

**ECONOMIC DEVELOPMENT COMMISSION  
MEETING SUMMARY**

May 17, 2018  
8:30 a.m. – 12:20 p.m.

**MEETING DATE**

May 17, 2018  
1625 Broadway, Suite 2700  
Denver, CO 80202

**MEETING PARTICIPANTS**

**A. Commission Members**

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

**B. Guests**

Laura Brandt, Aldo Svaldi, Turid Nagel-Caseboldt, Monica Vendituoli, James with Project Nerd Happiness, Cathy Schulte, Denise Bee, Alex with Slack, Les with Project Fusion, Mike Van Den Bosch, Wendy Mitchell, Rita Connerly, Jason Batchelor and Charlie Sweet.

**C. Staff**

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

**DECISION/ACTION ITEMS**

1. The Economic Development Commission approved the EDC Meeting Summary from the April 19, 2018 meeting.
2. The Economic Development Commission approved the following items: **JGITC** - Project Fusion; Slack; Heron; Safari; Honeycomb; Nerd Happiness; **EZ** - San Juan Development Association; Weld County Cold Weather Shelter/Navigation Center; **AI** – Access Sensor Technologies, Fort Collins; Advanced Space, Boulder; AxImmune, Aurora; Beeper Avionics, Denver; Colorado School of Mines, PI Andrew Petruska; University of Denver; PI Clary; EIR/Heart Hero, Denver; Evolutionary Genomics, Longmont; Green Sun Medical, Fort Collins; Guerrilla Gravity, Denver; Hygge Power, Denver; MFB Fertility, Boulder; Neuraptive Therapeutics, Lafayette; Nikola Power, Denver; Obsidian Network, Durango; Planet IQ-Global Weather and Climate Solutions, Golden; QalibreMD, Boulder; Rada Relay, Fort Collins; Soth River Farms Aquaponics, Montrose; Storion Energy, Littleton; Synthip Chemicals, Boulder; Tortuga Agricultural Technologies, Lakewood; and **OFTM** – Project Boule.

**A. Meeting Called to Order**

Schiff called the meeting to order.

**Meeting Minutes**

Seaton moved approval of the meeting minutes from the April 19, 2018. R. Brown seconded the motion. Motion passed unanimously.

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

**B. Job Growth Incentive Tax Credit (JGITC): Jeff Kraft  
Project Fusion**

Lane presented project Fusion. Project Fusion is a state-of-the-art OEM providing complex electronic warfare, antenna, and tactical space superiority systems to the US government. In addition, the company also provides technical and logistical support for their own systems as well as those made by other companies. Project Fusion is considering relocating its headquarters from New Mexico to Colorado. Their decision to relocate is being driven by the fact that physical expansion of their current facility in Las Cruces is not possible, so it is timely to consider all of their possible options.

Staff is requesting \$1,218,253 in performance-based Job Growth Incentive Tax Credits over an 8-year period. This incentive is contingent upon the creation of up to 64 net new full-time jobs at a (AAW) of \$48,100, 100% of El Paso 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 – D. Brown, Marshall – Project Fusion approved as presented and recommended by staff.

### **Slack**

Lane presented Slack. Slack is considering the creation of a second headquarters in Colorado. Slack develops and hosts a team communication platform for computer and mobile devices that provides services such as real time messaging, archiving, and searching for groups. The company offers one-on-one direct messaging, private groups, chat rooms, and group chats organized by topic. The Company's applications also integrate with a variety of third-party services such as Google Docs, Dropbox, GitHub, Zendesk, Abacus, Greenhouse, Trello, and Tal. Slack is growing at a rapid pace and is looking for a second headquarters location in the US. Functions to be included in this new HQ would be very similar to those in the San Francisco HQ, including R&D, G&A, customer service, and sales & marketing roles.

Staff is requesting \$10,562,139 in performance-based Job Growth Incentive Tax Credit over an 8-year period. This incentive is contingent upon the creation of up to 550 net new full-time jobs at a (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 – Price, Reeves – Slack approved as presented and recommended by staff.

### **Project Heron**

Gillis presented Project Heron. Project Heron is a bioscience startup focused on personal genomics, with a goal of making sequencing accessible to consumers. Heron specializes in consumer genetics, bioinformatics, and big data. The company performs sample collection, DNA sequencing, and secure data storage. Project Heron collects customer's samples once and performs exome sequencing. Once the results for these tests are available, customers can utilize applications on the company's online marketplace. This data can provide insights on consumer's health, fitness, nutrition, and ancestry.

