

ECONOMIC DEVELOPMENT COMMISSION
MEETING SUMMARY
August 17, 2017
9:00 a.m. – 1:00 p.m.

MEETING DATE

August 17, 2017
1625 Broadway, Suite 2700
Denver, CO 80202

MEETING PARTICIPANTS

A. Commission Members

Carrie Schiff, Benita Duran, Tom Clark, Tara Marshall, Chris Franz, Rob Brown, Denise Brown, Jay Seaton and Lisa Reeves.

B. Guests

Laura Brandt, Clif Harald, Belinda with Project Fahyur, Debra with Project Fahyur, Turid Nagel-Caseboldt, David with Project Hometown, Scott with Project Hometown, Chris with Project Hometown, Tim with Project Hometown, Tim with Project Lightning, Anna Parson, Tammy Fields, Joel Spicola, Cole Abshere, Jared Petsche, Leigh Ann Kleber, Kate Sabott, Ed Sealover, Bonnie Peterson and Cari Hermancinski.

C. Staff

Anna Ewing, Jeff Kraft, Ken Jensen, Michelle Hadwiger, Pam Moore, Angela Mendez, Rebecca Gillis, Donald Zuckerman, Mariel Rodriguez-McGill, Taylor Tschida and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the EDC Meeting Summary from the July 19, 2017 meeting.
2. The Economic Development Commission approved the following items: **JGITC**-Project Fahyuhr; Project Hometown; **SF**-Project Lightning; **LINKED**; **COFTM**-The Lifted Life; and **RJS**-Routt County.

A. Meeting Called to Order

Schiff called the meeting to order.

New Member Introduction

Kraft introduced Reeves, a new Commissioner.

Meeting Summary

Duran moved approval of the meeting summary from July 19, 2017. Clark seconded the motion. Motion passed unanimously.

M/S/P – Duran, Clark – Meeting Summary approved as presented by staff.

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

Hadwiger presented Project Fahyuhr. Project Fahyuhr provides process development and scale-up services to clients in the pharmaceutical industry. They have a sizeable presence in Boulder, Colorado, and company leadership is evaluating an expansion in either Boulder or one of its European campuses.

Staff is requesting a performance-based JGITC in the amount of \$1,603,123 for the creation of up to 80 net new full-time jobs at a minimum wage of \$61,672, 100% of any Colorado County's annual average wage, in support of this project.

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

Project Hometown

Hadwiger presented Project Hometown. Project Hometown is currently headquartered in the Greater Denver area and is a financial services company. The company is going to be acquiring new headquarters facilities in the region that better align with the long-term strategy of the company to be more public-facing in the region.

Staff is requesting a performance-based JGITC in the amount of \$3,269,880 for the creation of up to 146 net new full-time jobs at a minimum wage of \$64,597, 100% of Denver County's annual average wage, in support of this project.

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

Update of EDC Approved Projects

Hadwiger did not have any updates for the Commission.

C. Strategic Fund Initiative (SFI): Stephanie Copeland, Jeff Kraft

Strategic Fund Balance Forecast

Kraft presented the Strategic Fund Balance Forecast which shows a current projected balance of \$149,117.

Project Lightning

Hadwiger presented the Project Lightning. Project Lightning is an information and technology company with a SaaS business model, focused on creating, managing, and hosting online forms for its clients. The company is considering an expansion in the Western Region of the United States, or undergoing a major expansion at its already-existing location in Indiana.

Staff is requesting approval of a performance-based SF Grant in the amount of \$275,000 over a 5-year period for the creation of up to 55 net new full-time jobs with an annual average wage of \$46,605, 100% of any Colorado County's average annual wage, in support of this project.

M/S/P – D. Brown, Franz – Project Lightning was approved as presented and recommended by staff.

LINKED

Ewing presented the LINKED Initiative. Access to talent is a key driver in business retention and expansion. Staff seeks to create a mechanism that enables businesses to have easy access to undergraduate students, from Universities across the state, and interact with them in a meaningful way any time they have a business need. The mechanism will match student groups and a 3rd party consultant to work on business submitted projects.

While there are programs and initiatives in play across sectors to address talent development, LINKED is positioned to support the business community by increasing access to the organic talent pipeline, specifically arts and sciences students who comprise more than 50% of our graduating classes each year.

