

ECONOMIC DEVELOPMENT COMMISSION
MEETING SUMMARY
January 18, 2018
9:00 a.m. – 12:00 p.m.

MEETING DATE

January 18, 2018
1625 Broadway, Suite 2700
Denver, CO 80202

MEETING PARTICIPANTS

A. Commission Members

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

B. Guests

Tammy Fields, Chelsea Mclean, Joe Kiely, Troy McCue, Dave Stone, Michelle Claymore, Turid Nagle-Caseboldt, Aldo Svaldi, Ed Sealover, Dan with Project Computer, David Kellison, Leslie with Project Orbit, Sebastian with Project Aviate, Joe with Project Badger, Charlie with Project Badger, John with Project 5845, Kelly Jones, Doug with Project 5845, Kelly Jones, and Walt Bolden.

C. Staff

Stephanie Copeland, Jeff Kraft, Sean Gould, Ken Jensen, Sonya Guram, Rebecca Gillis, Michelle Hadwiger, Emily Williams, Luis Benitez, Dan Lane, Anna Ewing, and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the EDC Meeting Summary from the December 21, 2017 meeting.
2. The Economic Development Commission approved the following items: Project Computer; Accelo; Project 5845; Project Aviate; Project Orbit; Project Portal; Project Badger; CEO Connect; Atlantis Job-Readiness; and Southeast Colorado Creative Partnership Plaza Block Building Project.

A. Meeting Called to Order

D. Brown called the meeting to order.

Meeting Minutes

Marshall moved approval of the meeting minutes from the December 21, 2017. Seaton seconded the motion. Motion passed unanimously.

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

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

Hadwiger presented Project Computer. Project Computer designs, builds, and services critical infrastructure enabling applications for data centers, communication networks, and commercial and industrial facilities. Project Computer is headquartered in Columbus, Ohio. Currently, a subsidiary entity of the company has approximately 40 employees in Denver, Colorado. The company is considering establishing a regional technology and customer experience center in Colorado.

Staff is requesting \$5,225,854 in performance-based Job Growth Incentive Tax Credits over an 8-year period. This incentive is contingent upon the creation of up to 200 net new full-time jobs at a minimum

average annual wage of \$49,088, 100% of the average annual wage of any county in Colorado, in support of this project.

M/S/P – Franz, Marshall – Project Computer approved as presented and recommended by staff.

Accelo

Hadwiger presented Accelo. Accelo Inc is the provider of cloud-based business management software. The fast-growing software-as-a service (SaaS) company is headquartered in San Francisco, California, and was founded in Australia in 2009. Customers include clients in the professional services industry. Accelo provides Service Operations Automation for small and medium enterprises, providing productivity and management tools that are currently only designed for and targeted toward large business users. More companies are now seeking the unique and personalized business solutions offered by Accelo and its competitors, fueling the company's growth. Accelo recently raised a \$9 million Series A round of funding and will funnel this investment into a new US-based location of which Colorado is being considered.

Staff is requesting \$14,781,707 in performance-based Job Growth Incentive Tax Credits over an 8-year period. This incentive is contingent upon the creation of up to 787 net new full-time jobs at a minimum average annual wage of \$66,430, 100% of Denver County's AWW 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 – Accelo was approved as presented and recommended by staff.

Project 5845

Hadwiger presented Project 5845. Project 5845 is a provider of wealth management services including financial planning, investment management, estate planning, and tax preparation services. Project 5845 is headquartered in California. This project is based on the company's plans to centralize key operating functions of the firm in one location. The company anticipates that this move will result in the relocation or addition of numerous highly skilled financial services positions. The jobs will include traders, investment advisors, operations staff, IT, accounting, human resources, marketing, and key members of the company's executive team.

Staff is requesting \$1,624,420 in performance-based Job Growth Incentive Tax Credit over an 8-year period. This incentive is contingent upon the creation of up to 75 net new full-time jobs at a minimum average annual wage of \$82,147, 100% of the Broomfield County's AAW, in support of this project.

