BizWest

THE BUSINESS JOURNAL OF THE BOULDER VALLEY AND NORTHERN COLORADO
VOLUME 37 | ISSUE 5 | APRIL 2018

THE FUTURE IS NOW

Automated vehicles force changes to city planning. PAGE 10

JOEL BLOCKER / FOR BIZWEST

Jesse Rio, left, and Jim Rio, owner and CFO of Alliance Electric Solutions based out of Denver, replace an existing EV car-charging station at Neuworks Mechanical in Fort Collins recently. Community and business planning will need to take into account car-charging stations, especially because futurists predict that autonomous vehicles will likely be electrically powered.

BANKING & FINANCE

Burdensome regs chafe area bankers

Small banks have high hopes for easing of regulations. PAGE 13

BREWING

Horse & Dragon a Fort Collins family affair

Brewer has produced more than 100 varieties. PAGE 26

OUTDOOR INDUSTRY

Active Interest Media produces 50 national titles

Quiet Boulder company employs 500. PAGE 28

NATURAL & ORGANIC

Natural-food leaders look for fresh starts

Startups benefit from experience of industry experts. PAGE 30

BizWest is an independent, locally owned business journal.

READERS' GUIDE

© 2017 Ted Goff

"Remember that app you downloaded that promised to help you find your next employee? I wrote that. When do I start?"

CONTACT US

Advertising

Contact Nic Morse for information on advertising, event sponsorship or for a copy of our editorial calendar: nmorse@bizwest.com, 720-398-0591 or 970-237-6338.

Visit our offices in Boulder and Fort Collins

- 3004 Arapahoe Ave, 2nd floor, Boulder, CO 80303 303-440-4950
- 1550 E. Harmony Road, 2nd floor, Fort Collins, CO 80525 970-221-5400

BizWest
BOULDER VALLEY • NORTHERN COLORADO

Volume 37 : Issue 5
April 2018

Reproduction or use of editorial or graphic content without written permission is prohibited. BizWest (USPS 18522, ISSN 23345721) is published monthly by BizWest Media, LLC, a Colorado LLC, P.O. Box 270810, Fort Collins, CO 80527. Boulder office located at 3004 Arapahoe Ave., 2nd Floor, Boulder, CO 80303. Publishers are Jeff Nuttall and Chris Wood. Call (970) 232-3143 to subscribe. Periodicals postage is paid at Boulder, CO and additional mailing offices. POSTMASTER: Send change of address notices to: BizWest Media LLC, P.O. Box 270810, Fort Collins, CO 80527.
Circulation: Randy Clay 303-630-1953 | 970-232-3143 | rclay@bizwest.com

IN PRINT

Subscribe

Subscribe to BizWest, change your subscription or ask questions by calling 303-630-1953 or 970-232-3143. Get the award-winning BizWest print edition and all of our annual directories, including the Book of Lists. Visit www.bizwest.com/subscribe.

Upcoming lists & directories

- **April:** Blueprints: Real Estate & Construction Directory
- **May:** Breaking Ground

Custom Publications

BizWest Media's Custom-Publication Division can deliver turnkey publications to celebrate your company's anniversary, highlight new products or services, or for any other purpose. Contact Sandy Powell, spowell@bizwest.com.

Reprints

See an article in BizWest that you want framed or mounted on a plaque? Want to highlight your company's position on one of our ranked lists? Call 970-232-3143 or 303-630-1953 to order.

Tips/press releases

Submit news tips or press releases to news@bizwest.com.

ONLINE & DIGITAL

BizWest.com

Our website breaking business news from the Boulder Valley and Northern Colorado, as well as content from our print edition and digital replicas of all our publications.

Boulderopolis.com

News, trends and insights from the startup community in the Boulder Valley.

Social media

Twitter: Follow us at @bizwestmedia
Find BizWest on Facebook, Instagram and LinkedIn.

E-newsletters

Follow breaking business news in the Boulder Valley, Northern Colorado or statewide with BizWest's daily e-newsletters. Or get weekly or biweekly recaps in the region's key sectors with more than a dozen industry newsletters. Sign up at www.bizwest.com.

- Morning Report: A daily email aggregation of the top business-news headlines from around Colorado.
- Business Daily – The day's top business news from Boulder, Broomfield, Larimer and Weld counties, delivered right to your inbox.
- Business Weekly is sent out Friday afternoon, one to Boulder Valley and one to Northern Colorado focusing on news that is of pertinent to those markets.

Register for these and a dozen industry newsletters at http://bizwest.com/subscribe-to-our-newsletters

Digital Services

Need help with SEO, search-engine marketing, content marketing or some other digital requirement? Contact Nic Morse in the BizWest Digital Services Department at nmorse@bizwest.com.

EVENTS & NETWORKING

BizWest produces a variety of business conferences, networking events and award programs throughout the year, both in the Boulder Valley and Northern Colorado. Visit our website at **www.bizwest.com/events** to submit award nominations or to register.

- **Northern Colorado Women of Distinction**
  April 18, 2018
  Embassy Suites, Loveland
- **Boulder County Business Hall of Fame**
  April 25, 2018
  Plaza Convention Center, Longmont
- **Mercury 100: Fastest-Growing Private Companies**
  Northern Colorado - May 17, 2018
  Lincoln Center, Fort Collins

  Boulder Valley - June 13, 2018
  Omni Hotel, Broomfield

QUOTABLE

"It's hard to react to a technology when there isn't standardization in technology … a standard to work toward."

Brad Mueller, director of community development for the city of Greeley. **Page 10**

BW EXECUTIVE PROFILE

JONATHAN CASTNER FOR BIZWEST

Bruce Johnson, CEO of Global Healthcare Exchange, works to bring the business side of health-care providers into the modern age with digital solutions.

Johnson automates health-care supply chain

By Elizabeth Gold
news@bizwest.com

LOUISVILLE — In an industry that uses technology advanced enough to replace a person's hip, it's a shock to realize that a good number of health-care organizations still rely on checks to pay their bills.

The problems with this outdated system include time-on-task expenses for personnel to stay on top of invoices and payments as well as human-error inaccuracies. Without operational efficiency, the cost of doing business stays high, and opportunities to afford and increase services suffers.

To help health-care providers increase their focus on quality care, Global Healthcare Exchange (GHX) came on the scene in 2000 with supply chain management technology. The cloud-based solution automates processes and cuts more than $1 billion from the cost of health-care delivery annually.

It brings health-care providers, manufacturers, distributors and group purchasing organizations into a community by automating manual processes. The result includes transparency in pricing and costs, increased efficiencies in procure-to-pay processes and comprehensive data to support buying decisions.

Bruce Johnson, president and CEO, has been in on the GHX mission since the beginning of the company.

"In 2000, automation was a fax machine, and people said they were automated when they had one," he said, referring to the early days of GHX. Hospitals used telephone calls and faxes to place orders with suppliers that were chosen from a paper catalogue, they mailed invoices and they paid by checks.

"In 2009, about 40 percent of electronic documents still had discrepancies and didn't match what was originally sent and what was sent back." One of the causes was the incompatibility between programs that formatted the documents.

The differences could cost hospitals thousands upon thousands of dollars.

In health care, 60 percent to 70 percent of invoices are still paid by check today, Johnson said.

"If you compare the percentage of total budgets that the health-care industry has spent on IT, you'd see that it's behind other businesses. Health care has been a cottage industry until the last 20 years."

Since the field has started joining the ranks of other industries that have to compete for business, however, health care has been shifting its focus and working to catch up.

"In 2000, hospitals were more about their C-Suite relationships," Johnson said. "Today, those physicians may be employees." Relationships today are more geared toward patients.

With the increase of options on where people can go to get their health-care needs met, hospitals have been focusing more on increasing the value and quality of care they offer. Patient-centered care, integrated services and affordable health insurance are just a few of the results of that direction.

Some hospitals have chosen mergers and acquisitions as a way of potentially increasing the stretch of their value and consolidating costs. Between 2005 and 2015, the number of hospital mergers in the U.S. doubled with that goal in mind.

If each of those acquisitions came with inefficient supply chain processes, however, the cost-to-value equation could be skewed exponentially, and what was expected to be a cost-saver could end up being another expense.

"As health-care systems face this changing business model, they have to get smarter through the supply chain," Johnson said. "We help them realize the benefits of mergers and acquisitions by providing them with a way to do that."

Five of the largest medical product manufacturers started GHX: Johnson & Johnson, GE Healthcare, Baxter International Inc., Abbott Laboratories and Medtronic Inc. Johnson had spent 12 years with GE Healthcare when the new company formed and he was brought on as part of the leadership team as it came together.

"My background was heavy on the technology side and when I looked at health care, I could see the benefit and impact you could make there as opposed to working on a space shuttle where you don't ever get to go on the space shuttle."

Health care, on the other hand, was a service he knew he'd probably use.

What makes GHX successful, according to Johnson, is that the company executes on its mission, which enables better patient care and saves billions through automation, efficiency and accuracy.

GHX goals in the short term include increasing the company's presence in Europe and helping hospitals increase their development and use of database information. Creating databases that outline supplies necessary for certain medical procedures, for example, could leverage GHX technology to streamline processes and increase success as well as cost savings and quality services.

GHX, headquartered in Louisville, maintains additional offices in Atlanta and Omaha. The company employs about 650 globally, including 236 in Louisville, with about 50 positions open for hiring now.

In addition to cloud-based invoicing and payments, GHX services include procurement, contract management, order lifecycle management, vendor credentialing and compliance.

The company serves 4,100 health-care providers and 600 suppliers in North America as well as 1,500 providers and 350 suppliers in Europe.

"We have a compelling ROI," Johnson said.


