

**ECONOMIC DEVELOPMENT COMMISSION
MEETING SUMMARY**

April 19, 2018
9:00 a.m. – 12:00 p.m.

MEETING DATE

April 19, 2018
4655 Humboldt Street
Denver, CO 80216

MEETING PARTICIPANTS

A. Commission Members

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

B. Guests

Lynn Meyers, Sam Bailey, Laura Jackson, Shail Schukar, David Cho, Francisco with Project Bello, Francisco, Paul Andrews, Robin Brown, Dave Camerruci, Charlie Sweet, Randy Thelen, Janet Colley, Brad Dodson, Patrick O'Keefe, Marcy Longrin, Jocelyn Hittle, Ed Sealover, Leigh Seeger, and Haixia with Project Hypersonic.

C. Staff

Stephanie Copeland, Jeff Kraft, Sean Gould, Michelle Hadwiger, Ken Jensen, Rebecca Gillis, Dan Lane, Katie Woslager, Che Sheehan, Reid Aronstein, Luis Benitez, Sonya Guram, and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the EDC Meeting Summary from the March 15, 2018 meeting.
2. The Economic Development Commission approved the following items: Project Bello; Project 503B; Project Brother; Project Orbit 2; Project Hypersonic; Project Transatlantic; RJS Annual Report Notification; Colorado School of Mines Tech Transfer Office AI Allocations; University of Colorado and Anschutz Tech Transfer Office AI Allocations; Phillips County Economic Development Corp. EZ Project; UCHHealth Community Education Center Project; Paonia Space to Create Project; and NeighborWorks Project.

A. Welcome Remarks

Andrews welcomed the Commission, staff and guests to the Complex.

B. Meeting Called to Order

Schiff called the meeting to order.

Meeting Minutes

Duran moved approval of the meeting minutes from the March 15, 2018. R. Brown seconded the motion. Motion passed unanimously.

M/S/P – Duran, R. Brown – Meeting Minutes approved as presented by staff.

**C. Job Growth Incentive Tax Credit (JGITC): Jeff Kraft
Project Bello**

Hadwiger presented project Bello. Project Bello is the US entity of a historic European motorcycle company that 4 years ago started to invest in the electric transportation industry. The company is currently

headquartered in Sausalito, CA. Project Bello wants to cut costs and is looking at states that are proactive in the evolution of electric transportation for commuting and recreational use. Therefore, Colorado and Utah have been identified as attractive locations for this project. Within the state of Colorado, the company is considering locations in Jefferson County.

Staff is requesting \$215,645 in performance-based Job Growth Incentive Tax Credits over an 8-year period. This incentive is contingent upon the creation of up to 20 net new full-time jobs at a 100% of the AAW of any county in Colorado the company decides to locate, in support of this project.

Clark asked if the ecosystem development being done by ORec have a direct impact on this company's decision to look at Colorado.

Benitez said it does. With having the Outdoor Retailer show here but also recruiting an evite company from Germany a few years back, started the international conversation about Colorado.

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

Project 503B

Hadwiger presented Project 503B. Project

Project 503B is a local pharmacy that is poised for expansion. The company currently has operations in the Denver metro area. Project 503B believes that there is intense demand in the marketplace for a stable, professional compounding pharmacy located far from areas prone to hurricanes, floods, Nor'easters, earthquakes, etc. Therefore, Denver and Kansas City have been identified as attractive locations for this project. Within the state of Colorado, the company is considering locations in Denver or Adams County, respectively. The proposed 503B project will be a standalone business unit from the current operations.

Staff is requesting \$948,025 in performance-based Job Growth Incentive Tax Credit over an 8-year period. This incentive is contingent upon the creation of up to 20 net new full-time jobs at a 100% of the AAW of any county in Colorado the company decides to locate, in support of this project.

M/S/P – Duran, R. Brown – Project 503B is approved as presented and recommended by staff.

Project Brother

Hadwiger presented Project Brother. Project Brother is an engineering and infrastructure company headquartered in the Midwest. The company was founded over 125 years ago. Project Brother employs over 1,100 people within its global operations. Currently, the company has 162 employees in Colorado. Further identification of the company may jeopardize the confidentiality of the project.