While Project Heron currently partners with other genomic testing companies to provide consumers insight on their genome, the company is moving toward the development of its large-scale research and development lab and office focused on further genome mapping and research. The project will occur in two distinct phases: the first being the buildout of a software and engineering team of close to sixty employees. The second phase will be composed of the construction of a 80,000 square foot wet lab for the R&D operations mentioned above. The company is estimating up to \$20 million in investment overall for the deployment of both phases. This facility will be one of the world's largest labs.

Staff is requesting \$5,156,756 in performance-based Job Growth Incentive Tax Credits over an 8-year period. This incentive is contingent upon the creation of up to 457 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 – Clark, R. Brown – Project Heron approved as presented and recommended by staff.

### **Project Safari**

Gillis presented Project Safari. Project Safari is a privately-held information technology company with locations in Washington, Colorado, the United Kingdom, and Australia. The company's growing suite of products allow users to better integrate into the Salesforce CRM. Project Safari's offerings accelerate sales processes, address compliance regulations, protect brand and message, and report on actionable data for its customers. Currently, Project Safari has more than 650,000 subscribers in all industries across the world that allow companies higher functionality within Salesforce.

As part of a strategy to expand its overall product offering, the company recently completed the acquisition of two smaller firms in the Midwest. Due to these recent changes in the company structure, Project Safari will reorganize its current presence in each of its U.S. locations. As part of this adjustment, the company intends to vacate its two existing office spaces in the Denver Metro area. The move will allow the company to either relocate to a larger facility in the region to accommodate future growth, or to reduce its footprint in Colorado and situate itself in another market to grow further.

Staff is requesting \$8,293,365 in performance-based Job Growth Incentive Tax Credits over an 8-year period. This incentive is contingent upon the creation of up to 570 net new full-time jobs at a minimum average annual wage (AAW) of \$82,147, 100% of Broomfield 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, Franz – Project Safari approved as presented and recommended by staff.

### **Project Honeycomb**

Gillis presented Project Honeycomb. Project Honeycomb is an advanced manufacturing company specializing in the use of lightweight and durable composite materials. Project Honeycomb develops, manufactures, and markets high-performance structural materials. Its products are used in commercial aviation, space and defense, and industrial markets for various end applications including commercial and military aircraft, satellites, recreation products, wind turbine blades, and more.

Project Honeycomb is currently looking into the feasibility of an expansion that includes the addition of an identical prepreg line to an existing production line currently in service. A continuous resin-mixing facility will also be established alongside the new production line at the final location.

Staff is request \$398,854 in performance-based Job Growth Incentive Tax Credits over an 8-year period. This incentive is contingent upon the creation of up to 50 net new full-time jobs at a minimum average annual wage (AAW) of \$47,398, 100% of Weld 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, D. Brown – Project Honeycomb approved as presented and recommended by staff.

### **Project Nerd Happiness**

Gillis presented Project Nerd Happiness. Project Nerd Happiness produces and sells various consumer products including apparel, toys, and games. The company was founded in 2012 and is currently based in Missouri. Project Nerd Happiness has licensing agreements with Marvel, Star Wars, Disney, Warner Brothers, and more. In addition, the company has also recently developed retail relationships with Walmart, Target, Barnes and Noble, and other outlets. The company depends on sales from conventions held throughout the world, and its presence at these shows increases sales and brand recognition.

Due to the success of different product lines, Project Nerd Happiness has grown from 12 full-time employees in 2015 to 47 current full-time employees. As the company continues to grow, executive leadership at Project Nerd Happiness is seeking a location to open an office and locate its headquarters. Project Nerd Happiness is considering establishing a permanent presence in California or Colorado. The company is seeking a location with a high density of creative talent to facilitate future growth.

Staff is requesting \$284,874 in performance-based Job Growth Incentive Tax Credits over an 8-year period. This incentive is contingent upon the creation of up to 53 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, Blumenstein – Project Nerd Happiness approved as presented and recommended by staff.

**Update of Approved Projects**

Gillis provided the following project updates.

**Project Destiny**

Gaia, Inc, (formerly Gaiam) is a publicly-held company based in Louisville, CO. The EDC approved Project Destiny for \$3,043,464 in JGITC incentives on February 15, 2018. The company is projecting the creation of up to 155 net new full time professionals. They are moving forward in Colorado with a new build of a new film studio.

**Project 5855 (Polaris Alpha)**

Approved by the EDC on March 15, 2018 for JGITC at \$6,926,858. Projected job creation: up to 455 net new full-time jobs. “The company, which has dual headquarters in Colorado Springs and Fredericksburg, Va., was considering expanding its operations in Maryland, said Featherston, but was enticed to grow in Colorado partly because local economic development groups helped it secure a state job growth incentive tax credit.” - Denver Post

**Project Hypersonic**

Approved by the EDC on April 19, 2018 for Strategic Fund at \$147,500. Projected job creation: up to 59 net new full-time jobs over the next 5 years. “We are fortunate to have discovered Grand Junction where there is a big city feel but yet a small town flavor. Our presence is well-received and people are excited to have access to Silicon Valley type of opportunities.” - David Chuang, President

**Project 503B (STAQ Pharma)**

Approved by the EDC on April 19, 2018 for JGITC for \$948,025. Projected job creation: up to 73 net new full-time jobs. Chose Denver over Kansas City.

