

**ECONOMIC DEVELOPMENT COMMISSION  
MEETING SUMMARY**

April 18, 2019  
8:30 a.m. – 12:20 p.m.

**MEETING DATE**

April 18, 2019  
1600 Broadway, Suite 2500  
Denver, CO 80202

**MEETING PARTICIPANTS**

**A. Commission Members**

Denise Brown, Chris Franz, Tom Clark, Lisa Reeves, Robert Price, Benita Duran, Rob Brown, and Jay Seaton.

**B. Guests**

Jensen Werley, Sam Bailey, Chelsea McLean, Rebecca Gillis, Rob with Project Patriots, John with Project Patriots, Larry with Project Wildcat, Scott with Project Wildcat, James with Project Wildcat, Lucas with Project Puddle Jumper, Aldo Svaldi, Halisi Vinson, Joanne Greek and Rachel Lyons, Cynthia Nieb, and Pat Mallot.

**C. Staff**

Betsy Markey, Jeff Kraft, Sean Gould, Ken Jensen, Sonya Guram, Che Sheehan, Reid Aronstein, Jill McGranahan, Michelle Hadwiger, Max Nathanson, Katie Woslager, John Kovacs, and Virginia Davis.

**DECISION/ACTION ITEMS**

1. The Economic Development Commission approved the EDC Meeting Summary from the March 21, 2019 meeting.
2. The Economic Development Commission approved the following projects/items: **JGITC** – Project Gotham; Project Patriots; Project Wildcat; **SF** – Project Puddle Jumper; Employee Ownership Request; **RJS** – Otero County RJS Zone; Clear Creek County extension; Issuance of Tax Credit Certificates; **EZ** – DEN-Laradon Capital Campaign; and NM-Entrepreneurship for All.

**A. Meeting Called to Order**

D. Brown called the meeting to order.

**Meeting Minutes**

R. Brown moved approval of the meeting minutes from the March 21, 2019 meeting. Blumenstein seconded the motion. Motion passed unanimously.

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

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

Hadwiger presented Project Gotham. Project Gotham is a New Zealand company that is considering establishing its North American headquarters in Colorado. The company behind Project Gotham is a crime intelligence software platform that helps retailers report, solve, and prevent crime. The company was started 5 years ago in New Zealand and is now used by enterprises across the world. Project Gotham is expanding into the US and would like to establish a North American headquarters for its business

development and customer success operations. This includes hiring new employees and re-locating existing employees to the new US office. The company estimates that Project Gotham will lead to the creation of up to 160 net new full time jobs. This project supports the state's economic goals for several reasons. First, the project will create up to 160 high paying, high value-added jobs, adding to the state's growing knowledge-based economy. Second, the project represents a continuation of the trend of international tech companies expanding to Colorado as they seek out a location in which they can grow quickly and in a cost effective manner. Lastly, the project highlights the desirability of Colorado's tech ecosystem, which is extremely competitive on national and international levels.

Staff is requesting \$3,657,405 in performance-based Job Growth Incentive Tax Credits over an 8-year period. This incentive is contingent upon the creation of up to 160 net new full-time jobs at 100% of the County's AAW the Company decides to locate, in support of this project.

M/S/P - Clark, R. Brown – Project Gotham approved as presented and recommended by staff.

### **Project Patriots**

Hadwiger presented Project Patriots. Project Patriots is an American bioscience company that is considering relocating its headquarters to Colorado. The company behind Project Patriots was founded in 2004 and is currently headquartered in Cleveland, Ohio. The company's proprietary technology enables doctors to provide highly targeted radiation therapy to cancer patients. As the company continues to grow, it is looking for a long-term location that can support its forecasted growth. Key factors being considered during the site selection process include access to highly skilled talent, growth rate of the available local talent pool, return on capital investment, and costs of labor. The jobs to be created by Project Patriots include engineering, science, operations, G&A, clinical, regulatory, quality control, and commercial roles. The company currently employs 12 people in Colorado. The company estimates that Project Patriots will lead to the creation of up to 274 net new full time jobs.