Project Brother's leadership is considering the establishment of a headquarters location for the growing infrastructure engineering sector of its business. According to the company, this expansion is required in order to maintain Project Brother's leadership in its industry and to maintain its global competitiveness. The State of Colorado is competing against Nebraska, Texas, and Kansas for this important business development opportunity.

Staff is requesting \$18,650,277 in performance-based Job Growth Incentive Tax Credits over an 8-year period. This incentive is contingent upon the creation of up to 850 net new full-time jobs at a minimum average annual wage (AAW) of \$66,430, 100% of Denver County's AAW or 100% of the AAW of any county in Colorado the company decides to locate, in support of this project.

M/S/P – Duran, R. Brown – Project Brother is approved as presented and recommended by staff.

Project Orbit 2

Hadwiger presented Project Orbit 2. Project Orbit 2 is a food and beverage manufacturing company headquartered in Brisbane, Australia. The company has been in operations since 1875. The parent entity of Project Orbit 2 is primarily involved in the production of syrups, toppings, and liquid-based ingredients for global food and beverage industry. Currently, the company only operates in Australia and distributes its products to distributors worldwide.

Project Orbit 2 is seeking to set up a US manufacturing subsidiary to support the production and distribution of a health-focused liquid to treat dysphagia, a medical condition described by the difficulty of swallowing. This diagnosis regularly afflicts people in the later stages of life. The current costs of producing the liquid in Australia and shipping it to global clients are prohibitive, and therefore, the company intends to set up its first US location for the centrality of the market in proximity to product distributors. The project management team hopes to have a fully-operational facility in America by 2019.

Staff is request \$720,474 in performance-based Job Growth Incentive Tax Credits over an 8-year period. The amount of this incentive as recommended above takes into account OEDIT staff's analysis of the four factors identified in C.R.S. § 39-22-531 (3) ©. This incentive is contingent upon the creation of up to 80 net new full-time jobs at a minimum average annual wage (AAW) of \$52,247, 100% of Adams County's AAW or 100% of the AAW of any county in Colorado the company decides to locate, in support of this project.

M/S/P – Clark, Blumenstein – Project Orbit 2 is approved as presented and recommended by staff.

Update of Approved Projects

Hadwiger provided the following project updates.

Project 5845

Approved by the EDC on January 18, 2018 for JGITC for \$1,624,420. The projected job creation is up to 75 net new full-time jobs. The Company is opening a new, full-service central hub in Denver, which will house multiple teams and functions to better support the company's dozens of regional offices.

D. Strategic Fund (SF): Jeff Kraft

Strategic Fund Housekeeping

Kraft presented a summary of some financial housekeeping.

Staff is proposing to unencumber \$115,000 in previously approved funds for the Rural Theater and the OEDIT Marketing Programs. Staff is also requesting to keep \$40,000 in Rural Theater funds on the books for future projects and \$60,000 in EDC Marketing funds.

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

Strategic Fund Balance Forecast

Gould presented the Strategic Fund Balance Forecast which shows a current balance of \$231,182.

The board discussed the Strategic Fund balance and the Strategic Fund Reserve.

D. Brown moved a new board policy that says whenever we are approving projects in a manner that takes the Strategic Reserve beyond our targeted goal, we are in essence reducing the Reserve so there is no assumption of borrowing next year's funds.

M/S/P - D. Brown - R. Brown – Board Policy motion approved as moved and seconded by the Commission.

Project Hypersonic

Hadwiger presented Project Hypersonic. Project Hypersonic is a privately owned full-service supplier of workforce procurement solutions. The company is headquartered in Silicon Valley. Project Hypersonic is a full-service provider of comprehensive contingent workforce solutions to Fortune 1000 companies nationwide.