Staff is requesting that the EDC approve \$350,000 from the Strategic Fund to support a pilot program for LINKED during the 2017/2018 fiscal year. The pilot program will consist of 6 projects, driven by

businesses including one project in each Grand Junction, Colorado Springs and Fort Collins and three projects in Denver/Boulder. The pilot will engage with 30-50 students and run for approximately nine months, commencing this fall.

D. Brown suggested adding \$50,000 to this request and require an inventory and high level assessment of existing programs. This inventory can be a companion piece and a play book for this pilot program.

D. Brown moved approval of the request at \$350,000 making sure there is an advisory committee with an additional request from the Commission directing staff to come back to the Commission with a proposal to do an inventory assessment of existing programs in the environment. Marshall seconded the motion.

M/S/P – D. Brown, Marshall – LINKED Pilot program request approved as presented with the additional request from the Commission for a future proposal to perform an inventory assessment of existing programs.

D. Colorado Office of Film, Television and Media: Mariel Rodriguez McGill

Budget

Rodriguez-McGill presented the COFTM Budget which show a current balance of \$1,321,120 available for future funding.

The Lifted Life

Rodriguez-McGill introduced Spicola, Executive Producer of the Lifted Life, to present the project. Colorado-based The Lifted Life, LLC has submitted an application to produce the fourth season of The Lifted Life, the first 4x4 reality-television show, which airs nationally on the Velocity Channel, a network dedicated to all things automotive and owned by Discovery Communications.

The Lifted Life is a first to market 4x4 Truck/Jeep customization reality series, which features builds of custom four wheel drive Trucks and Jeeps by Five R Trucks, a nationally renowned, family-owned custom truck headquarters, based in Golden, Colorado, that has been in business for over 40 years. Each episode takes viewers on a ride as an incredible custom truck is constructed from rendering to reality. The series plans to continue the momentum it gained throughout the first 3 seasons and continue production of a fourth season in Colorado. Tentative Colorado filming locations include Golden, Denver, Centennial and Summit County.

The project has a total preliminary Colorado budget of \$318,000. The estimated qualified local expenditures of the project would result in a rebate of \$63,600.

M/S/P – Clark, Duran – The Lifted Life approved as presented and recommended by staff.

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

Jensen presented Routt County for the RJS program. Routt County has applied to become an eligible county in the RJS program. OEDIT has twice reviewed all Colorado counties for Rural Jump-Start eligibility as part of the annual county review process. In both reviews Routt County only met two of the metrics required for inclusion, and was not close on any third metric. Staff is recommending approval of Routt County with the exception of Steamboat Springs.

Routt County officials are pointing out that the wealth of the county is concentrated in Steamboat Springs and that not including Steamboat in the zone would limit the potential effectiveness of the program for the County.

After internal staff discussions the recommendation is to form a zone of the county with the exception of Steamboat Springs.

Petersen said, since the recession, Routt County is still 1,300 jobs behind pre-recession numbers. One of the major employers there is the 20-mile Coal Mine. It is the largest coal mine in Colorado and employs 300 people. The Hayden Power Plant employs approximately 250 people. The job growth we have seen since the recession largely in Steamboat Springs, are hospitality, retail, some construction, and arts. Those jobs pay twenty-eight percent lower than the average wage across the state. The coal jobs pay on average, \$92,000 annually. Since 2009 Routt has lost 210 direct coal jobs, this does not include the indirect jobs that go along with that. Not only are there market challenges with coal, when you couple that with the fact there are policy challenges with coal. I realize the Clean Power Plan has now been put on hold but the Governor did do an executive order that reiterated the same goals of the Clean Power Plan. Our information was that should the Clean Power Plan move forward, we could not meet the emissions that are required without closing the Northwest coal mines.

Marshall asked if the County has considered looking at setting aside some land outside of Steamboat Springs for the type of development you want to attract and have you pursued a change in legislation working with your legislators to amend the program so that you would qualify under statute.

Hermacinski said there is strong local resistance to allowing commercial development outside incorporated areas. The people in Routt County don't want to see the strip mall type of development along our highways. We have considered expanded to our Western boundary to allow for some more affordable residential development but not commercial and business development.