This project supports the state's economic goals for several reasons. First, the project will create a large number of high paying jobs in the important local bioscience industry. Second, the project highlights Colorado's extremely talented bioscience workforce. Lastly, Project Patriots is a headquarters relocation project, and having the company headquartered in Colorado would send a very positive signal to the rest of the bioscience industry around the country.

Staff is requesting \$9,006,832 in performance-based Job Growth Incentive Tax Credits over an 8-year period. This incentive is contingent upon the creation of up to 274 net new full-time jobs at 100% of the County's AAW the Company decides to locate, in support of this project.

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

### **Project Wildcat**

Hadwiger presented Project Wildcat. Project Wildcat is a Bay Area technology company that is considering establishing an office in Colorado. The Company is one of the fastest growing enterprise software companies in the world. Project Wildcat enables companies of every size and industry to take advantage of powerful technologies. Project Wildcat's platform includes industry-leading services spanning sales, service, marketing, commerce, communities, collaboration and industries, all on a single trusted cloud platform.

The company is experiencing significant growth and is considering Denver and Portland for the creation of a new office. Approximately 30% of the new jobs created by Project Wildcat will be technology based such as software developers and engineers, with the rest supporting other business office functions including sales, account managers, and business development. According to the site selector for Project

Wildcat, should the company ultimately select Denver for the project and subsequently develop a collaborative partnership with the City and State, then the success of this project could lead to future, larger expansion initiatives as the company continues to grow. The company currently employs about 100 people in the State of Colorado. The company estimates that Project Wildcat will lead to the creation of up to 250 net new full time jobs.

This project supports the state's economic goals for several reasons. First, the project will create high paying jobs in the technology sector, a key industry that Colorado makes a concerted effort to grow and foster. Second, the project represents a continuation of the trend of Bay Area companies expanding to Colorado as they seek out a location in which they can grow quickly and in a cost effective manner. Third, the project highlights Colorado's tech talent, which is extremely competitive on a national level. Lastly, this project could lead to significant follow-on investment from the company.

Staff is requesting \$5,737,500 in performance-based Job Growth Incentive Tax Credits over an 8-year period. This incentive is contingent upon the creation of up to 250 net new full-time jobs at 100% of the County's AAW the Company decides to locate, in support of this project.

M/S/P - Clark, R. Brown – Project Wildcat approved as presented and recommended by staff.

#### **Update of Previously Approved Projects**

Hadwiger provided an update on Checkr, which was Project Validate. The Company did choose Colorado. This project was approved at the March 21, 2019 EDC meeting for a JGITC in the amount of \$27,855,214 for the creation of up to 1472 net new full-time jobs. We are excited to have them here. Astroscale, Project Capture announced at the Space Symposium that they have chosen Colorado to be the home of their US headquarters. Astroscale was approved by the EDC at the March meeting for a JGITC in the amount of \$1,048,038 for the creation of up to 54 net new full-time jobs. Although the Company has not yet made a formal announcement, Project Bello has also chosen Colorado. Project Bello was approved at the April 19, 2018 EDC meeting for a JGITC in the amount of \$215,645 for the creation of up to 20 net new full-time jobs.

#### **C. Strategic Fund: Sean Gould, Michelle Hadwiger, Halisi Vinson, Jeff Kraft, Betsy Markey SF Fund Balance Forecast**

Gould provided the SF Fund Balance which shows a current available balance of \$5,441,411.

#### **Project Puddle Jumper**

Hadwiger presented Project Puddle Jumper. Project Puddle Jumper is a recruitment project for an international bioscience company. The company behind Project Puddle Jumper is a British provider of contract research, research nursing, and medical photography. Under that large umbrella of solutions, the company offers a wide range of services to clients in the pharmaceutical, biotechnology, home health care, and medical device industries. The company made its first foray into the US market earlier in 2019 by hiring its first American employee, a business development director who happened to be based in Denver. That employee has been based out of a coworking space in Denver since being hired by the company. Based on the success the company has experienced in the US since hiring a business development director, the company has decided that the timing is right to set up a proper US headquarters. Project Puddle Jumper is the company's effort to move out of a coworking space and into an office that will serve as its US HQ. Key considerations include access to talent, the availability of suitable office space, and ease of interacting with the UK parent company. The types of jobs to be created by this project include clinical operations, administration, business development, and a variety of other positions.

