	Bioscience	\$116,974
CSU-Sharvelle	Energy, Natural Resources/Cleantech	\$80,000
CSU-Susan Bailey	Bioscience	\$97,500
CSU-Travis Bailey	Bioscience	\$86,762
CSU-Volckens	Energy, Natural Resources/Cleantech	\$97,500
National Jewish-Humphries	Bioscience	\$23,306
National Jewish-Knight	Bioscience	\$23,308
National Jewish-Saveedra	Bioscience	\$23,307

Brown reminded the Commission that before they come to us for final approval, these grants go through a very rigorous competitive process at the research institutions.

Schiff recused herself from the vote on KromaTID connected to the CSU/Susan Bailey project as they are a client of Schiff's firm.

M/S/P – Monfort, Murphy – all AI projects approved as presented and recommended by staff with the recusal from Schiff on KromaTID.

F. Rural Jump-Start (RJS): Ken Jensen

Jensen presented the 2017 Annual County Eligibility review. The Commission approved 45 counties as eligible for the Rural Jump-Start program in 2016. Per the statute, each of these counties retains its eligibility for three years- for 2016, 2017, and 2018. OEDIT has recently reviewed the counties that were not declared eligible last year, using the same set of criteria that was used last year (with updated data).

Based on this analysis, only one county that was not eligible in 2016 was determined to be eligible in the 2017 analysis, which is Pitkin County. Pitkin County is east of Mesa County, and contains the towns of Aspen, Basalt, and Snowmass. Despite the fact that Pitkin County met the technical criteria to be eligible for the Rural Jump-Start program, OEDIT views Pitkin County as outside the target area that the program is designed to serve and the County has expressed no interest in the RJS program.

OEDIT requests that the EDC approve Pitkin County as eligible for the Rural Jump-Start program in 2017 with the understanding that if Pitkin County were to apply to the Rural Jump-Start program, OEDIT would need evidence of a change in circumstances or evidence of economic distress.

Ginsburg asked if the board is compelled to approve this.

Kraft said statute requires that this analysis is done annually but the board is not compelled to approve then as eligible. They are in the pool of eligible but not in the pool of approved.

Ament called for a motion to put Pitkin County on the eligible list.

No motion was made. There was no action taken.

G. Enterprise Zone (EZ): Sonya Guram

Guram presented the following Contribution Project Proposal for approval.

EZ – Project Name	Project Type	Completion Date	1 yr. Projected Credits
San Luis Valley – Fort Garland Museum Heritage Tourism	Operations – Visitor Event/Attraction	2021	\$18,125

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

Guram updated the Commission on the Proposed Contribution Project Policies. The local Zone Administrators are communicating these with their partner organizations that have been or are potential projects. After those communications take place we will bring the Proposed Policies back to the Commission for formal approval which will likely be in February.

Monfort said he read through them and said staff did a great job in composing the Proposed Policies.

**H. Film, Television and Media (OFTM): Courtney Potts, Donald Zuckerman
Project Updates**

Potts provided an update on two previously approved projects. Casting JonBonet and 7852 were both accepted into Sundance and will premiere next year. Heaven Sent is airing on Lifetime right now.

COFTM Budget

Potts presented the OFTM budget. If today's projects are approved the budget will show a balance of \$118,000 available for future projects.

Freak Power

Potts introduced Kennedy who presented Freak Power. Third Party LLC has submitted an application for the feature film Freak Power. Freak Power is a story about political engagement, environmentalism, heavy-handed policing, and life in a small town.

The estimated qualified local expenditures of the application would result in a rebate of \$300,000. COFTM is anticipating a total of \$1,858,601 in qualified local expenditures and when accounting for the multiplier effect, the economic impact could reach up to \$3,202,693.

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

Colorado Classic

Potts presented Colorado Classic. Colorado Company RPM Events Group is in the process of developing the International Pro Cycling Series (IPCS). The IPCS is a four day pro-cycle race held in Colorado, a state embedded in cycling culture and entertainment festivals.

RPM Events Group has submitted an application for "Colorado Classic," a four part television special that follows the International Pro Cycling Series. The race hopes to attract large crowds to evening race finishes in urban hubs and integrate a nightly FanFest, X-Games style cycling demos, and live music. The TV series will cover the race, the participants, special events, and highlight Colorado's tourist attractions and cultural scene. RPM hopes to distribute 6 hours of live broadcast on domestic cable (i.e. NBCSN or FS1), international distribution to over 100 countries, live digital streaming, and social media outlets.

The estimated qualified local expenditures of the application would result in a rebate of \$86,000. COFTM is anticipating a total of \$430,000 in qualified local expenditures and when accounting for the multiplier effect, the economic impact could reach up to \$740,965.

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

I. EDC Budget: Jeff Kraft

Kraft presented the EDC Budget which currently shows a balance of \$0 available for future funding if all projects are approved today.

J. Strategic Fund Initiative (SFI): Fiona Arnold

Small Business Non-profit Loan Fund

OEDIT is requesting that the EDC approve the use of up to \$3,500,000 from the Strategic Fund to provide funds during fiscal year 2016/17 to one or more non-profit lender(s).

OEDIT proposes to provide these funds to the awardee(s) in the form of up to \$3,250,000 in loans and up to \$250,000 in grants or forgivable loans to help cover the awardees' administrative expenses and loan losses. The grant/forgivable loan portion of the funding would become available over time if the awardees meet certain performance metrics. The funds shall be distributed to one or more non-profit lenders who respond to an RFP conducted by OEDIT with final awards to be approved by the EDC.

Certified Small Business Community

The Certified Small Business Community is an opportunity for small communities in rural and mountain regions to compete, attract and retain small businesses. The program will provide matching funds for communities to support their local SBDC and other resources. Many communities want small business

resources but are unable to acquire funds for matching grants to do so. This program will support, nurture, and help grow small communities across the state.

The communities will receive a designation of a “Certified Small Business Community” to promote a great community to “Work, Live, and Play” in Colorado.

CEO Connect

In partnership with the OEDIT/ORec offices, a selected vendor will develop a unique experience for top tier leadership from targeted companies that are potential key employers looking to relocate their companies to Colorado or expand their offices currently located in-state.

In conjunction with a world-class 4-day professional cycling race in Colorado slated for August 2017, The CEO Connect will allow guests to experience Denver in a memorable way at the helm of a retired top international pro cyclist host.

This recruiting tool event will feature an integrated comprehensive entertainment experience with live music, a marketplace, athlete engagement, mass-participation events and more, visitors will see firsthand the charm and progressive nature of our capital city.

Staff is requesting \$80,000 in support of this project.

M/S/P – Monfort, Murphy – three Strategic Fund Initiative Projects approved as presented and recommended by staff subject to funding availability.

K. Next Meeting

Ament said the next EDC meeting will be January 19, 2017.

With all items discussed, the meeting was adjourned.