ROCKY MOUNTAIN
CONSTRUCTION
SUMMIT
BW
An in-depth look at construction best practices, challenges and trends in the region.
SAVE THE DATE
MAY 3, 2018
7:00 A.M. - 12:30 P.M.
OMNI INTERLOCKEN HOTEL
Who should attend: Owners, Managers, General Counsel, General Contractors, Subcontractors, Architects, Engineers, Bankers, Insurance, Suppliers, and Trades contractors.
PRESENTING SPONSOR:
BHGR
BERG HILL GREENLEAF RUSCITTI LLP
EVENT ARCHITECT:
BizWest
BOULDER VALLEY • NORTHERN COLORADO
From the drafting table to the ribbon-cutting, and every phase of your project in-between, our construction team works with you to handle every facet of your construction project, including the most complex issues in design, permitting, contracts, risk avoidance, claims mitigation and disputes.
ATTORNEYS AT LAW
BOULDER | DENVER | LOS ANGELES | CHEYENNE
303.402.1600
BizWest
Ashley Cawthorn
acawthorn@bizwest.com
BHGRLAW.COM
BIZWEST.COM
https://bizwest.com/events/events/2018-rocky-mtn-const-summit/

Greeley, DDA work on developer incentives

What follows is a compilation of recent news reported online at BizWest.com. Find the full stories using the search window at the top of the homepage.

The Greeley Downtown Development Authority passed a resolution that would allow its executive director to complete an agreement with the city to provide tax-increment financing to developers within the downtown district. The TIF would be a component of a larger incentive plan the city is creating for developers for new projects in its three redevelopment districts, including the Downtown Development District. The Greeley City Council, at a work session on Tuesday, outlined a conceptual plan for the Redevelopment Incentive Program that would include reimbursements for permits and fees, and sales-and-use taxes.

Posted March 16.

Gaia offers 2.3 million shares in public offering

Gaia Inc., which operates a video-streaming service worldwide focused on well-being and yoga, offered about 2.3 million shares of common stock in a public offering. Louisville-based Gaia (Nasdaq: GAIA) is selling the stock for $15 a share in hopes of raising $35 million. After deducting the underwriters' discount and other estimated offering expenses, Gaia expects to have $32.3 million that will be used for general corporate purposes, including working capital. Gaia granted the underwriters a 30-day option to purchase at the public offering price, less the underwriting discount, up to an additional 350,000 shares of Class A common stock to cover

Posted March 22.

2 Longmont firms get grants for expansion

Brewmented, a brewery and brewing supply store, and Redline Athletics, a sports training center, each received a $7,000 grant from the Longmont Economic Development Partnership. The Advance Longmont Target Industries Grants support Longmont's primary and local businesses in their expansion efforts and are funded by the city of Longmont.

Posted March 16 and March 21.

Front Range Biosciences restores greenhouse

Front Range Biosciences Inc., an agricultural biotech company focused on high-value crops such as cannabis, has completed restoration of the Lafayette Florist greenhouse after three months of construction. The greenhouse, which had been used for growing flowers since the 1970s, will now be used for industrial hemp growth. Lafayette Florist started in 1949, after the Yoshihara family was released from a World War II Japanese relocation camp and purchased two acres of land in Lafayette. Since then, the family has remained in the same location, with greenhouses, a flower shop and garden center.

Posted March 20.

Medical-device company launches early-stage study

Colibri Heart Valve LLC, a medical device company, enrolled the first two patients in its clinical early feasibility study for one of its medical devices. The Broomfield-based company is testing its ready-for-use balloon-expandable transcatheter aortic-valve implantation, or TAVI, system. The system contains a replacement aortic heart valve that is pre-mounted and pre-crimped on a balloon delivery catheter, that is already sterilized and ready to implant direct from the package. This product is the second generation from the system and can address a wider range of patients. The two patients in the early feasibility study were successfully implanted with the TAVI system. The company plans to enroll up to 10 patients and will have 30-day follow-up data.

Posted March 19.

Collapsed Fla. bridge recently tested by Louisville firm

A pedestrian bridge that collapsed at Florida International University had recently been monitored for safety by BDI, a consulting firm based in Louisville. BDI officials provided a statement following the tragedy: "Our hearts go out to the individuals and families that have been affected by this incident. The safety of the communities where we live and work is always our top priority, and BDI is committed to fully assisting with the ongoing investigation." The company also deleted its Twitter post praising the effort of moving the bridge into place by Memphis-based Barnhart Crane & Rigging.

Posted March 15.

BW EXECLIFE

Offices embrace machines that talk

By Shelley Widhalm
news@bizwest.com

Executives add efficiencies to their work day and life at home with personal assistant devices — they're engaging wireless smart speaker products such as Google Home, Amazon Echo and Apple HomePod to do everything from playing a song list to shutting off the lights.

"It's for the convenience," said Ali Harris, founder and managing consultant of Technical Framework, an information technology services and web-design company headquartered in Fort Collins. "When we think about having to do all those tasks manually, it's more difficult. If used properly, the digital voice assistant can make life easier and more convenient."

The idea of personal or digital assistant devices came out of Apple Inc.'s launch of the Siri personal smartphone assistant in 2011, followed by Google Assistant, which powers the Google Home device, and Alexa Voice Service that connects to Amazon Echo. It's easier to use voice commands than type on the small screen of a smartphone or Apple watch.

Digital assistants initially were used for smartphone-related tasks, like searching the web, making phone calls, sending texts and accomplishing other tasks. Users could get things like the news or sports scores and find out the weather just by asking.

Users also can do a whole lot more with their digital assistants, such as giving dictation, adding calendar items, compiling lists, stating personal reminders, ordering supplies or food for delivery, arranging ride sharing and getting directions while driving, Harris said. The digital assistants can serve as a real estate virtual agent, personal trainer, alarm clock or bedtime story reader to children, and they can help tune a guitar or be used to pair food with wine, he said.

With the advent of portable, hands-free speaker systems, the digital assistants can carry out manual tasks beyond getting information and helping organize and carry out tasks. They are capable of operating household equipment, playing music and audio books, setting alarms, streaming podcasts and providing real-time information.

"I have people asking about them and wanting more information," said Zach Stubbs, mobile sales associate at Best Buy in Boulder. "They started to blow up over the last year."

Executives, business professionals and other users speak into their smart speakers (and smartphone, too) to access their digital assistants, which operate through the cloud. With the

COURTESY BEST BUY

Above, Google Home; below left, Apple Home Pod; below right, Amazon Echo Dot.

speaker systems, they plug it into a power source, connect it to the WiFi and download the personal assistant app to perform the voice-commanded actions — and the assistant is able to recognize each user's particular voice. Users start with commands like "OK, Google" or "Hey, Alexa," followed by the verbal command for the tasks they want accomplished.

"It makes everything a lot easier, and it links to everything," Stubbs said. "I don't have to have three or four apps. I can use my voice assistant for it all. … I can control it with my voice, instead of using each app. That's where the voice assistant brings everything together."

The voice assistant works in the same format with the different brands of smart speakers, which are similar in how they function and carry out tasks, Stubbs said.

"There's not a huge difference between devices. It's going to be personal preference, based on looks," Stubbs said. "They're compatible with both Android or iPhone."

At the home or office, users can speak into the speaker and have it adjust smart lighting (which require the purchase of a special outlet extension and light bulbs), control the thermostat, play from a song list or link to Spotify, iTunes or Pandora, lock or unlock smart locks (but while on site), and arm security devices without having to make a trip to the panel board.

Executives are using voice-controlled speakers to turn printers on and off, using a smart plug to conserve energy, or to help with presentations, such as playing a video while they are providing other information, Stubbs said.

"It allows you to be hands-free and keep talking to a group of people," Stubbs said.

The digital assistant also can control appliances, command robotic vacuums and other home automatic devices, and start the car.

The appliances, along with the lights, security system and thermostat, are connected to a panel in the home or computer dashboard, said Brad Roths, technician at Millennium Group, a Loveland-based company that installs voice systems and manages information technology. The lights and thermostat can be programmed to turn on and off at certain times of the day or operate through voice command, he said. Other things that can be programmed are blinds, humidifiers, toaster ovens and automated coffee makers, with the settings keyed to a certain time of the day, he said.

"We're talking a wide spectrum of applications," Harris said. "You can be mobile throughout the office or home. You can have many digital voice assistant devices working together. You can automate tasks you would otherwise have to do manually and delegate tasks that are rudimentary or boring."

Roths has a smart home operated with a digital assistant device — he began using Amazon Echo three years ago when it first came out, he said.

"You can tell Echo to brew your coffee without getting out of bed," Roths said. "I can turn on the lights without having to go to the light switch. I can turn the temperature up on my way home from my phone. … I can tell Amazon to play on a certain speaker."

Before, an intercom system had to be used for some of the tasks, like setting security systems, Roths said. The systems had to be wired from a main console to each room of the home and had to be installed during construction, he said.

"Being able to set timers and get information by talking to something is more attractive," Roths said.

Some of the systems have motion sensors, notifying homeowners if someone approaches the house; or simplifying deliveries, allowing for packages to be set inside the home with the activity monitored by a security system, Roths said.

"It's just the convenience factor. It's not hard to turn the switch," Roths said. "You can speak the command and it will respond. It does a lot of stuff, and it makes life convenient."

Rob Protzman, owner of Chartered Technology in Loveland, uses his Google Assistant on his Android, he said.

"Primarily, I use it a lot for hands-free stuff while I'm driving, either setting calendar events, sending text messages and making phone calls," Protzman said. "Safety while driving is a big piece of it. It's definitely a timesaver to be able to put events on my calendar or send messages without having to pull the phone out and type. … Also, doing searches on the web for some information can be helpful. … It's pretty accurate at getting done what I want done."

But there are drawbacks to using a digital assistant related to privacy and security issues, Harris said. The commands users give to digital assistants are stored in a server in the cloud that others can access, along with the consumer data that is generated, he said.

"Your device may be open to hackers depending on the type of vulnerabilities you have. They can issue commands through your device to carry out tasks you don't want carried out," Harris said.

Experimental design, superstition and real success

LEADERSHIP
RICK GRIGGS

Are you superstitious? Do you grab at anything that looks like it might help your department or your business? There is a better way to test what works. Instead of following fads or social media crazes, do what good researchers do to definitively show, at a certain level of confidence, what actually works. We want to find "causal relationships" — the actual drivers of results in the laboratory or success in your family, business or career.

If you want to become a truly great leader — stop with the platitudes and lean on science. To propel your company or department to greater success — update your understanding of experimental design. There are three variables every leader, manager or founder must know — the dependent variable; the independent variable; the confounding variable.