Project Puddle Jumper estimates that this project will lead to the creation of 25 net new full time jobs. The company's projected average annual wage of the jobs to be created by this project is \$73,680. This

project supports the state's economic goals for several reasons. First, winning Project Puddle jumper would demonstrate Colorado's continued viability as an ideal North American headquarters location for UK companies. Second, this project would create good jobs in the local bioscience industry. Third, Project Puddle Jumper would leverage the connectivity to the UK provided by Denver International Airport, a key driver of the economy in Colorado.

Staff is requesting a total grant not to exceed \$62,500 at \$2,500/NNJ is requested from the EDC and requires that the AAW of the jobs created is more than 100% of the county's AAW. This a performance-based Strategic Fund incentive for a 5-year term. The amount of this incentive, as recommended above, takes into account OEDIT staff's analysis of; location, wages, market, competing states' incentives, and the company's job growth plan. The amount quoted above reflects the maximum amount available for this project. The actual amount awarded may be less than the amount above if the local match offered by the relevant community in Colorado is less than the maximum.

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

### **Employee Ownership Presentation**

Vinson, Executive Director of Rocky Mountain Employee Ownership, provided a presentation on Employee Ownership.

### **Employee Ownership**

Kraft and Markey provided the EDC with the recently signed Executive Order establishing the Commission on Employee Ownership (EOC). The goals of the EOC are on benefits of Employee Ownership (EO), the creation of technical assistance centers and to identify and remove any barriers of EO.

Staff is requesting the EDC approve a \$500,000 Earmark for EO support:

- Up to \$5,000 in expenses incurred during FY18/19 by Employee Ownership Commission (meeting and travel expenses, no salaries or grants)
- Puts stake in ground as a follow up to the Executive Order to fund strategic initiative by Governor and OEDIT Executive Director
- Potential Uses pending recommendations from Employee Ownership Commission:
  - Statewide training and consulting hours for SBDC network for EO conversion;
  - Funding to RMEOC to provide technical assistance and legal and accounting support for converting businesses; and
  - Other recommended uses.

Once the EOC is appointed and has made recommendations, staff will return to the EDC with a full proposal including a revised request with a detailed budget, timeline, metrics and specific uses. Staff will not spend any EDC funds (apart from up to \$5,000 to operate the EOC) before returning to the EDC for approval to encumber and spend the funds. Staff is also researching potential use of SSBCI funds currently with CHFA to support EO financing.

Price moved approval of the \$500,000 earmark with up to \$5,000 of that to go to administrative cost of the EOC. Clark seconded the motion.

Blumenstein, amended the motion, moving approval of the \$500,000 earmark with up to \$5,000 of that to go to administrative cost of the EOC with a suggestion from the EDC that between this approval and the next time this comes back to the EDC, staff will need to expand upon what you anticipate your needs will be over a three-year period and what you really believe you may need in this initial twelve months

so that the EDC can re-evaluate whether the \$500,000 ask is adequate. Price seconded the motion. The motion passed unanimously.

M/S/P – Blumenstein, Price – Earmark of funds approved as presented and recommended by staff.

**D. Regional Tourism Act: Jeff Kraft, Ken Jensen  
RTA Project Monitoring Update**

Jensen presented the project monitoring update.

**Aurora/Gaylord Key Next Steps**

Staff will have conversation about ending quarterly reports and meetings.

**Pueblo/PBR University Key Next Steps**

Grand opening is currently scheduled for May 3<sup>rd</sup>.

**Colorado Springs/City For Champions Key Next Steps and Immediate Issues**

- USAFA – OEDIT met with developers on 4/9
- Downtown Stadium and Arena - Per EDC direction, OEDIT drafted and sent letter on milestones that OEDIT would use to recommend that the Project Element Commenced Substantial Work. Staff provided this letter to the EDC at the April 18, 2019 meeting.

**NCRTA/Go NoCO Key Next Steps and Immediate Issues**

NCRTA is working to provide audited annual report per statutory requirement. Need to review revised draft Resolution.