**C. Enterprise Zone (EZ): Sonya Guram**

Guram presented the following Enterprise Zone Contribution Projects.

EZ – Project Name	Project Type	Completion Date	Project Budget	1 yr. Projected Credits
Southwest - San Juan Development Association	Operations - Economic Development	2023	\$40,000	\$4,000
Weld - Weld Cold Weather Shelter/Navigation Center	Operations - Homeless Support	2023	\$769,190	\$125,000

M/S/P – D. Brown, Duran – Enterprise Zone Contribution Projects approved as presented and recommended by staff.

**D. Advanced Industries (AI): Katie Woslager**

Woslager presented the following AI Projects for final approval.

AI – Project Name	Industry	Funding Request
Access Sensor Technologies, Fort Collins	Energy, Natural Resources/Cleantech	\$250,000
Advanced Space, Boulder	Aerospace	\$250,000
AxImmune, Aurora	Bioscience	\$250,000
Beeper Avionics, Denver	Aerospace	\$212,500
Colorado School of Mines; PI Andrew Petruska	Bioscience	\$150,000
University of Denver; PI Clary	Bioscience	\$138,070
EIR/Heart Hero, Denver	Electronics	\$250,000
Evolutionary Genomics, Longmont	Bioscience	\$250,000
Green Sun Medical, Fort Collins	Bioscience	\$250,000
Guerrilla Gravity, Denver	Advanced Manufacturing	\$250,000
Hygge Power, Denver	Energy, Natural Resources/Cleantech	\$250,000
MFB Fertility, Boulder	Bioscience	\$250,000
Neuraptive Therapeutics, Lafayette	Bioscience	\$250,000
Nikola Power, Denver	Energy, Natural Resources/Cleantech	\$100,000
Obsidian Network, Durango	Information Technology	\$90,000
Planet IQ-Global Weather and Climate Solutions, Golden	Aerospace	\$210,365
QalibreMD, Boulder	Advanced Manufacturing	\$250,000
Rada Relay, Fort Collins	Information Technology	\$250,000
Soth River Farms Aquaponics, Montrose	Energy, Natural Resources/Cleantech	\$250,000
Storion Energy, Littleton	Energy, Natural Resources/Cleantech	\$250,000
Synthip Chemicals, Boulder	Advanced Manufacturing	\$124,579
Tortuga Agricultural Technologies, Lakewood	Information Technology	\$250,000

M/S/P – D. Brown, Franz – AI Projects approved as presented and recommended by staff.

**E. Regional Tourism Act (RTA): Jeff Kraft**

Kraft introduced Wendy Mitchell to provide the Aurora/Gaylord Semi-Annual update.

Mitchell said there are currently 1400 people working on site. The RTA Zone continues to move forward with significant construction activity. The exterior facade and signing activity are 85% complete. The finished concrete pool decks are roughly 50% complete. The interior finishing activities are ongoing both in the hotel and convention center. Painting, wall covering, tile, doors, hardware, and carpet are all being installed. Delivery of air conditioning is coming in June. In May, the remaining road improvements will begin. The Tower and 64<sup>th</sup> Avenue north traffic signal installation will also begin in May. The project is currently 85% complete and all the subcontracts have been awarded. The project is currently projecting to exceed its Small, Minority, Women Disadvantaged Enterprises with a goal of 12%. To date, 98% of our workforce is from Colorado. Our latest booking numbers show 939,345 group room nights booked, of which 81% of those are net new to Colorado. The hotel staff are scheduled for a start date of early December. We are on schedule and project a December 2018 opening date.

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

Jensen gave a quick update saying that after speaking with Kaart Group and DOR, staff decided there will need to be some further research done before bringing it back to the EDC. Staff will update the EDC again in June.

#### **G. Office of Film, Television and Media (OFTM): Mariel Rodriguez-McGill**

##### **OFTM Budget**

Rodriguez-McGill presented the OFTM Budget which currently shows a balance of \$283,970.84.

##### **Project Boule**

Rodriguez-McGill presented Project Boule. High Noon Entertainment is producing a four-part series for the Food Network. Each hour-long episode will be filmed in June 2018 in Colorado. High Noon Entertainment is currently scouting warehouse locations in Castle Rock, Denver and Estes Park. Per the applicant's estimations, the Office of Film, Television & Media is anticipating a total of \$1,145,390 in qualified local expenditures and with the multiplier effect, the economic impact could reach up to \$1,947,163.