Dependent Variable — In experimental design, this is the outcome or result that is being observed. It is the end product you usually want to change or control. Other things are being manipulated while the researcher measures and observes the final outcome — the dependent variable. It is dependent upon something else. Examples include numbers of homeless on city streets, working capital in the bank or the amount of carbon in the atmosphere.

Independent Variable — This is meant to be an isolated factor used to see what effect it might have on the final outcome (dependent variable). Researchers develop a prediction or hypothesis about the cause and effect (causal) relationship between what they're manipulating (independent variable) and the final outcome (dependent variable). Examples include dollars spent on the homeless, increased sales incentives or emission screening and testing. Serious researchers are diligent at isolating this variable; business leaders are not.

Confounding Variable(s) — These tend to be extra events that occur during the experiment too often mistaken for having an impact on the final outcome. For instance, a small business wants to see if an advertising buy will have an impact on quarterly sales. During the same quarter a reporter publishes a glowing article on the business. The news article is a confounding variable. Sales may go up but you don't know the real cause. You might say you don't care which caused the increase in sales — but you do.

In research and in business, replication is crucial — can you demonstrate similar results again? If it's dumb luck or a confounding variable, you won't be able to control or replicate it the next time.

Superstitious Behavior — The legendary behavioral psychologist B.F. Skinner noticed that when he fed caged pigeons during an experiment, they would repeat whatever they had just done prior to getting the kernel of corn. If the birds had recently turned in a circle, they would turn another circle. If they had just pecked at the sky, that's what they would repeat, connecting that behavior to more food. The famous "Skinner box" experiments thus documented the origins of superstitious behavior. "Temporal contiguity" is the term for when one behavior (turning circles) occurs closely in time to an event (getting fed). The events become associated with each other, whether or not one causes the other.

If your business strategy is built on wild hope and turning circles, you're susceptible to superstitious behavior. If you've built a department or business on sound experimental science, you'll focus more on isolated independent variables — to see what really works.

Rick Griggs is a former Intel Corp. training manager and inventor of the rolestorming creativity tool. He speaks on balance, teams, creativity and innovation. rick.griggs83@gmail.com or 970.690.7327.

Putting some South in your mouth

Caldwell's growing family of eateries tout homey comfort

By Dallas Heltzell
news@bizwest.com

LOVELAND — Of all the guests who have been welcomed into Mo' Betta Gumbo with smiles and Mardi Gras beads, there's one couple owner Clay Caldwell will never forget.

"They were good customers. We had seen them a lot," he said. "One day they came in, and they were both crying, talking — and then they signed some papers. I thought they were buying a house.

"It turned out they were signing their divorce papers. They chose Mo' Betta because for them this was a safe place, a place they loved, where they had talked about their future.

"That was a most humbling experience for me," Caldwell said. "They continue to be our customers, with new lives."

If you go

Mo' Betta Gumbo
141 E. Fourth St., Loveland
970-685-4842
mobettagumbo.com

That kind of place is what Caldwell envisioned when he opened his Cajun-themed restaurant in downtown Loveland in 2013. And now he gets to revel in it.

"Sometimes on a Friday or Saturday night, I'll just stand there with my eyes shut and listen to people laughing, scraping their bowls to get the last drop, grandfathers telling stories to their children. I hear people having relationships, strengthening their relationships — not on their phones, other than to take photos of the experience. And that's very powerful.

"We've seen people on their first dates, and then they come and get engaged here, and continue on as married customers."

Well, not exactly customers. Caldwell insists on calling them guests.

"I don't have customers," he said. "Customers do drive-throughs. This is not a sterile, drive-through mentality. We're not going to hand you a machine where you order your food on it, check out and pay your bill on it."

Instead, he said, "we have guests — about 2,300 a week. We treat them like I would treat them if they were in my home. That's part of our training. We offer them an experience, a purpose."

And Mardi Gras beads. "We go through about 10,000 beads a week, one string at a time," Caldwell said. "A lot of our customers will bring 'em back after they get a big pile of 'em. We'll spray 'em down, clean 'em up and reuse 'em."

Central to the experience is a menu full of classic southern, Cajun and Creole fare: fried green tomatoes with remoulade, hush puppies, crawfish, jambalaya, catfish, étouffée, shrimp and grits, po' boy sandwiches, and gumbo brimming with chicken, seafood and andouille sausage. Sweet treats include puffy beignets and bananas Foster bread pudding. Wash it all down with sweet tea, Café du Monde chicory coffee or a locally brewed beer. The bar includes an array of mules, a traditional Hurricane, two dozen flavors of moonshine, and specialty drinks with names such as Crippled Pimp, Mo' Betta Mama, Rope-a-Dope and Gator-Tini.

"I grew up with the food, but I did not grow up with the culture," Caldwell said. "I was raised in Arkansas, far north for the culture but the food was common. Most of these are family recipes; some from our family, but in the South these are generational. Everybody has had a say-so in them. We made some adaptation to the Colorado lifestyle — some gluten-free considerations — but just minor adjustments."

Trained in much more formal fare at the Culinary Institute of America in New York, Caldwell had been a chef in some classy confines in Atlanta and Scottsdale, Ariz., then spent 16 years as a consultant in Texas. "But I just got tired of big-city life. I decided to move to Colorado and start a little gumbo store and start enjoying my life."

The search for where to locate took two years, but the revitalization of downtown Loveland won Caldwell over in the fall of 2012.

"I have a very strong passion for downtown," he said. "It's consuming. Downtown is exploding. There's been over $200 million in private investment in construction. It's really picking up its own synergy."

It didn't hurt that Terry Madigan had just closed Teraza's Not Just Gyros at the prominent northwest corner of Fourth Street and Cleveland Avenue. "That building was built in 1876 when Loveland became a town and the railroad went through," Caldwell said. "It may be the oldest commercial building in town. It's been everything from a mercantile to a clothing store, shoe shop, gun store, Italian deli and then the little Greek diner. (Madigan) had been in the industry for a long time and was ready to try something new."

Mo' Betta Gumbo opened with 1,700 square feet of space, 300 of which is the kitchen. Now, with five years of success under his belt, Caldwell is ready to expand.

"I've had three landlords in three years," he said. "This current landlord (Jim Hargrave) is a general contractor. He's making all those needed changes structurally that I would have to have in order to expand. We're working with architect Jim Cox on moving forward with expansion. We're taking the space next to us," which had been Loveland Pawn. "We'll pick up an extra 4,000 square feet and build out a large kitchen, and that will enable us to do catering and a lot more variety of food.

DALLAS HELTZELL / FOR BIZWEST

Lunchtime diners at Mo' Betta Gumbo in downtown Loveland feast on southern fare. Staff members sometimes snap photos of diners enjoying an appetizer of beignets.

"We want to add more of our soul food and low-country food options — chicken fried steak, meatloaf, homemade biscuits, potatoes and gravy. Right now, if you don't like rice or sandwiches or fried catfish, you're limited here."

He's also expanding into other cuisines and other parts of downtown.

Caldwell opened Loveland TapHouse on Feb. 9, during Fire and Ice Weekend, in a 117-year-old building at 237 E. Fourth St. There's 1,000 square feet in the building and a 1,000-square-foot patio in back, in a space that for two decades had been Scotty O'Brian's until that business closed on New Year's Eve. "We bought their business and location," Caldwell said, "and changed the name in order to keep the tavern license."

The space features 32 taps, and all its beer, wine and spirits are Colorado products. "We celebrate the industry," Caldwell said. "I'm not a beer drinker personally, and when we went out as a group we'd go out to some different local breweries and not everybody was enamored with their styles of beer. So we said we need to be an aggregator, a cheerleader, an educator about all these breweries, distilleries and wineries. We need to be the ones who tell their stories, share their passion. So we provided a business model that drinks like a martini bar, a whiskey bar and a taphouse — so all your friends can find something they're happy with and find their own journey every time they come back."

Later this spring he'll open Miss Daisy's BBQ & Blues in 3,400 square feet at 147 E. Fifth St. "That was originally a Packard dealership," he said. "Over time it was an upholstery shop and most recently a custom guitar shop (Heritage Lutherie). It's a historical building but not on the registry. It has a great patina. It's made with local brick, but not the highest quality. Every wall was falling down. It needed some TLC."

Miss Daisy is the mother of Mike Babbs, Caldwell's longtime friend from Dallas who is a partner in the project. "She's a little, petite church lady who raised several large sons, all sports oriented," Caldwell said. "They're simple country people, like we were, and this is telling their family story of barbecue and music.

"We'll do some great barbecue, Memphis style with dry rub, simple southern — we're not going to have a mango chutney with it. We blend all our own spices so we can verify quality, and there's no filler.

"We'll have live blues too, on a stage. We'll have live national acts that stop in; we'll cherry pick the very best of the region and develop that culture over time."

Caldwell has gotten his share of industry acclaim and glowing press since Mo' Betta Gumbo opened — including a visit in February from a fledgling television show called "Frontier Tastes and Tales." But he's determined not to let it go to his head.

"I got really tired of restaurant concepts that were about the chef rather than the guests," he said. "I would be foolish to think this is about me. Food is a vehicle. Atmosphere is a vehicle. Hospitality, music — all vehicles for the guest to have a wonderful time. I just want to build an atmosphere people can identify with, and bring their own magic and excitement to the dining room every time they come in."

BW ONE ON ONE

Terri Mickelsen: CEO of Clean Energy Credit Union

BizWest asked Terri Mickelsen, the CEO of the new Clean Energy Credit Union, to talk about the creation of a new credit union dedicated to advancing the clean energy industry in the state and nation. Mickelsen has more than 25 years of credit union operations experience, including over 10 years focused on customer service via branches, phone centers, and online/mobile devices. Prior to her new role at Clean Energy Federal Credit Union, she served as COO and VP of internal operations at two credit unions, each with more than $500 million in assets.

BizWest: We see you have credit union experience. How does this situation compare and contrast to what you've done before?

Terri Mickelsen: Wow, I don't know if I can really compare this to anything I have done before. I feel that my previous experience working with electronic service delivery systems (online banking, call centers, mobile banking and payment systems) gave me the background but it is really different with a start-up credit union. Nothing could have prepared me for starting a new financial institution. You take for granted having systems in place (with an existing credit union) and you may work on improving something or bringing in a new product or service but never doing everything from scratch. With that said, what is exciting is that you are building from ground up; there are not many opportunities like this. I feel very fortunate to have been chosen to work here.