**Denver/National Western Center**

OEDIT working with project on proposal for Commencement of Substantial work to be presented at meeting in the near future.

**Pueblo/PBR Semi-annual Udate**

Acri provided the Pueblo/PBR Semi-annual update. The Certificate of Occupancy was issued in March. We had our first event in the new exhibit hall on March 23<sup>rd</sup> and the Grand Opening of the facility is scheduled for May 3<sup>rd</sup>. Some of the work that remains is the Fan Zone finishes and signage along with some punch list items. We've had several events in the Convention Center Expansion already. We are still working on getting equipment tested and into the PBR facility and getting people certified to run the equipment. We are optimistic that PBR will come in and fulfill the requirements of the lease. Acri anticipates inviting PBRs General Manager or the VP of Operations to the next semi-annual update to the EDC to give them an opportunity to provide an update of the project.

Acri provided invitations to the May 3<sup>rd</sup> opening and thanked the EDC again for their support of the project.

**Colorado Springs/City For Champions**

Kraft noted the OEDIT letter sent to COS on milestones that OEDIT would use to recommend that the Project Element Commenced Substantial Work. The general reception from COS has been positive. There are still some details to be worked out but it is progressing well.

**NCRTA/Go NoCO Resolution**

Kraft walked the EDC through the changes made to the draft since the last meeting.

At the March meeting Commissioner Marshall suggested the following changes: Section 5. Conditions,

F. Before any Dedicated Revenue, apart from the Financing Entity's Administrative Costs, can be reimbursed for any Project Element The Financing Entity must sign written agreement(s) delineating the relationship and decision-making authority for the Project Elements between itself and each of the Local Government Applicants. Note this condition may be satisfied by a single agreement signed by the Financing Entity and each of the Local Government Applicants. The Applicant and Financing Entity or Project Element Sponsors must provide the documents required by this Subsection (F) to the Commission for review and express approval.

G. Before any Dedicated Revenue, apart from the Financing Entity's Administrative Costs, can be reimbursed for a specific Project Element the Financing Entity must sign a written agreement delineating the relationship and decision-making authority for the Project Elements between itself and that Project Element Sponsor. The Applicant and Financing Entity or Project Element Sponsors must provide the documents required by this Subsection (G) to the Commission for review and express approval.

At the March meeting Commissioner Schiff suggested the following change to c. ii.

ii. This lease must also provide for the SFC to have access on commercially reasonable terms to the Historic Stanley Concert Hall and Carriage House on the Stanley Hotel campus that are not part of the SFC (as described in Exhibit B) to host large scale events such as film festivals associated with the SFC.

At the March meeting Commissioner D. Brown suggested the following changes: D. b., Annual Performance by the SFC & Certification by the SFC Advisory Board,

b. Hosting numerous classes, seminars, trainings, and workshops related to film and the horror genre with prominent instructors and institutional partners with substantial film industry and/or academic experience At least several of these classes must provide credits which can be counted for or transferred to academic programs at accredited institutions of higher education with film related degree programs;

D. vi., vii., viii., staff made the following changes:

vi. The owners of the Stanley Hotel, subject to their lease and agreements with the SFC, may have the options to either restructure the SFC board, replace the SFC non-profit with another entity which will provide the required programming or convert the use of the SFC Eligible Improvements to another non-SFC use and terminate the SFC Project Element. If the owners of the Stanley Hotel and/or the SFC are working to cure the deficiencies in the provision of the ongoing regular required programming, Dedicated Revenue will continue to be disbursed by the Department to the Financing Entity and available from the SFC Sub-Account to reimburse Eligible Costs including debt payments for an additional 180 days. However, if at the end of this final 180 cure period the Commission determines that the deficiency has not been cured, the Commission may implement the remedy described in Section 10(F).

vii. If at any time, the owners of the Stanley Hotel or the SFC suspend or terminate operations of the SFC for the purposes of converting the use of the SFC Eligible Improvements to another non-SFC use and terminate the SFC Project Element, they shall give at least 30 day prior written notice of their plan to all members of the SFC Advisory Board, OEDIT, the Commission and the Financing Entity. This notice shall trigger a transition period equal to the lesser of 90 days after SFC operations are ended or the remainder of the final 180 day cure period, described in Section 6. D (vi).