As a recruiting company, Project Hypersonic's competitive edge is derived primarily from their ability to source and retain recruiting talent to meet the ever growing demands for their services. They have been successful recruiting entry-level talent and training them to become top producing recruiters. However, being located in Silicon Valley, the company struggles to prevent technology giants from poaching the recruiting talent they have trained. Unable to compete with these famous Silicon Valley companies for talent, Project Hypersonic has decided to expand outside of Silicon Valley and establish roots in a location where they believe they will have a greater chance of retaining the talent they invest so much time, money, and effort in training.

Staff is requesting \$147,500 in performance-based Strategic Fund incentive over a 5-year period, 60 months, from the EDC for the creation of up to 59 net new full-time jobs at a minimum average annual wage (AWW) of \$41,561, 100% of Mesa County's AAW, in support of this project.

M/S/P - Seaton, Duran – Project Hypersonic is approved as presented and recommended by staff.

Project Transatlantic

Hadwiger presented Project Transatlantic. Project Transatlantic is proposing to offer nonstop flights from DIA beginning in spring 2019. The schedule under consideration is four times weekly service, year-round, on an Airbus A330-200 aircraft with a capacity of 266 seats.

Staff is requesting a two-year, \$400,000 EDC marketing/performance cash grant in support of this project. The grant will consist of a reimbursement of 50% of marketing activities as mutually agreed upon between OEDIT and the airline, up to \$200,000 per year. This grant is at the average of other EDC Strategic Initiatives recently offered promoting new direct international flights. Denver International Airport will provide at a minimum a \$1:\$1 match.

M/S/P – Duran, Clark – Project Transatlantic approved as presented and recommended by staff.

Rural Entrepreneur Network Update

Cammeruci and Copeland provided an update of the Rural Entrepreneur Network. The Rural Entrepreneur Network is being managed by Startup Colorado. Startup Colorado is a public-private collaboration powered by the Silicon Flatirons Center at the University of Colorado Law School. Silicon Flatirons has over 15 years of experience leading entrepreneurship and tech policy initiatives on-campus, in the community, and throughout the U.S.

Startup Colorado is leveraging a workshop model to kick off our engagement in rural communities. We have completed workshops in the following communities: Aspen/Roaring Fork Valley; Durango; Grand Junction; Montrose; Summit County (Frisco/Breckenridge); and Steamboat Springs. Startup Colorado is working closely with community leaders in each of these communities to develop action plans for the next 12 months. Each action plan is designed to help the community reach the goals they identified during the initial workshop session.

In addition to community workshops, Startup Colorado is partnering or hosting regional and statewide events to attract entrepreneurs, investors, and mentors to the network. The first two statewide are set for early 2018. The first event is an investor summit in Gunnison (January 2018) and an entrepreneurship day in Grand Junction (February 2018). We are partnering with local organizations and universities on both events to provide additional visibility for entrepreneurs and entrepreneur support organizations in the respective regions.

E. Rural Jump-Start

Jensen presented Kaart Group, LLCs eligible new hires for approval. Kaart, which was approved by the EDC in 2016, has two employees who qualify as New Hires in 2017. The company submitted a list of 32 people, but most do not qualify due to the wage requirement.

Companies in the Rural Jump-Start program are required to have one New Hire at the end of the year of approval, and five New Hires at the end of every year after that. Given that Kaart is still in growth mode, and that OEDIT believes that Kaart has the potential to be a strong part of the business ecosystem in Mesa County.

The Commission asked staff if the wage requirement is solely the base compensation or does it include benefits.

Jensen said the statute says its wage and does not include benefits.

Kraft said the statute doesn't say when you have to enforce the minimum of five net new hires. At some point, it is a statutory requirement that has to be enforced at the County average annual wage.

Robin Brown said that they have a number of companies that would qualify for Jump-Start except for when it comes to the average annual wage. They are usually just under that. In the case of Kaart Group, they hired many people. We want to grow this company in Grand Junction. We have been looking only at just the W2 but if there is a way we can add in the benefits.

Seaton said that the language in the statute was written to give the EDC discretion, which is why the compensation language was included to encompass the total package and not just the W2.

Kraft said the average wage of all their hires doesn't have to be at that level. They have to have hire five people with that average compensation. But, you're measuring this against census data that doesn't include healthcare and other compensation in the data. The benchmark was set, not including benefits.