BW: What is the mission of the Clean Energy Credit Union and how do you see it unfolding?

TM: Our mission is to "promote clean energy, environmental stewardship, and cooperative enterprises through the financial services we provide to our members." This credit union was founded on the idea that we want to help accelerate the adoption of clean energy by having affordable loans and products that are strictly tailored for clean energy products. I see us moving slow at first until we have all of our systems and processes in place. Then we work on expanding our services to our members and look for more areas where

we can help out. We have a group of individuals who have organized this and some of them are pioneers. They know what is needed and what is missing for the solar and clean energy industry and they saw a void there for financing. Things are moving but we have to crawl before we can walk. We're being methodical about it.

BW: Are there limitations on the range of businesses that the credit union can can conduct? For example, are loans restricted to clean energy projects?

TM: For the most part, yes, we are focusing on the financing of clean energy products, however, we will have some signature loans that members may or may not use for clean energy products. We want to stay true to our vision.

BW: What are your financial targets in terms of deposits and loans? How many members do you expect to have in a year or in five years?

TM: We put our business plan together and tried to stay conservative. We hope to have 1,500 members and $12 million in assets in five years. When a bank starts up, it has investors who come in and give you capital. Our organizing committee had to go out and receive donations from individuals and foundations.We are in the process of starting on deposits, which are needed before we can issue loans. Savings accounts and longer term CDs are desired so we can issue longer term loans.

THE FUTURE IS NOW

JOEL BLOCKER / FOR BIZWEST

Tim Young operates his DJI Phantom 3 professional drone at his Windsor home recently. Drone technology continues to advance and is likely to have widespread impacts on the delivery business, which will reduce traffic volume on highways as well as impact transportation jobs.

By Shelley Widhalm
news@bizwest.com

Cities such as Fort Collins, Loveland, Longmont, Greeley and Boulder are planning for the advent of automated vehicles when, and if, they take hold in the marketplace.

For now, automated or driverless vehicles are a futuristic concept in the testing phases.

"We are, like everyone else, trying to figure out what it all means because it's changing so rapidly," said Aaron Iverson, senior transportation planner for the city of Fort Collins.

Automated vehicles, or AVs, will impact the city's transportation system, parking and land use, but just how leaves many unanswered questions, Iverson said. Will users own or share the vehicles, paying for rides as they need them? Will the vehicles drop them off and head to a parking garage, a fleet center or their home and return to pick them up? Will this create congestion from multiple empty cars being on the roads?

The city of Fort Collins' planning and transportation staffs are including guidance and policies about AVs and on-demand, shared vehicles as they update their various planning documents, Iverson said.

"We could have less need for parking in certain areas, like Old Town or downtown," Iverson said, adding that fewer parking garages and on-street parking spaces likely will be needed in north Fort Collins and elsewhere in the city, such as the university and retail and business centers.

However, space would have to be included for drop-off and pick-up points for passengers using the AVs, as well as on-demand vehicles, requiring some type of curb management, Iverson said. AVs may require fewer traffic lanes, giving extra space for pedestrian and bicycle use, he said. Traffic management also may be handled differently, such as using special signs and striping to help orient AVs and reprogramming the traffic signals to be able to communicate with the vehicles, he said.

"There are a few potential benefits they're suggesting in the research," Iverson said. "It's more efficient because vehicles can understand each other and talk to each other. They can use the road more efficiently."

For city entities like the Poudre River Public Library District in Fort Collins, AVs would help address issues like parking, as is the case with the three library locations of Old Town, Council Tree and Harmony.

"Finding adequate parking has always been a challenge, and we hope driverless cars will help us with that," said David Slivken, executive director of the Poudre River Public Library District. "It is on our radar, but we have not any kind of planning for it at this time. … We don't know the marketing aspects for driverless cars. Will there be a tier of charges?"

The library is considering opening a fourth library location if master planning identifies a need, potentially in north Fort Collins, limiting the parking to city code requirements, Slivken said.

"Land here is so expensive," Slivken said. "We don't want to buy all this land and buy a massive parking lot. Buying extra land for extra parking is awfully expensive."

In Loveland, the city's downtown and other planning documents address various issues related to AV vehicles, such as parking, drop-off points and loading zones, said David Eisenbraun, strategic planner in the city of Loveland's community and strategic planning division. Parking potentially could be relocated to the edges of downtown, opening up the core for other uses, and travel lanes could be narrowed, as outlined in the city's Heart Improvement Program, or HIP, downtown streetscape plan, approved by the Loveland City Council in December 2017.

Parking would have to be open and free of obstacles, and garages likely would require barcode scans instead of the pushing of a button for entry and exit, Eisenbraun said. Once they are dropped off, AV users could potentially take a downtown circulator or mini buses to get around within downtown, he said.

"Right now, we're in the formative stages of trying to understand the implications," Eisenbraun said. "Ultimately, we are trying to be realistic in our expectations … to make it safe and achievable."

Reducing parking needs could open up land use in business and retail centers and residential neighborhoods, Eisenbraun said.

"It has the option to create more efficiency with land use. We won't have so much wasted space with parking lots," Eisenbraun said.

The city of Boulder is incorporating AV and other advanced mobility uses in its transportation plans, corridor studies and other planning documents, said Kathleen Bracke, GO Boulder manager in the transportation division for the city of Boulder.

"The time to start planning this is now," Bracke said. "We're already incorporating it into our plans. We have a corridor study in the planning phases with an option to have shared lanes. If AVs come online, the shared lanes could include shared AVs."

The planning also could include drop-off spaces in locations that are safe and do not block traffic, Bracke said.

Planners will need to consider vehicle storage, which would be reduced if passengers are sharing vehicles, as they are now with on-demand services like Uber and Lift, said Randall Rutsch, senior transportation planner for the city of Boulder. The need for less parking could open up land use for more green space, parks and wider sidewalks, he said.

On the downside, shared vehicles could open up the potential for longer commutes, potentially resulting in more greenhouse emissions, Rutsch said.

And before AVs become widely used, there likely will be a transition period of a mix of driver-controlled and AV vehicles on the roadways and a continued need for parking, said Michael Gardner-Sweeney, transportation division director of the public works department for the city of Boulder. Planning for parking needs to take into account ways it can be reused in the future once it is no longer needed, he said.

"We're going to be in a mixed

environment for a period of time," Gardner-Sweeney said. "There will be much less need to store vehicles on site in the long term."

AVs may improve road safety by removing the element of distracted and impaired driving, Gardner-Sweeney said. There are other benefits as well, such as increased mobility for seniors and disabled users and more efficient vehicle movement with vehicles able to move closer together when computers are in charge, he said.

On the downside, drivers may not be needed for freight, delivery and transit services, and bicyclists and pedestrians can be seen as obstacles to the programming, Gardner-Sweeney said.

"We still think biking and walking are critical to a community," Gardner-Sweeney said. "We're taking care of people using all modes of transportation."

Planning for a futuristic concept is difficult, said Brad Mueller, director of community development for the city of Greeley.

"It's hard to react to a technology when there isn't standardization in technology … a standard to work toward," Mueller said. "We try to make streets smart today already in terms of having a good profile in terms of an engineering standpoint with detached sidewalks and adequate curbs and parkways. These are all parts of urban design."

The city of Longmont is considering AVs, along with on-demand services, in its future planning but has not set any regulations, though will keep the rules fluid enough to allow for changes, said Phil Greenwald, transportation planner for the city of Longmont.

Downtown Longmont currently does not lack parking but has an issue with distribution, requiring visitors to walk further than they want, Greenwald said. Keeping the future in mind, the city will consider parking supply and vehicle usage before building a parking garage — and if one is built, it should be able to be converted to other uses, he said. Plus, parking is becoming a matter of maximum need, instead of minimum need, where developers are limited to the number of spaces they can provide for their buildings and centers, something other Northern Colorado communities are doing, he said.

"Let's try to provide more space at the curb and maybe start looking at how to utilize the curb in front of businesses," Greenwald said.

Loveland-based McWhinney, the developer of Centerra among numerous other developments, already has provided charging stations for electric vehicles at properties such as Centerra.

"Specifically, for Centerra, we have already begun to explore the use of autonomous shuttles to help get residents to local shopping and from their homes or businesses to the local bus rapid transit station," said Keo Frazier, vice president of marketing for McWhinney. "We do not have specifics at this time from a planning perspective but can share that as developers we always need to be looking into the future to stay relevant and impactful in the communities where we have a presence."

Water Valley Land Co. in Windsor also is incorporating plans for AVs, on-demand services and other forms of mobility in the future development of the Brands at the Ranch near Centerra with construction beginning this summer. Fewer parking spaces will be needed with drop-off areas given more of a priority and roads designed for a change in traffic flow, said Martin Lind, president of Water Valley Land Co.

"If you have cars coming and going, they need a different throughlane," Lind said. "We are reaching out to consultants constantly to make sure we're on the leading edge of this. It could end up being a dedicated lane for Uber and automated vehicles."

Other organizations, such as the U.S. Postal Service, are planning for AVs, as well as drones, which could potentially decrease road usage.

"Our fleet management group will continue to explore innovations and possibilities to incorporate technologies into future vehicle acquisitions," said David Rupert, postal spokesman for the Denver office, adding that he cannot discuss specific planning. "We're fully looking into the future and how it applies to us and how we can maximize it. … We're looking at all future technologies and how they relate to us. We're looking at all of that and looking for ways that will both serve our customers and our employees."

As AVs gain in popularity, alongside cloud computing, workers will not be tethered to the office and can work from home or shared office spaces, like Desk Chair Workspace, a 200-desk co-working office in downtown Loveland. Workers, including employees, freelancers, solo-preneurs and contractors who use cloud computing do not have to report to the same desk but can sign in their credentials through the cloud and begin working.

Co-working could affect land use and the need for commercial real estate sales and leases, while also reducing traffic emissions, said Jim Doherty, sales manager of Desk Chair. For workers, if they have the added benefit of AV or on-demand services, they will not have to worry about parking and can get immediately to work, he said.

"It will be a much less stressful day for workers," Doherty said.