viii. If the owners of the Stanley Hotel or the SFC suspend or terminate operations of the SFC for the purposes of converting the use of the SFC Eligible Improvements to another non-SFC use and terminate the SFC Project Element, and they do not give at least 30 day prior written notice of their decision to all members of the SFC Advisory Board, OEDIT, the Commission and the Financing Entity, reimbursements of Eligible Costs from the Financing Entity shall be halted immediately, the Percentage of State Sales Tax Increment Revenue paid by the Department shall be reduced per Section 4 (J) and all Dedicated Revenue reimbursed by the Financing Entity after operations of the SFC ceased shall be paid back by the owners of the Stanley Hotel to the Financing Entity and by the Financing Entity to the Department.

Brown asked when will we be considering a final Resolution.

Kraft said he thinks May might be optimistic because we still need to get feedback but we are hopeful that it will be within the next few months.

#### **E. Rural Jump-Start: Ken Jensen**

##### **Otero County Application**

Jensen presented the Otero County application to form a zone. Otero County has submitted an application to form a Rural Jump-Start zone. This zone would include all of the unincorporated county, plus the city of La Junta. This application was submitted by Pat Malott at Otero Junior College and is supported by Cynthia Nieb, Director of Economic Development and Urban Renewal at the City of La Junta, and Danelle Berg, the Economic Development Coordinator at Otero County. Otero's Rural Jump-Start strategy is to focus on agricultural support businesses can take the form of various enterprises including, but not limited to, meat packing, hemp processing, commodity merchandising, livestock by-products processing, and fertilizer manufacturing. The application does not include a pipeline of potential companies, and there are no companies currently identified to apply for the program.

Staff is requesting approval of Otero County for inclusion in the Rural Jump-Start program.

M/S/P – R. Brown, Duran – Otero County approved as presented and recommended by staff.

##### **Clear Creek County**

Jensen provided an update of Clear Creek County. At the last EDC meeting, the EDC discussed continuing the designation of economic distress for Clear Creek County to allow them time to diversify their economy and property tax base in preparation for an eventual closure of the Henderson mine if the county is interested in participating in the program.

Staff went to Clear Creek County to present the Rural Jump-Start Program to the county commissioners and Lindsey Valdez, the president of the Clear Creek Economic Development Corporation. The commissioners indicated they were interested, and will be working with Red Rocks Community College on the program. Since that meeting, Lindsay has been given direction to bring the resolution language to the county commissioners for formalization. Staff has stressed the importance of forming a RJS strategy and developing a pipeline of companies to Clear Creek County.

Given that the county has indicated it is interested in participating in the RJS program, staff recommends continuing Clear Creek County's current designation of Economically Distressed, with the limitation that Clear Creek County must submit an application to form a Rural Jump-Start zone by August 31, 2019. This application will include a statement of strategy, a list of potential companies that could be appropriate for the RJS program, and the designation of the local economic developer and the community college contact who is willing to work with the county and OEDIT in administering the program. Staff is proposing this deadline because there is a clear and pressing need for Clear Creek County to diversify its economy.

Staff believes that this is an exceptional situation, and given this request from an economic development partner, staff believes that this situation merits the flexibility that the statute clearly allows. At the same time, OEDIT does not believe that this flexibility should be extended indefinitely, and that a deadline is the best way to ensure that this situation is resolved without undue delay.

Staff is requesting the extension of the designation of economic distress for Clear Creek County until August 31, 2019, with the stipulation that if Clear Creek County has not submitted an application to form a RJS zone by that time, the designation will be revoked.

M/S/P – Blumenstein, Duran – Clear Creek County extension approved as presented and recommended by staff.

**Issuance of Tax Credit Certificates**

Jensen presented the following companies have now submitted their annual reports and are requesting approval of tax credit issuance.