M/S/P – Seaton, R. Brown – Project 5845 approved as presented and recommended by staff.

Project Aviate

Hadwiger presented Project Aviate. Project Aviate is a privately-owned European manufacturer of airplane interiors for the corporate jet industry. The company is experiencing rapid growth and is pursuing further expansion via US operations. With the corporate jet industry continuing to expand, Project Aviate has continued to grow and maintain its place as an industry leader. With some of its most important European customers now producing private jets in the US, Project Aviate aims to be able to better serve those clients and is looking to set up a production facility closer to its customer base in America.

The company is considering a two-stage process of potential investment in Colorado. In Phase 1, the company plans to invest approximately \$2 million in their production facility. In a possible Phase 2, which would occur approximately 5 years from now, the company may locate its US headquarters at the same site.

Staff is requesting \$706,267 in performance-based Job Growth Incentive Tax Credit over an 8-year period. This incentive is contingent upon the creation of up to 60 net new full-time jobs at a minimum average annual wage of \$46,605, 100% of the El Paso County's AAW, in support of this project.

M/S/P – Franz, Marshall – Project Aviate approved as presented and recommended by staff.

Project Orbit

Hadwiger presented Project 5845. Project Orbit is a space and geospatial solutions company based outside the US with its current US headquarters located on the West Coast. Project Orbit is a world leader in providing space technology solutions to governments and private industry clients. The company is comprised of a portfolio of several distinct brands. At this time, the company is exploring locations for its new corporate headquarters and new enterprise-wide shared services center to effectively serve all of the company's U.S. operations.

Staff is requesting \$14,327,144 in performance-based Job Growth Incentive Tax Credit over an 8-year period. This incentive is contingent upon the creation of up to 856 net new full-time jobs at a minimum average annual wage equal to or greater than the AAW of the county the Company chooses to locate to, in support of this project.

The company has requested that the EDC cancel its existing JGITC agreement with the Project Orbit subsidiary so the last year of that agreement would be December 31, 2016. Future net new job growth would be incentivized under this newly approved agreement.

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

C. Strategic Fund (SF): Jeff Kraft, Michelle Hadwiger

Jensen presented the Strategic Fund Balance Forecast which currently shows a projected balance of \$304,992, if the SF projects on today's agenda are approved.

Project Portal

Hadwiger presented Project Portal. Project Portal is a privately-held Los Angeles based transportation and logistics Company that is developing a highly innovative system to facilitate the movement of people and goods. This project was originally introduced to the EDC at the October 26, 2017 meeting. Introducing the project to the EDC removed the usual "but for" provisions for projects applying for incentives in Colorado. In the intervening time period, Project Portal has chosen to move forward with their project in Colorado, and they have selected Commerce City to be the site of their facility. We are now bringing the project back to the EDC for final approval of incentives.

Project Portal is developing their vision for the future of transportation technology, and is building hardware to test new concepts and technologies. The company is looking to establish a base of operations for integrated system tests, proving out vehicles and infrastructure, and pushing state of the art transportation technology development.

Staff is requesting \$267,500, \$1,759 per new FTE, in a performance-based Strategic Fund incentive over a 5-year period. This incentive is contingent upon the creation of up to 152 net new full-time jobs at a minimum average annual wage of \$52,247, 100% of Adams County's AAW, in support of this project.

M/S/P – Duran, Marshall – Pierce Portal approved as presented and recommended by staff.

Project Badger

Hadwiger presented Project Badger. Project Badger is a privately held regional and national distributor of building materials and related hardware for the home and small commercial improvement markets across

the Midwest and Western United States. Project Badger seeks to establish a warehouse and distribution presence to address several needs that are part of the company's strategic growth model.

Staff is requesting \$90,000, \$5,000 per new FTE, in a performance-based Strategic Fund incentive over a 5-year period. This incentive is contingent upon the creation of up to 18 net new full-time jobs at a minimum average annual wage of \$36,374, 100% of Lincoln County's AAW, in support of this project.

M/S/P – Marshall, Franz – Project Badger approved as presented and recommended by staff.