Co-working, which became popular over the last five to 10 years, has several benefits, including bringing together people from different backgrounds into a collaborative environment that fosters creativity and provides a social outlet.

"You get out of the echo chamber of your own company and get a finger on the pulse outside of your office," Doherty said. "There's an energy to be had to be around other folks, other individuals and other jobs. … For social and professional wellbeing, it allows you to be around other people instead of your basement office."

Futurist: Autonomous cars will yield (at least) 23 changes

The night before my talk for the Texas Transportation forum in Austin, Texas, my wife and I were involved in a car accident. Since Uber and Lyft no longer operate in Austin, we were riding in the back of a Ride Austin vehicle.

No was seriously hurt, but it occurred to me later that a huge portion of today's cars are designed around mitigating damage from accidents. Everything from seatbelts, to airbags, child car seats, headrests, bumpers, and headlights are all designed to improve safety and reduce the cost and liability of car accidents.

FUTURIST
THOMAS FREY

As a point of comparison, we don't plan for accidents on elevators and escalators. There are no seat belts on elevators.

The logical next question is, how much of this goes away as we enter into the driverless car era?

Yes, it'll be a messy transition period, and we will only see a relatively small amount of change while there are still human drivers on the roads. But once we develop fully automated transportation systems, will we still need all these safety features?

Here are my predictions for what autonomous cars has in store for us.

1. Life expectancy of autonomous vehicles will be less than 1 year

Autonomous cars will wear out in as little as 9-10 months. A single car could easily average 1,000 miles a day when used by multiple occupants over the course of the day. In 10 months, that's 300,000 miles. Cars today are only in use 4 percent of the day An electric autonomous vehicle could be operating as much as 20 hours a day. That still leaves plenty of time for recharging, cleaning, and maintenance.

2. One autonomous car will replace 30 traditional cars

There are roughly 258 million registered cars in the U.S. and replacing them will be a long drawn out process. But here's what most people don't understand. One autonomous vehicle that can be summoned from a local fleet will replace 30 traditional cars.

For a city of 2 million people, a fleet of 30,000 autonomous vehicles will displace 50 percent of peak commuter traffic.

3. Less than 4 million autonomous cars will replace 50 percent of all commuter traffic

With roughly 250 million people in the U.S. living in urban communities, 3.75 million autonomous vehicles will handle 50 percent of peak commuter traffic in the country.

That means 4 million autonomous vehicles will replace our need for half of all cars, or roughly 129 million vehicles. This makes a serious dent in traditional car sales.

4. Fleet owners will become the primary influencers on the design of new cars

The thinking of large fleet owners will dominate the autonomous car market. Their focus will be on vehicle costs, repair records, maintenance, cleaning expenses, and operational efficiencies.

5. Driverless cars will be electric vehicles

As battery life improves and recharging stations become more automated, the demand for electric vehicles will jump exponentially. However, large fleet owners will only choose electric cars if they are easier to maintain, more reliable, and cost efficient.

6. Electric vehicle range will exceed 1,000 miles per charge by 2027

Even though Elon Musk has predicted a 600-mile range for Tesla cars in 2017, their latest models only get about half of that. The need for far greater distances will be driven by fleet owners who will view range as a primary purchase consideration. Electric vehicles will routinely pass 1,000 miles on a single charge within 10 years.

7. Noise levels in cities will be cut in half

The shift to electric vehicles will dramatically change the sound of a city. Rumbling engines, smelly exhaust clouds, and loud revving noises will all fade into distant memories.

8. 80 percent of driverless cars will be one-passenger vehicles

Since 76 percent of cars on the road only have one person in them, and since one-person vehicles will be cheaper, over 80 percent of autonomous fleets will be designed around single passenger occupancy.

9. 40 percent of sales tax will disappear

Roughly 40 percent of state and local sales tax comes from auto sales. With the current rules all cars in a fleet will be exempt from sales tax.

10. Over 10 percent of retail businesses will disappear

Over 10 percent of today's retail businesses are connected with cars. As personal ownership of cars begins to shrink, we will see a rapid decline in gas stations, car washes, oil change businesses, tire shops, etc. Dealerships themselves will also disappear.

11. Police departments will shrink by 80 percent

In most U.S. cities, 80 percent of police departments are dedicated to traffic control. Without DUI fines, speeding tickets, and parking fees, most police departments will be trimmed to a bare minimum.

12. U.S. will lose over $35 billion/

Please see **Frey**, page 12

Frey, from **11**

year from gas taxes

Electric vehicles won't pay gas taxes.

13. 41 percent of airport revenues will disappear

According to the Airports Council International-North America, 41 percent of airport revenue in the U.S. comes from parking and ground transportation services. Virtually all of this will disappear.

14. Cities will lose over 50 percent of their revenue

When we combine the loss of sales tax, retail stores, income from traffic violations, gas tax, vehicle licensing, parking meters, and parking garages, the total loss of revenue to a city becomes a very large number. They will undoubtedly develop new taxes.

15. Healthcare industry will lose over $500 billion per year

The National Safety Council estimates 38,300 people were killed and 4.4 million injured on U.S. roads in 2015. Driverless cars have the potential to push those numbers nearly to zero.

16. There will be 700,000 fewer stolen vehicles per year

In 2015, 707,758 motor vehicles were reported stolen. Autonomous cars will not be "stealable."

17. Auto insurance industry will lose over $150 billion a year

According to KPMG, accidents will decline 80 percent by 2040 due to safer cars and autonomous transportation.

18. Location no longer matters

In the past, being in business was all about "location, location, location." However, as the driverless world evolves, passengers will become much more involved in working, watching movies, and playing games throughout the commute. It will be far easier to just ask your car to take you to whatever store or business you want to go to.

19. Remodeling garages in people's homes will soon become a thriving industry

As car ownership declines, garages will no longer be needed as a place to park your car.

A nicely remodeled garage, set up as a separate living unit, could add as much as $1,500-$2,000 a month in rent payments, as an AirBNB rental, to the average homeowner's income.

20. Over 5 million acres of parking lots will suddenly come available

We have an amazing amount of land dedicated to parking — over 5 million acres to be precise. Demand for parking will begin to dwindle over the coming decades and this property will be sold as prime real estate for redevelopment.

21. Overall transportation costs will shrink by 50 percent

According to AAA 2015 study, the average person spends $8,698 a year on their car that averages 15,000 miles per year. That works out to $725 a month. For autonomous vehicles, projected annual spending on transportation will be far less — $4,200 (.28/mile X 15,000 miles) or $350/month.

22. Car ownership will soon become a very expensive hobby

Autonomous vehicles will cause car ownership to evolve from a necessity to a luxury.

As dealerships and gas stations begin to dwindle, the overall cost of owning and maintaining a car will begin to ratchet upward.

23. Driverless technologies will cause 1 in 4 jobs to disappear

Over the next 2-3 decades, driverless technologies will be either directly or indirectly responsible for the loss of 25 percent of all of today's jobs. Virtually every aspect of society, in every country around the world, will be touched by driverless technologies, and the vast majority of it is destined to improve our global standard of living.

Job losses will be offset by job creation.

Final thoughts

In the future, our cars will know far more about us than we know about them. Each new vehicle will instantly know how to adjust the seats, what music we like, our favorite TV shows and where we left off in the latest series. It will also understand where we're going, letting those we're meeting with know when we will arrive.

Driverless technology will be applied to cars, tractors, trucks, ships, lawnmowers, forklifts, water taxis, snowplows, submarines, drones, trains, and even airplanes. It will soon touch the lives of every person on planet earth.

Just as wealthy people today enjoy the status of driving a more expensive car, not all driverless vehicles will serve the same utilitarian function. Richer people will pay to "arrive in style," and will expect to have premier access to buildings. In much the same way hotels often greet their elite guests with teams of people waiting on their arrival, retail stores will find unusual ways to greet their most prominent customers and make them feel welcome.

Thomas Frey is a futurist who operates the DaVinci Institute in Louisville. More commentary from Frey can be found at https://www.futuristspeaker.com

BW BANKING & FINANCE

Banks chafe under burdensome regs

By Doug Storum
dstorum@bizwest.com

Federal legislation moving through Congress to provide regulatory relief for community banks on home-mortgage reporting has community bankers crossing their fingers that it will pass, and if it does, critics are fearing a return to predatory-lending practices.

The legislation, called The Economic Growth, Regulatory Relief and Consumer Protection Act, would relax about 35 regulations in all, including exemptions for small banks on the amount of data they need to collect and report for home mortgages.

The legislation was approved by the Senate on March 14, and at press time, it was being tinkered with by the House of Representatives. The White House has said President Trump is ready to sign the bill.

One regulation, which leaders of community banks in Northern Colorado and the Boulder Valley have identified as unnecessary and overly burdensome, is the Home Mortgage Disclosure Act, designed to keep borrowers from abusive lending and mortgage practices by banks.

A new HMDA set of reporting requirements became effective on Jan. 1, stipulating that banks collect, record and report 48 data points for each loan application, of which 25 are new. Fourteen are modified from the current rule, and nine are mostly unchanged. The regulatory reform legislation would exempt small community banks for having to collect all the new data.

CHESNEY

Tom Chesney, president of the commercial banking division for AMG Trust Bank in Boulder, said the new data-set reporting requires additional work for existing staff at his bank, which he says handles "about 300 mortgage loans a year. ... "We had added extra staff when Dodd-Frank was rolled out, and now this just adds more work for them."

Chesney also is a member of the Independent Bankers of Colorado's government relations committee that advises IBC staff on state and federal legislative issues.

If Congress passes the legislation, community banks with a satisfactory or better Community Reinvestment Act rating and handle fewer than 500 mortgages a year would be exempt from collecting and reporting the new Dodd-Frank Act data fields. The CRA rating was created in 1977 to evaluate how banks help meet the credit needs of surrounding communities, particularly low- and moderate-income neighborhoods.

Chesney said community banks already had been collecting many of the new data points required by the act, but the burden comes by having to extract the data from various sources and put them into a new, longer form required by the HMDA.

"It takes an extra two hours to comply to the new reporting standards for a single loan," Chesney said. "If the reforms pass the house and are signed by the president, those employees will be freed up to do other things the bank needs. … This bill is a step in the right direction, but I would like to see more relaxing of regulations, ones that are not included in this bill," Chesney said.