Company	Estimated Value of Company Income Tax Relief	Estimated Value of Sales and Use Tax Relief	Estimated Value of Biz Pers Prop Tax Relief
Phoenix Haus	\$0	\$0	\$4,900
Pierce Corp	\$0	\$0	\$10,000
Visual Globe	\$0	\$0	\$0
Adaptive Communications	\$1,674	\$1,555	\$17,990
Total	\$1,674	\$1,555	\$32,890

The following people at these companies are eligible for New Hire benefits for 2018

Company	Employee Name	Wages Exempted
Phoenix Haus	Bill MacDonald	\$24,033.10
Pierce Corporation	Chantalle Doiron	\$8,964.18
Pierce Corporation	Ronald Gray	\$44,607.44
Pierce Corporation	Teddy Hammonds	
Pierce Corporation	Omar Houssainy	\$5,371.91
Pierce Corporation	Travis Prondzinski	\$23,013.27
Total		\$105,989.90

The following owners at these pass-through companies are eligible for the owner benefit for 2018:

Company	Employee Name
Adaptive Communications	Tracy Harmer
Adaptive Communications	David Harmer

Staff is requesting approval to issue Tax Credit Certificates to these businesses, owners, and new hires.

M/S/P – Duran, Price – Tax Credit Certificates issuance approved as presented and recommended by staff.

**Late Filers**

Jensen said, staff has been working closely with the Rural Jump-Start companies, but three still have not filed their annual report, meaning that they cannot be issued their tax credit certificates. This was discussed at the last EDC meeting, and Jensen and Kraft further discussed it with chair Schiff on April 9th.



Given the discussions with the EDC and the need to comply with our program manual, staff is proposing the following formal policy revision, to be published in the program manual.

**Proposed New Policy Language**

New Businesses that fail to file the annual report on time by the last day of February for the preceding year will receive a 60 day notice of correction.

New Businesses that do not submit their annual report by the deadline set in the 60 day notice of correction will not be eligible for any Rural Jump-Start benefits for the preceding calendar year.

New businesses that fail to file an annual report for two consecutive years may be suspended by the EDC and/or have their allocation of new hires revised. Failing to file for two consecutive years is defined as a failure to file the first year’s annual report at any time and a failure to meet the 60 notice deadline in the notice of correction in the second year.

New Businesses that are suspended from the program lose their benefits during the suspension but may apply for re-instatement via an appeal to the EDC. Furthermore, the EDC may adjust the New Hire allocation at this time.

Staff is requesting approval of the proposed language.

M/S/P – Duran, R. Brown – Proposed new policy language approved as presented and recommended by staff.

**Color Coded Map of RJS Zones**

Jensen proved the EDC with a color coded map of the RJS Zones.

**F. Enterprise Zone (EZ): Sonya Guram  
Contribution Project Proposal**

Guram presented the following EZ Contribution Project Proposal for approval.

<b>EZ – Project Name</b>	<b>Project Type</b>	<b>Completion Date</b>	<b>Project Budget</b>	<b>1 yr. Projected Credits</b>
DEN-Laradon Capital Campaign	Capital Campaign: Community Facility	2022	\$1,803,000	\$62,500
North Metro - Entrepreneurship for All	Operations: Business Assistance	2022	\$330,000	\$78,750

M/S/P – Duran, Seaton – Contribution Project Proposal approved as presented and recommended by staff.

**Board Education**

Guram provided training on the Enterprise Zone Program and the responsibilities of the EDC for this program as required by C.R.S. 24-3.7-102.

**G. Other: Ken Jensen, Sean Gould, Katie Woslager, Denise Brown  
Transferrable Tax Credit**

Jensen provided an update of the recent development in the TTC program. There are no new developments for Project 5000 this month. Project 5000 is expecting to formally present the project status to the EDC at the May EDC meeting, which will include an updated estimate of capital spending.

There are no new developments for Project Cardinal (VF Corporation) this month. The next step for VF corporation is to satisfy the SCI requirement with the signing of the lease for the property in downtown Denver. This should be reflected in VF's June 30th 10-Q.

Project 5000 will provide an update at the next EDC meeting.

**EDC Budget**

Gould provided an EDC Budget update which shows a current balance of \$5,441,411 available for future projects.

**AI Budget**

Woslager provided an AI Budget update which shows \$9,596,903 in remaining funds.

**Next Meeting**

The next meeting will be on March 16, 2019.

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