Schiff asked if we had access to a benchmark that would include other compensation.

Kraft said we will look at that.

Schiff said since this is the first time interpreting the statute for this purpose, for the first companies through it, and I think we need to make sure that we all agree and are comfortable. I understand we need to get feedback from Department of Revenue. But we need to get the analysis before we make any exceptions.

The Commission directed staff to do re-do the analysis to include compensation for Kaart Group and ProStar and engage Department of Revenue.

The Commission tabled this decision item.

Jensen said that seven RJS companies have not yet submitted their 2017 Rural Jump-Start annual report. All of the companies have been contacted via e-mail, most have not responded.

OEDIT proposes to send a notice to these seven companies. Local economic developers are aware of this situation, and will be informed of this notice.

Send formal notice to the companies that have not submitted their annual reports.

Blumenstein asked to amend the notice to include a link to the website.

M/S/P – D. Brown, Clark – Formal notification approved as amended.

F. Advanced Industries (AI): Katie Woslager

AI Budget

Woslager presented the AI Budget which shows \$7,151,099 in remaining available funds.

Advanced Industry Proof of Concept Proposals

Wosalger presented the following Proof of Concept Projects for consideration.

AI Sector	TIO – Project Name	Principal Investigator	Funding Request	Matching Funds
Bioscience/Advanced Manufacturing	University of Colorado - CU Innovations- Creating Ultra-Dissipative Helmet Liners Using Liquid Crystalline Elastomers Foams	Christopher Yakacki	\$ 123,750	\$41,250 CU Innovations
Bioscience	University of Colorado - CU Innovations- Defender Intravitreal Implant	Jeffrey Olson	\$ 123,750	\$41,250 CU Innovations
Bioscience	University of Colorado - CU Innovations- Development of a Portal Vein Catheter	Thor Johnson	\$ 123,750	\$41,250 CU Innovations
Bioscience	University of Colorado - CU Innovations- Reverse Thermal Gel Liquid Embolic	Robin Shandas	\$ 123,750	\$41,250 CU Innovations
Bioscience	University of Colorado - CU Innovations- “HNKlear”: a saliva-based molecular test for head and neck cancer	Shi-Long Lu	\$ 97,500	\$32,500 CU Innovations
Bioscience	University of Colorado - CU Innovations- Connection to Health	Bonnie Jortberg	\$ 46,421	\$15,474 CU Innovations
Bioscience	Colorado School of Mines- Phage-based identification and antibiotic resistance profiling of priority Gramnegative pathogens	Chris Cox	\$ 37,500	\$12,500 CSM Foundation
Bioscience	Colorado School of Mines- Locomotion of Colloidal Microwheels in 3D Microenvironments	David Marr	\$ 26,250	\$8,750 CSM Foundation
Energy, Natural Resources/Cleantech	Colorado School of Mines- Large Ball Frac Sleeve Multi-Stage Fracturing System	William Fleckenstein	\$ 26,250	\$8,750 CSM Foundation

M/S/P – D. Borwn, Duran - AI Projects approved as presented and recommended by staff.

G. Enterprise Zone (EZ): Sonya Guram

Guram provided an overview of the State Enterprise Zone Program.

Guram presented the following Contribution Projects for consideration.

EZ – Project Name	Project Type	Completion Date	Project Budget	1 yr. Projected Credits
SLV - Engine 168 and Historic Car Project	Capital - Tourist Attraction	2023	\$1,600,000	\$27,500
Denver - Latino Cultural Arts Center Capital Campaign	Capital - Tourist Attraction	2023	\$13,860,000	\$76,875
North Metro - Mary Miller Theater Rehabilitation	Capital Community Facility	2020	\$600,000	\$137,500
Denver - Prodigy Coffee House	Operations - Job Training	2023	\$637,000	\$76,250
North Metro - Good Samaritan Medical Center Foundation	Operations - Job Training	2023	\$260,000	\$63,750

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

H. Budget/Transferrable Tax Credit/Other Budget

Gould presented the budget which currently shows \$231,182 available for future projects.