Critics argue that this change in HMDA reporting would limit the government's ability to determine whether discrimination is actually happening. MartketWatch reports that a recent analysis of HMDA data from the Center for Investigative Reporting found that lenders continue to discriminate in making mortgage decisions regarding people of color across 61 metro areas nationwide.

Scott Astrada, the director of federal advocacy at the Center for Responsible Lending, told MarketWatch that the bill would exempt 85 percent of the mortgage industry from these reporting requirements.

"Modern red-lining is still part of our reality — it is illegal on paper, but the data shows that black and Latino (customers) get denied mortgages at higher rates," Astrada said. "The only reason we know that is HMDA data."

Additionally, the bill would exempt lenders with less than $10 billion in assets from having to prove a borrower's ability to repay their loan and from facing other regulatory scrutiny if they keep the loans on their books. Advocates of these changes say they will expand access to credit.

Critics are worried that loosening these restrictions could lead to a re-emergence of predatory lending behaviors that were prominent before the financial crisis in 2008 — particularly because of the increased competition among home buyers in the housing market.

A recent report from the Government Accountability Office supports what community banks have been saying, that Dodd-Frank regulations that continue to roll out are increasing compliance costs and reducing credit availability in local communities.

The report identified the Home Mortgage Disclosure Act as one of the most burdensome sources of regulation for smaller community banks.

Less stress

Also included in the proposed regulatory reform rules, smaller banks — those with less than $250 billion in assets — won't have to participate in yearly Federal Reserve "stress tests" that determine if they're equipped to handle economic and market downturns. Those banks say they would get relief from restrictive rules and that will encourage more lending.

DRISCOLL

Mark Driscoll, Colorado market president for First National Bank of Omaha in Fort Collins and a director of the Colorado Bankers Association, said First National is too large with about $20 billion in assets to be exempt from the HDMA reporting, but the bank would benefit from the relaxing of "the stress test" requirement, which Driscoll and other bankers balk at the depth of the test and the amount of reporting that has been required.

"It's (stress test) is a good thing, but too much is overkill," Driscoll said. "It's been a challenge and difficult. We've spent a significant amount of time and resources complying."

Beneficial ownership

Unrelated to the regulation reform bill, a rule set to kick in May 11 adds to regulatory burdens, bankers say. The beneficial ownership rule, a component of the U.S. Treasury Department's new Customer Due Diligence rule, requires financial institutions to identify the beneficial owners of any customer with a deposit account that is a corporation, LLC, general partnership or any other entity. The goal is to lift the corporate veil that can allow criminals to launder ill-gotten gains under the guise of legitimate financial activity.

Matt Gorr, chairman of First Western Trust in Boulder, said that under the new requirements, banks are having to collect both personal and corporate information including, income, wages and tax-reporting data.

The information is required of anyone who has a 25 percent or more equity interest in the entity, or holds a decision-making position such as a manager. The rule does not require the information be collected for existing deposit accounts, just those that are opened going forward, or if ownership or management within an existing entity holding an account changes.

Driscoll said the added information that banks will be required to collect just to open an account is now similar to what is required of a borrower.

"When you've got a passive investor — one who makes no decisions for the entity — the bank has to ask those private questions, questions the customer doesn't want to share. It has the potential to create a poor experience for the customer. … This makes it hard, and bankers are all about making it easy."

Data that banks must collect and report on loans

Under the Home Mortgage Disclosure Act, as of Jan. 1, institutions are required to collect, record and report 48 unique data points for each loan application, of which 25 are new, 14 are modified from the current rule, and nine are mostly unchanged. If Congress passes regulatory reform legislation, many small banks will be exempt from having to file.

Existing data points
Action taken, action taken date, application date, Home Ownership and Equity Protection Act status, income of the borrower, loan type, property location by census tract, county and state.

Modified data points
Construction method, ethnicity, race and gender of borrower, legal entity identifier, lien status, loan amount, loan purpose, occupancy type, pre-approval, rate spread, reason for denial, type of purchaser, universal loan identifier.

New data points
Age of borrower, application channel (paper, mobile device, computer), automated underwriting system, business or commercial purpose, combined loan-to-value ratio, credit score, debt-to-income ratio, discount points, interest rate, introductory-rate period, lender credits, loan term, manufactured home land property interest, manufactured home secured property type, mortgage loan origination with Nationwide Mortgage Licensing System and Registry identifier, multifamily affordable units, nonamortizing features, open-end line of credit, origination charges, prepayment penalty term, property address, property value, reverse mortgage, total loan costs or total points and fees.

Source: Independent Community Bankers of America

Elevations grows its mortgage lending

By Emily Clingman
news@bizwest.com

KEN AMUNDSON, BIZWEST

Elevations Credit Union continues to grow its mortgage business, now ranked first in the state. It is also opening new branches, including this one in mid-town Fort Collins on South College Avenue.

BOULDER — Founded in 1953 as the U of C Federal Credit Union in Boulder, Elevations Credit Union has grown from 12 members and less than $100 in assets to an institution with more than 120,000 members that manages more than $1.8 billion in assets, making it the No. 1 credit union mortgage lender in Colorado.

"Our motto here is, 'We underwrite the story not the stats.' If in cases we cannot help a member now, we take the time to help them create a plan to get where they want to be," Elevations spokesman Jordan Jackson said.

ECU uses only automated decisioning for quick approvals. For those loans unapproved, ECU has underwriters who take the time to manually review for possible solutions to assist borrowers.

"We dedicate a portion of our overall portfolio for individuals who may not qualify based on standard underwriting rules but have a strong reason or explanation for their issues," Jackson said. "An example: Individuals who moved out of an extremely hard-hit state due to job changes and had to sell a home at a loss causing foreclosures or bankruptcies. If we can validate and document the timing we may still be able to help them get into a home here."

Into the future, Jackson said ECU is continuing to work on ways to make the mortgage process easier for members, through technology, process changes and enhanced tools. The credit union constantly monitors the markets and feedback from its members to improve the level of service, he said.

"In today's world of ease of use and simple fulfillment of all needs, what members expect and deserve is changing and we need to change to keep up with what it takes to delight them," Jackson said.

In spite of rising mortgage rates, business remains strong, Jackson said. "Soon after the financial crisis, most lenders and government agencies tightened up standards. Over the past couple years with strong economic performance and a steadily growing housing market, we have seen underwriting standards ease some," Jackson said.

Business has shifted, however. With rising interest rates, refinancing activity has slowed. That volume has been replaced with new mortgages to support purchases of new homes as growth continues along the Front Range.

Rates, tax law impact mortgage industry

Changes impact the refinancing industry, first-time buyers and owners with million-dollar mortgages

By Tracey Flower
news@bizwest.com

Mortgage interest rates in 2018 have, until very recently, been steadily rising. According to Freddie Mac data, the 30-year fixed-rate mortgage rose over a quarter of a percentage point, or 27 basis points, in January. The 15-year fixed-rate mortgage rose from around 3.38 percent in early January to around 3.68 percent in February.

After nine consecutive weeks of increases, rates dropped slightly for the first time all year in mid-March, with the 30-year fixed-rate mortgage averaging 4.44 percent, down from 4.46 percent. A year ago at this time, the 30-year fixed-rate mortgage averaged 4.30 percent, so while this recent drop indicates inflation may be cooling down, rates still remain higher than in recent years.

The steady increase in interest rates, combined with increased property taxes and more expensive homes is causing some concern for Coloradans planning to buy a home in 2018.

"Up until two years ago the prices (in Northern Colorado) were incredibly low relative to rents, so going into 2018 with rising interest rates is putting a lot of pressure on folks because they're kind of getting hit in three ways," said Justin Crowley, senior mortgage loan originator for First Western Trust's Northern Colorado mortgage office. "One is that the average home price has risen significantly from two years ago. Number two, the property taxes are up, and then they kind of get that third punch of higher interest rates. So, most of the surprise that we're hearing from people in the area is due to a combination of all three: the price, the taxes and the rates."

Still, Crowley hasn't seen a dramatic reduction in the number of buyers as a result of increased rates, but he said there are fewer opportunity buyers now than in previous years. Opportunity buyers, he said, are those who already owned a home, wanted to buy a new home and were planning on selling their existing home, but because rates and payments were so low, and rents were so high, they decided to buy a new home and keep their existing one as a rental property.

"That has kind of contributed to a little bit of a shortage of inventory," said Crowley. "And those situations are much fewer and farther between now, and a lot of that has to do with rates."

Crowley and other industry professionals, like Sara Hart, a home loan consultant with Cornerstone Home Lending, Inc. in Fort Collins, are seeing fewer customers who want to refinance in light of rising interest rates.

"The gradual uptick in interest rates has drastically reduced the number of clients refinancing," said Hart. "Probably 80 percent of the mortgage business today is purchase business."

Recent changes to the U.S. tax code could also have an impact on the mortgage and refinancing industry, though Hart said she hasn't seen much of an impact on the average homeowner.

"The change in tax laws regarding the mortgage deductibility hasn't had a great impact on our industry," said Hart. "Although more borrowers would benefit from taking the standard deduction versus itemizing (on tax returns), Americans still want to own their homes and will continue buying. However, it will affect those borrowers with million-dollar mortgages."

> "Buyers really aren't going to get a big tax break by owning a home under the new tax law unless they're buying at a higher price point."
>
> Justin Crowley, senior mortgage loan originator
> First Western Trust

While Crowley agrees that this change hasn't quelled buyer demand yet, he said the topic is coming up more frequently in conversations between brokers and buyers, especially with first-time buyers. Traditionally, he said, how the purchase will impact a buyer's taxes has been a great selling point for brokers.

Take for example, said Crowley, a buyer who recently graduated from college and entered the workforce. He or she is making good money, has no deductions at all and is paying rent. That person may end up with a mortgage that's $100 or $200 more than their rent, which can be a shock to a first-time buyer.

"So, you would look at it on paper

Please see **Interest Rates**, page **17**

New credit union cares about 1 sector

By Emily Clingman
news@bizwest.com

CLEANENERGY CREDIT UNION

BOULDER — People are not excited about corporate banking, according to Blake Jones, co-founder of Namaste Solar in Boulder. And, credit unions are losing touch with their cooperative roots. While these observations may vary in accuracy depending on who you talk to, Jones said there is a growing need for non-traditional banking and lending opportunities.