Given the estimated local qualified expenditures outlined in the application, OFTM would like to request a rebate of up to \$229,078 (20% incentive).

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

#### **H. Strategic Fund (SF): Jeff Kraft and Sean Gould**

##### **Legislative Update**

Kraft introduced Eloise Hirsch to provide a Legislative Update.

Hirsch said the Legislature continued level funding for the OFTM. We were able to extend the Advanced Industry Export Accelerator Grant Program to 2025. House Bill 18-1185 Market Sourcing for Business Income Tax Apportionment transitions the state from cost of performance apportionment to market-based sourcing for services and intangibles. This means that Colorado companies selling services outside the state will be relieved of the Colorado tax burden on income earned from those transactions. Companies outside Colorado that are selling services in Colorado will pay taxes on that revenue. This Bill did get through the Senate and House unanimously.

Where the Strategic Fund comes into play is, every Bill has a Fiscal Note where they project what is going to be the cost to the state. The fiscal analyst said we could lose up to \$2.9M or have an increase of up to \$8.6M. The intent of this bill is not to raise or lose revenue, it's to even it out. When the bill was in front of the House Appropriations Committee, the Sponsors were told they had to identify a source for the \$2.9M in case there was a loss, of up to that amount, that was directly tied to this change in the tax code. The source they identified was the Strategic Fund. It's a one-year hold that has to be put on the Strategic Fund to potentially have to backfill up to \$2.9M if OEDIT, working with the DOR, comes to the conclusion that amount of money was lost because of this change. This only affects FY18-19.

Staff will earmark the \$2.9M now and will bring a proposal to the EDC at the next EDC meeting. Legal counsel will be at the meeting.

##### **Strategic Fund Balance Forecast**

Gould presented the Strategic Fund Balance Forecast which shows a current available balance of \$831,682.

The EDC directed staff to bring forward a proposal with a set of Guidelines and Principles for the Strategic Fund Reserve to the next EDC meeting.

## **I. Regional Tourism Act (RTA):**

### **RTA Project Monitoring**

Jensen provided the 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. Staff is reviewing both Pueblo and Colorado Springs expense certifications with much more detail now that staffing for the program is in place.

### **RTA Program 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. Staff will continue to refine this document and will present it to the EDC at the June meeting and request official approval of the final draft. Staff will send the approved finalized document to the Legislative Audit Committee and the RTA Auditors as required by the terms of the Audit. As always, please provide feedback directly to staff to incorporate into the final document.

### **RTA Project Quarterly Reports**

Jensen provided the RTA Project Quarterly Reports as submitted by the Project Representatives for all five projects.

### **Colorado Springs/City For Champions Amendment to Resolution No. 3**

Kraft presented the finalized version of the Amendment to Resolution No. 3. The Auditor said the language was not as clear as it could have been in the original Resolution that the Urban Renewal Authority could spend money on its own Administration and Legal Costs to prepare the way for these projects before the money came out of the project specific accounts to drive construction. Staff has been working with legal counsel and Colorado Springs on the Amendment where we define a term called Administrative Costs and say parts of the Resolution that prohibits the spending of money on construction before certain things happen. This does not apply to the Financing Entity spending Administrative Costs on legal fees.

Staff is requesting approval of the Amended Resolution No. 3.

M/S/P – Seaton, Duran – Amendment to Resolution No. 3 approved as presented and recommended by staff.

### **Commencement of Substantial Work**

Seaton said, pursuant to Colorado Revised Statutes Section 24-6-402(3)(a)(II), I move that we go into executive session with our attorney for the purpose of receiving legal advice about the Colorado Springs RTA project. Clark seconded the motion. Motion passed unanimously.

The EDC is now in Executive Session.

Seaton moved the EDC exit Executive Session. Duran seconded the motion. Motion passed unanimously.

The EDC is now in Open Session.

Kraft introduced Charlie Sweet.

Schiff said that the EDC had a productive conversation with legal counsel. We've asked Kraft to meet with Sweet to discuss an idea the EDC had that would address your concerns without the need to accelerate construction. We continue to support the project and understand its uniqueness and the timing difficulties and we want to come to an agreement to address that.

Sweet said we are on schedule. The site is moving along the way the design group wants. We expect the design concepts to be approved at the next meeting. We are feeling optimistic about this project. I look forward to meeting with Kraft to discuss the Commencement of Substantial Work.

**J. Other:**

**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 June 21, 2018.

**With all items discussed, the meeting was adjourned.**