Transferrable Tax Credit

Jensen provided an update of the Transferrable Tax Credit Program. Project 5000 continues to move forward and will provide an update to the EDC at the June 2018 meeting.

Next EDC Meeting

The next meeting will be on May 17, 2018.

I. Regional Tourism Act (RTA): Jeff Kraft and Ken Jensen

RTA Monitoring Update

Jensen presented the Monthly RTA Project Scorecard. The Scorecard lists the RTA awards and projects. As the projects move forward, staff will continue to update this tracking sheet and provide it to the Commission.

RTA Draft Guidelines

Jensen presented the RTA Program Draft Guidelines which defines OEDIT and the EDC's commitments to be around this program and addresses items mentioned in the program audit.

Kraft said our intent is to publish a finalized document in June to the Auditor.

Colorado Springs/City For Champions (C4C)

Kraft reminded the Commission that we did review some draft guidelines at the March EDC meeting regarding Commencement of Substantial Work and we know that the C4C projects are in various stages of commencing. The Olympic Museum has commenced and the one that is likely to commence this year is the UCCS project. We thought it would be timely for Charlie Sweet to come and give the Commission an update about all the actions they've taken, and the steps they plan to take. One of the key things Sweet would like to hear feedback from the Commission on their current plan and if they can concur they have Commenced Substantial Work, as their date to Commence is December of 2018.

Sweet provided a project update saying that the question for them is not whether they are going to commence substantial work by the December 16th date, it's how we do it and whether we have to step outside our normal design of construction process in order to meet the Commissions requirements. The requirement is that you Commence Substantial Work in a way that demonstrates your commitment or your intent and purpose to complete the project in accordance with the goals and requirements established by the Commission. We have been attentive to making sure that what we do complies with the requirements that the Commission established when they approved this project.

Kraft said to "Commence", you have to commence toward the goals specified in the application. From the OEDIT staff's perspective, C4C is following what they proposed.

Schiff asked if C4C could wait until the EDC meeting next month for the Commission to receive legal advice from council.

Sweet said if we have to issue an early bid package, we would need to know as soon as possible but that they could wait until the EDC meeting in May.

The Commission tabled the C4C request regarding Commencement of Substantial Work until they can seek legal guidance from counsel.

Denver/National Western Center (NWC)

Hollrah and Dodson provided a project update beginning with the timeline of milestones. We are currently coming up with a plan to bring some additional folks to the campus and start some tours so people can see what we're doing and continue that visibility and access as we move through our construction program. In

2018 we are really focused on program delivery. Turning the corner from planning to construction and delivery.

The Authority Board, is a Colorado nonprofit corporation that will program, operate and maintain the year-round campus for agricultural education, innovation and entertainment. They have had a two meetings to-date. We signed our MOU with History Colorado and with the Denver Museum of Nature and Science both of which were specifically required in our Resolution. We are working on economic mobility strategies and metrics and goals to be able to be accountable as a city for the investments on the campus as a result of all these public funds.

D. Brown asked what Economic Mobility is.

Hollrah said the general concept is, how do we create opportunity, via incoming jobs. Any sort of mobility benefit that allows both our surrounding communities, the broader Denver area and Regionally, how do people experience real benefits from the growth and development on this campus and primarily starting with a focus on jobs. We are developing some goals around that and a workforce pilot that we're initiating. We are also working on the Campus Placemaking Study, the Integrated Demolition, Brighton Blvd., 7th Ave. to Race Court, DRIR Railroad Consolidation Design, and the Horizontal Portfolio Design Services.

Our future 2018 requests for qualifications will be for Campus Energy, seeking a construction and financing partner to optimize NWC campus energy toward creation of a Zero Energy District, and Triangle @ NWC, seeking a development partner to deliver future phases of the campus, including 18 acres for required assets and an estimated 42 acres available for office, retail housing and hospitality uses.

Dedicated Revenues received by the Financing Entity (DURA) as of December 31, 2017 is \$150,213.65. None of these dedicated revenues have been used to reimburse eligible costs for any portion of the project.

With all items discussed, the meeting was adjourned.