Jones is a volunteer board member for Clean Energy Credit Union, federally chartered last year in September. In February, it signed up its first members — people who care about clean energy and energy efficiency.

"Our mission is not to maximize profits for stockholders," Jones said, noting the credit union is a non-profit. "What makes our credit union unique is our exclusive focus on energy lending. We do not plan on offering any traditional or normal loans, like for a mortgage, a car — unless it's a net zero home or an electric car. Everything we provide loans for needs to have a clean energy theme, energy efficiency improvements, solar panels on your roof, home remodels that are highly energy efficient."

Jones is part of the Clean Energy Credit Union founding team, whose collective vision is a world where everyone can participate in the clean energy movement.

"We know a lot of people who want to participate but they don't know how," he said. "The two ways we provide these opportunities is through loans with the best market terms possible. The other is through private investment opportunities."

Most credit unions aren't paying any attention to this market, according to Jones. The few existing are venture-capital-backed entities, with loan rates that are too high.

"There is a huge demand from impact investors or socially responsible people," Jones said. "Here's a federally insured way that you can put your money behind the clean movement."

Jones, a self-proclaimed energy geek, used to work in the oil and gas industry. Then about 17 years ago, he took a job in renewable energy. Through his own experience, and the experience of other enthusiasts and colleagues he's worked with over the years, he learned about the availability — or the lack thereof — of specific financing like this. For instance, when he tried for a loan to install energy-efficient insulation in his 1950s home, financing wasn't readily available. Jones and his wife had also been looking for places to invest their money aligned with their values.

"It has been much harder than you'd think to find those places," he said. "Clean Energy CU is a product (and service) good for families, good for society and good for the environment. These things need to be easier."

Clean Energy Credit Union is open for business — currently offering savings accounts and clean energy CDs, with more products and services to be added over time. Anyone can join as a member, with one stipulation — said member needs to also be a member of the American Solar Energy Society. There is a discount for joining both organizations at once. Family members may also join the credit union.

There is no brick and mortar branch to walk into. Clean Energy operates its entire business online (www.cleanenergycu.org).

"One of the benefits Clean Energy has, is that we get to start with a clean slate. No history, no baggage, no storefront overhead," Jones said. "Completely online is going to be the model of the 21st century financial institution. I predict 30 to 40 years from now, most credit unions won't have branches."

> "We would consider it a success if we can get as many other credit unions as possible to get into clean energy lending."
>
> Blake Jones, co-founder
> Namaste Solar

Jones said online banking is an opportunity to "get with the times." People, especially Millennials and Generation Xers with busy families, are wanting more convenience and better mobile banking apps. Also, overhead is "huge" with physical branches, he said.

"Look at retail trends; it's the same thing," he said. "Brick and mortar is very expensive. All of those overhead savings we have will be passed on to members in the way of better loan rates."

As far as connecting with customers, "There are a lot more tools avail-

Please see **Alternatives**, page **17**

Alternatives, from **16**

able now to offer great customer service," Jones said.

As Clean Energy develops and grows successful, the goal is not to have dominant market share in clean energy banking.

"Our goal is not to be the only ones doing this," Jones said. "We would consider it a success if we can get as many other credit unions as possible to get into clean energy lending."

Better loan rates mean savings to customers, who also experience more savings from using solar panels or energy efficient cars, which means they are better able to service the loan, Jones said, noting it's a win-win for all.

The credit union is holding a membership drive kickoff event, a launch party open to the public: Thursday, April 19, 5 p.m. at Upslope Brewing Co., 1898 South Flatiron Court in Boulder.

There will be laptops and Clean Energy representatives around the room for attendees to sign up if they wish.

Building a better world

In other banking news, New Resource Bank has been acquired by Amalgamated Bank. The New York-based bank has nearly a century of experience in serving the needs of working people. Its mission is to be the financial institution for progressive people and organizations, those who are working and living to make the world more just, compassionate and sustainable, according to Susan Graf, Colorado regional manager.

"Through our merger, Amalgamated will gain the expertise of our sustainability lending and leadership, and we will gain the scale of a bank already supporting nationwide consumer and commercial products and lending services," Graf said in a memo to New Resource customers, which she shared with BizWest. "We share a vision to scale our model of impact banking to build a better world. Working together, we will be able to achieve our vision at a faster pace than working alone."

Graf said she knows this news comes as a surprise to many of the bank's long-time clients and friends. She explained that New Resource was not designed with a build, scale and sell model. Over the years, there have been candid merger inquires, but none were in alignment with the bank's vision and mission. However, Graf said, "joining forces with Amalgamated aligned so robustly, and their products and services matched perfectly with what our community has been seeking."

Mark Finser, current chairman of the board and a founding board member of New Resource, will join Amalgamated's board. The rest of the existing New Resource board of directors will become a national strategic advisory committee to execute both banks' shared vision.

"Our future looks bright," Graf said. "We will continue to be the sustainable, forward-thinking bank with strong values that (our customers) have always loved."

Interest Rates, from **15**

and go, well, because of the tax deduction of your mortgage interest, you're actually going to take home more of what you're already making," said Crowley. "For example, a $1,700 mortgage payment was really costing the same as, for example, a $1,500 rent payment."

"Because they have now doubled that standard deduction — very few people in Northern Colorado are going to spend more than $24,000 a year between their mortgage insurance and their property taxes — those first-time home buyers, where (the tax deduction) was originally one of the incentives to renting versus buying … aren't really going to see that as an incentive anymore."

In a nutshell, said Crowley, buyers really aren't going to get a big tax break by owning a home under the new tax law unless they're buying at a higher price point.

While these changes can be worrisome to potential homebuyers, it's important to look holistically at the entire economy to help keep things in perspective, said Crowley.

"Yes, we're at a rate point that's well above where we've been for the last several years, but it's important to keep in mind that these rates are still historically very, very low," said Crowley. "When rates go up, it's not just mortgage rates that are going up, it's also usually that savings rates go up and all kinds of other things go up, too."

"You also have to consider that most people are going to take home a lot more of what they make in their paychecks because of the new tax laws and that they're going to earn more on their savings. Also, the economy and the market (in Northern Colorado) is robust and people's incomes are a lot higher than they were before; so, with all those things combined, it's not such a bad thing. In fact, I wouldn't necessarily look at it as rates are rising. I more look at it as rates are returning to where they really should be. I know it's hard for people to really appreciate that when they're the one taking out the loan, but it's important to keep that in perspective."

20 years later, BestBank saga draws to end

By Paula Aven Gladych
news@bizwest.com

BOULDER — Twenty years after the failure and closure of BestBank in Boulder, Federal Deposit Insurance Corp. has finally ended its receivership, bringing a two-decades-long sage to a close.

The FDIC took over as receiver for the bank in July 1998 after the bank's collapse. Its job was to administer the assets of the business and make sure its debts were paid. In December 2017, the FDIC announced it would terminate its receivership for the institution.

"The liquidation of the receivership assets has been completed. To the extent permitted by available funds and in accordance with law, the receiver will be making a final dividend payment to proven creditors," according to a FDIC announcement.

The bank collapsed in 1998 due to fraud related to the bank's sub-prime credit card business.

The bank's demise came as a complete shock to the banking industry at the time. Richard Fulkerson, who served as Colorado banking commissioner from 1996 to 2008, said that "the industry was doing remarkably well nationally and in the state of Colorado."

COURTESY BETZER CALL LAUSTEN SCHWARTZ LLP FORENSIC ACCOUNTING FIRM

Richard Fulkerson was state banking commissioner when BestBank failed. It was the only bank failure during his tenure, and a strange one at that.

He said that the state had experienced a "remarkable period that continued on up to the Great Recession of 2007/2008 of a very healthy industry in Colorado. Going back to BestBank, for the size of the bank, the loss was huge, relatively speaking."

The bank had $314 million in assets when it was closed on July 23, 1998, and the estimated loss to the FDIC's Bank Insurance Fund as of Dec. 31, 1998, was $171.6 million. That amount ballooned to $200 million.

In 2007, three executives with the bank were found guilty of bank fraud, conspiracy, false reporting and wire fraud. Those convicted included the bank's founder and chief executive officer, Edward Mattar III, who committed suicide before he could be sentenced. Also convicted was the bank's president, Thomas Alan Boyd, and its chief financial officer, Jack Grace Jr. They immediately appealed U.S. District Judge Richard Matsch's decision.

Boyd, Grace and the two men who ran the credit card company Century Financial, Douglas Baetz and Glenn Gallant, were sentenced in 2010 to between six and 11 years in jail and were ordered to pay restitution to the FDIC-R. Baetz and Gallant, who came up with the scheme, were assessed $49.5 million and $49.4 million in restitution, respectively, while Boyd was ordered to pay $11.9 million in restitution. Grace was ordered to pay $16.5 million in restitution.

So how did this all come about? Government regulators accused BestBank of overstating the value of its credit-card business, which was operated and marketed by a Florida-based company, Century Financial. The company offered credit cards to nearly half a million sub-prime cardholders or those who could not get credit any other way because of bad credit, no credit history or who posed a higher risk that they would not be able to pay off any debt they accumulated on their credit card.

Under the agreement between BestBank and Century Financial, Century Financial would solicit new credit-card account holders and, in exchange for the credit card, account holders would secure them by opening up an account with BestBank with a minimum deposit of $250. The agreement between the two companies changed a number of times over the next couple of years as more of the account holders defaulted on their credit-card payments. Under the agreement, Century Financial was to purchase from BestBank any accounts that were more than 120 days delinquent, including accounts that were not considered collectible. Later they were to purchase any account that was 60 days or more delinquent.

"Despite these protections, BestBank had to absorb any additional losses out of BestBank's own bad-debt reserve if delinquent or uncollectible accounts exceeded Century's ability to pay," according to the United States Court of Appeals, Tenth Circuit ruling in United States v. Gallant in 2010. "If these losses, in turn, exceeded BestBank's ability to pay, then state and federal regulators would shut down the bank, and the FDIC would insure BestBank's depositors for up to $100,000 each — which, ultimately, is what happened."