Petersen said the minute they told me Routt County was not eligible two years ago, I started talking to our legislators. They wanted us to exhaust all avenues before we asked for a legislative solution.

Franz said we all know Steamboat is a transitory population with vacationers and people coming in to ski. It seems to me that it should be eligible for this program as a city because if I'm a business and I could afford the cost of living I want to locate there because there are more customers, more opportunity and connectivity with all those infrastructure pieces. It would still be good for the county as a whole to get the benefit of that. I think it should be included.

Seaton said the RJS program was never intended to support resort areas. But a resort area located in a blighted or distressed area does have spill over economic impacts. I'm dubious about approving Steamboat but the County certainly should be approved.

Marshall moved approval of Routt County without Steamboat Springs. D. Brown seconded the motion.

M/S/P – Marshall, D. Brown – Routt County without Steamboat Springs was approved as presented and recommended by staff. R. Brown opposed the motion.

F. Regional Tourism Act (RTA): Jeff Kraft

Aurora

Kraft presented Aurora's Q2 2017 Report noting that Aurora commenced substantial work, starting physical work in April 2015 and they commenced vertical construction on January 12, 2016.

Colorado Springs (COS)

Kraft presented the Colorado Springs Q2 2017 Report noting that Colorado Springs had a groundbreaking ceremony and bonded on April 12, 2017 which constitutes substantial work.

Pueblo

Kraft presented the Pueblo Q2 2017 Report noting that on May 18, 2017 Pueblo asked for an extension of 90 days to August 18, 2017 to commence substantial work. Pueblo met the substantial work requirement on July 20, 2017 when they issued bonds.

Denver

Kraft presented the Denver Q2 2017 Report noting that Denver has until November of 2020 to commence substantial work.

Northern Colorado Regional Tourism Zone (NCRTZ)

Kraft presented the NCRTZ Q2 2017 Report noting that NCRTZ has until November of 2020 to commence substantial work.

Kraft said, the statute says there has to be a commencement of substantial work within five years. The statute does not say the EDC has to confirm their agreement with the commencement. Historically, for a number of reasons, we have chosen to not necessarily officially approve and endorse that a commencement has happened. We have tracked it very closely but we have chosen to not formally document that a commencement has happened.

Kraft said he is bringing this up because we made a change with Denver in their Resolution. There was a question about who ultimately makes the decision if someone did commence. We decided to clarify in the Denver Resolution that the EDC has the authority and ultimately is the sole arbitrary of commencement.

Staff wants to make sure that the board is comfortable with the fact that these commencements are occurring and they are not formally being validated but tracked and noted by staff.

The board is comfortable with staff noting and tracking the commencements.

Duran asked why only Pueblo is providing invoices and statements and no of the other projects are providing these.

Kraft said it's because Pueblo is actively spending money where the others are not yet fully to that stage. Gaylord is spending money but they haven't received any revenues from us because their revenue stream doesn't kick there is an existing revenue base. You will see the exact same thing happen for all of these projects as they spend money. Colorado Spring with the Olympic Museum is the next one that you will start to see invoices for next.

Marshall moved pursuant to Colorado Revised Statutes Sections 24-6-402(3)(a)(II) and (III), I move that we go into executive session with our attorney for the purpose of discussing and receiving legal advice about the RTA audit findings, which are required to be kept confidential by Colorado Revised Statutes Section 2-3-103.7. Seaton seconded the motion. Motion passed unanimously.

The EDC is now in executive session.

The EDC discussed the RTA audit findings.

Clark moved the Commission exit Executive Session. Duran seconded the motion. Motion passed unanimously.

The EDC is now in Open Session.

G. Budget: Jeff Kraft

EDC Budget

Kraft provided the budget which currently shows a sub-balance of \$8,067,319.

AI Budget

Kraft provided the AI budget with no actual presentation. There has been no change in the AI budget from May 18, 2017 EDC meeting.

H. Next Meeting

Kraft said the staff is working on coordinating the October EDC meeting offsite. Commissioners directed staff to plan the October meeting in the Montrose/Ridgeway area.

The September EDC meeting will be on September 21, 2017 here at OEDIT.

With all items discussed, the meeting was adjourned.