D. Strategic Fund Initiative (SFI): Michelle Hadwiger, Luis Benitez

Benitez presented CEO Connect. In partnership with RPM Events Group, OEDIT hosted a successful inaugural CEO Connect Program for the 2017 Velorama and Colorado Classic offering a unique experience for top leadership at targeted companies, both local and outside of Colorado. The 2017 CEO Connect was a great success bringing together 47 top level executives in Colorado and exposing them to the power of sport and its transformational and connective nature that leads to success in business. The backdrop of the weekend, the Colorado Classic and Velorama events, served as a case study to prove a sustainable model for professional cycling, supported by the forward-thinking State government who see the event's benefits to the citizens of Colorado, and its positive economic impact to the business community.

RPM suggests the following strategic focuses to drive success for the 2018 CEO Connect. While we had great anecdotal success at the 2017 event with many rave reviews from the Denver business community, we realize that we need to have a more formulaic method to drive success for this program in the future years.

Staff is requesting \$80,000 with an additional \$20,000 to compensate for a program consultant from the EDC to fund this collaborative program in conjunction with the Colorado Classic and Velorama program.

D. Brown asked staff to add to the success criteria of the event, the titles of those participating in the event and the increase in numbers and the engagement.

Benitez said staff is still working on shaping the metrics for this event but will make sure and add the Commissions suggestions for tracking.

M/S/P – Clark, Seaton – CEO Connect approved as presented and recommended by staff.

E. Enterprise Zone (EZ): Sonya Guram

Contribution Project Proposals

Guram presented the following Contribution Projects Proposals.

EZ – Project Name	Project Type	Completion Date	1 yr. Projected Credits
Denver - Atlantis Job-Readiness Capital Campaign	Capital - Community Facility	2020	\$31,250
South Central – SE Colorado Creative Partnership Plaza Block Building Project	Capital - Community Facility	2022	\$7,500

M/S/P – Marshall, R. Brown – Contribution Project Proposals approved as presented and recommended by staff.

Opportunity Zones

Kraft and Guram provided some information on the Opportunity Zones. The Opportunity Zones program was established by Congress in the Tax Cut and Jobs Act as an innovative approach to spurring long-term private sector investments in low-income urban and rural communities nationwide.

The program provides an incentive for investors to re-invest their unrealized capital gains into Opportunity Funds in exchange for a temporary tax deferral and other benefits tied to long-term holdings. Opportunity

Funds are investment vehicles that specialize in providing access to capital in low-income community Opportunity Zones, which will be designated by governors in every U.S. state and territory.

Staff is working with other state agencies on the data and will provide a framework of which the Governor will ultimately designate.

Amazon HQ2

Copeland said Denver made the top 20 list for the possible location of Amazon's HQ2. Denver Metro EDC will be the intermediary on the next steps in the process.

F. Regional Tourism Act (RTA): Jeff Kraft

Kraft presented the RTA score sheet concept which lists the awards and the projects. As the projects move forward, staff will continue to update this tracking sheet and provide it to the Commission.

G. Budget Update: Jeff Kraft

EDC Budget

Kraft provided an update of the budget which currently shows a balance of \$2,872,492 available for future projects.

AI Budget

The AI budget currently shows a balance of \$8,801,462 in remaining funds available.

H. Other

Transferrable Tax Credit (TTC)

Jensen presented a TTC Update. Only one company has been approved by the EDC for the Transferable Tax Credit program. The company was approved on November 16, 2017 under the name Project 5000. The pre-certification for fiscal year 2017-18, which OEDIT is in the process of finalizing, is for \$9 million. The EDC has expressed an intention to pre-certify an additional \$8 million to Project 5000 in fiscal year 2018-19. Currently, there is one other company interested in the Transferable Tax Credit program. This company has not been presented to the EDC yet. The company is a manufacturer of solar panels. They are currently headquartered outside the US, and are considering a building in southern Colorado.

Next EDC Meeting

The next meeting will be on February 15, 2018.

With all items discussed, the meeting was adjourned.