Only a few accounts exceeded that $100,000 level, said Fulkerson.

Century Financial started opening accounts without the mandatory $250 security deposit. In many cases, according to the Appeals Court, Century did not issue cards or account statements to the purported card holders to conceal the existence of the accounts from the card holders themselves.

"Sometimes, Century reduced the credit limit on the accounts to zero or charged the security deposit to the card. Century charged the $129 annual fee, as well as other fees and charges, to these accounts, causing BestBank to transfer funds for these amounts to Century's operating account and to record the amounts as receivables on BestBank's books. With the number of accounts steadily exceeding the number of cardholder payments, BestBank's receivables continued to grow," according to the Court of Appeals.

As more and more accounts stopped paying their debt, Century's executives took measures to cover up the defaults from BestBank, even going so far as to put money into the accounts themselves to make them look like they were viable.

It was a BestBank employee who became concerned in early 1995 about delinquencies in the portfolio. According to the Appeals Court, he noticed that many delinquent accounts had been re-aged or had been subjected to simultaneous debits and credits for the annual fee. He also noticed that many of the accounts had balances greater than 151 per cent of the credit limit.

"Many of these accounts had been charged annual fees, late fees, and interest, but they had never received a security deposit and their credit limit was zero," the document stated.

The employee concluded that someone was concealing delinquent accounts. He raised his concerns with Boyd and Grace in January 1995. Boyd communicated with Baetz and Gallant that they should stop re-aging accounts, but they continued opening new accounts and re-aging delinquent accounts. In 1996, Century and BestBank sold about 20,000 performing accounts to BankFirst of South Dakota. Through this sale, Century earned $1.9 million, $1 million of which was paid to BestBank and $500,000 of which was devoted to setting up a bad-debt reserve to cover non-performing accounts that it had sold.

In May 1996, Century and BestBank started a new credit-card venture. This time the accounts were unsecured. Each card had a limit of $600, but, to receive a card, an applicant had to join the All Around Travel Club, which was owned by Baetz and Gallant, for $498. The AATC offered travel discounts and a voucher for a free cruise. Recipients were also charged a $45 annual fee. The AATC was only purchasing 1,000 travel vouchers a month but Century was opening up 8,000 to 10,000 new accounts a month. Delinquencies in these accounts rose quickly. As of March 31, 1998, 307,000 of 343,000 accounts were delinquent, over their credit limit or were blocked from using their accounts. Century disguised these delinquencies to avoid its obligation to purchase delinquent and uncollectible accounts from BestBank.

Another BestBank employee discovered what was going on and expressed his concerns to Boyd, Mattar and Grace. He became convinced the executives weren't going to do anything about it so he resigned and reported his findings to the Colorado Division of Banking. The bank's executives misled regulators, lying about the credit card program's performance and the controls that had been put in place to ensure accuracy. Century continued opening new accounts and Mattar and Boyd received quarterly bonus payments totaling $6.9 million, while Grace received bonus payments totaling more than $100,000.

It was difficult for regulators, the state of Colorado and the FDIC to figure out what was going on with BestBank because the credit-card processing facility where the fraud was taking place was offsite in Texas "and the credit cards looked like they were current and paid as agreed because as funds came in they would issue credit cards, sell it and make fake payments on the existing credit cards to make sure everything looked current. It looked like the credit card portfolio was performing as agreed," Fulkerson said.

He added that the Division of Banking had a "real confrontational relationship with primary owner and CEO Ed Mattar. He made it extremely difficult for us to have access to his books and records. Everything took a court order or the threat of a court order for examiners or us to do our jobs."

With everything else that was going on, fraud was taking place at the offsite data center and Colorado's examiners didn't have the authority to go into that facility. The FDIC had to battle legal hurdles before they were able to get in and view the records of this third party, he said.

Because of this, the FDIC and the state of Colorado put in place procedures to expedite access to a third party provider like that.

BestBank's return on equity and return on average assets were so good it looked like it was leading the nation.

"That's always suspicious when someone is that profitable," he said.

He said that the bank's failure caused him a lot of heartburn because of the never-ending civil actions and criminal proceedings that took place afterward. The BestBank failure was the only bank to fail during his term.

AN ADVERTISING FEATURE OF BIZWEST

BW ThoughtLeaders
BUSINESS ANSWERS FROM THE EXPERTS

HEALTH CARE

New Mercer Commons Memory Care Offers Life to the Fullest

Gina DiGiallonardo
Columbine Health Systems

New Mercer Commons offers both assisted living and assisted memory care. Our memory care provides residents a supportive and save environment where they can continue to thrive and participate in life.

We offer both formal and informal activities for our residents in our memory care units. Informal activities are everyday interactions which create personal meaning, a sense of community, choices, and fun. Staff is trained to help residents engage in these spontaneous moments, which can include setting the table or putting up holiday decorations.

The memory care unit is home-like and includes a beautiful backyard with a walking path and outdoor dining area. This atmosphere allows residents and staff to be flexible and plan each day according to individual interests. Staff and residents together have many opportunities for meaningful social interactions each day.

The formal activities we provide are specifically designed to engage those living with dementia. Residents are able to choose from a variety of brain, body, and spiritual activities. We also offer therapeutic activities which include pet and music therapy. Some of our resident favorites from the program are table ball, painting on the patio, and music melodies.

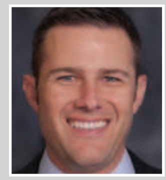
In addition to our regular programs we provide residents on memory care the opportunity to interact with the local community by bringing in outside resources and coordinating excursions. We host elementary students and invite in special guest speakers for our travel series.

We offer a variety of music from talented performers in the area. Outdoor excursions include scenic van drives to view the changing seasons, holiday lights, or our countryside. Families are invited and welcome to join us in activities. Joining together can be a great way to interact and create moments of joy with a loved one. Our memory care offers many opportunities to live life to the fullest.

Gina Digiallonardo
Administrator
New Mercer Commons
900 Centre Avenue
Fort Collins, CO 80525
970-495-1000
www.columbinehealth.com

TECHNOLOGY

How Big of a Concern Should Cyber Security Be In 2018?



Andy Warner
Connecting Point

Whether they realize it or not, all businesses have a door to the digital world. Not every organization conducts business through digital channels, but all operate with technology and processes in the internet era. The looming question for businesses is whether their door to the digital world is secured, left unlocked, or worse yet – swinging open to the outside world.

So how big is the concern?

"The World Economic Forum now rates a large-scale breach of cybersecurity as one of the five most serious risks facing the world today. The scale of the threat is expanding drastically: by 2021, the global cost of cybersecurity breaches will reach US$6 trillion by some estimates, double the total for 2015."

Most small and medium sized businesses today lack the capability to deal with advanced, targeted assaults and they may not even be aware of attack methods that are emerging.

Without help from a third-party expert (or hiring internal expertise), it is likely that small and medium sized businesses will face these categories of attack at one time or another, and possibly simultaneously.

Are you Prepared?

Most businesses whether small or large do not feel as though they are prepared to face the threats present in the landscape today. Here are some statistics from EY's Global Information Security Survey:

- 87% - of respondents say they need up to 50% more cybersecurity budget
- 77% consider a careless staff member as the most likely source of attack
- 48% do not have a Security Operation Center, even though they are becoming increasingly common
- 36% of boards have sufficient cybersecurity knowledge for effective oversight of cyber risks
- 12% feel is very likely they would detect a sophisticated cyber attack
- 63% of organizations keep cybersecurity reporting mostly within the IT function
- 57% do not have or only have an informal intelligence program
- 89% say their cybersecurity function does not meet their organization's needs

When You Need Help

At Connecting Point, network management and IT consulting teams believe that a sound IT network security strategy is the cornerstone of great technology support and IT best practices. We've also come to believe that an IT strategy must align with a layered approach; meaning you must have security around the network, your users, your devices, your data and your processes as an organization.

When evaluating your current security strategy, some services that are important to evaluate are:

- Firewalling & Security Services
- Anti-Virus Software
- Email Filtering Services (Backup of Email, Encryption Services, Archiving Services)
- Data Backup & Recovery Services
- Hard Disk Encryption Software
- Password Management Software
- Multi-Factor Authentication Software
- Mobile Device Management
- Employee Security Training & Compliance

If you'd like to discuss how Connecting Point can protect your organization against Cyber Security threats, contact us.

Andy Warner
Business Consultant
2401 17th Street
Greeley, CO 80634
(970) 356-7224 Main line
(970) 395-9823 Direct line
awarner@cpcolorado.com | www.cpcolorado.com

PAYROLL & WORKFORCE SERVICES

Keep Your UI Rate Low

Carol McElwain
Payroll Vault

Did you know that the Colorado Department of Labor and Employment (CDLE) requires all employers with at least one employee to carry Unemployment Insurance (UI)? UI is a state pool funded by employers to pay employees who find themselves in need of financial assistance while between jobs.

Every new business is assigned a beginning rate. If a business has a low claim history, their reserve pool builds up; however, as claims are awarded their reserves are drawn down. CDLE reviews each business annually and assigns a new rate based their reserves. As an employer's reserves increase, their premium rate decreases. If their reserves are depleted, the premium rate increases until reserves are replenished.

To keep turnover low, thoroughly vet candidates to be sure they are a good fit before they are hired. Train new hires how to do their job well and share the company culture so they understand how they are expected to behave on the job. Provide an employee handbook stating company policies. If employees understand expectations, they will be better equipped to do a good job. If discipline is needed, document the incident, what was discussed, and any action taken. If the behavior persists and the employee is terminated, CDLE will provide an opportunity for the employer to explain their reasons for dismissal, and good, documented information helps. If the employee's improper behavior was responsible for the termination, the claim may be denied, leaving the business' reserves intact and rates low.

Don't go it alone! At Payroll Vault we strive to keep our employers compliant in an environment where labor laws are constantly changing. We eliminate fines and penalties by making tax deposits and quarterly filings timely, and serve as trusted payroll experts. We would love the chance to work with you!

Carol McElwain
970.682.6603
carol.mcelwain@payrollvault.com
375 E Horsetooth Rd #2-101
Fort Collins, CO 80525

BW LIST Women-Owned Businesses - Boulder Valley

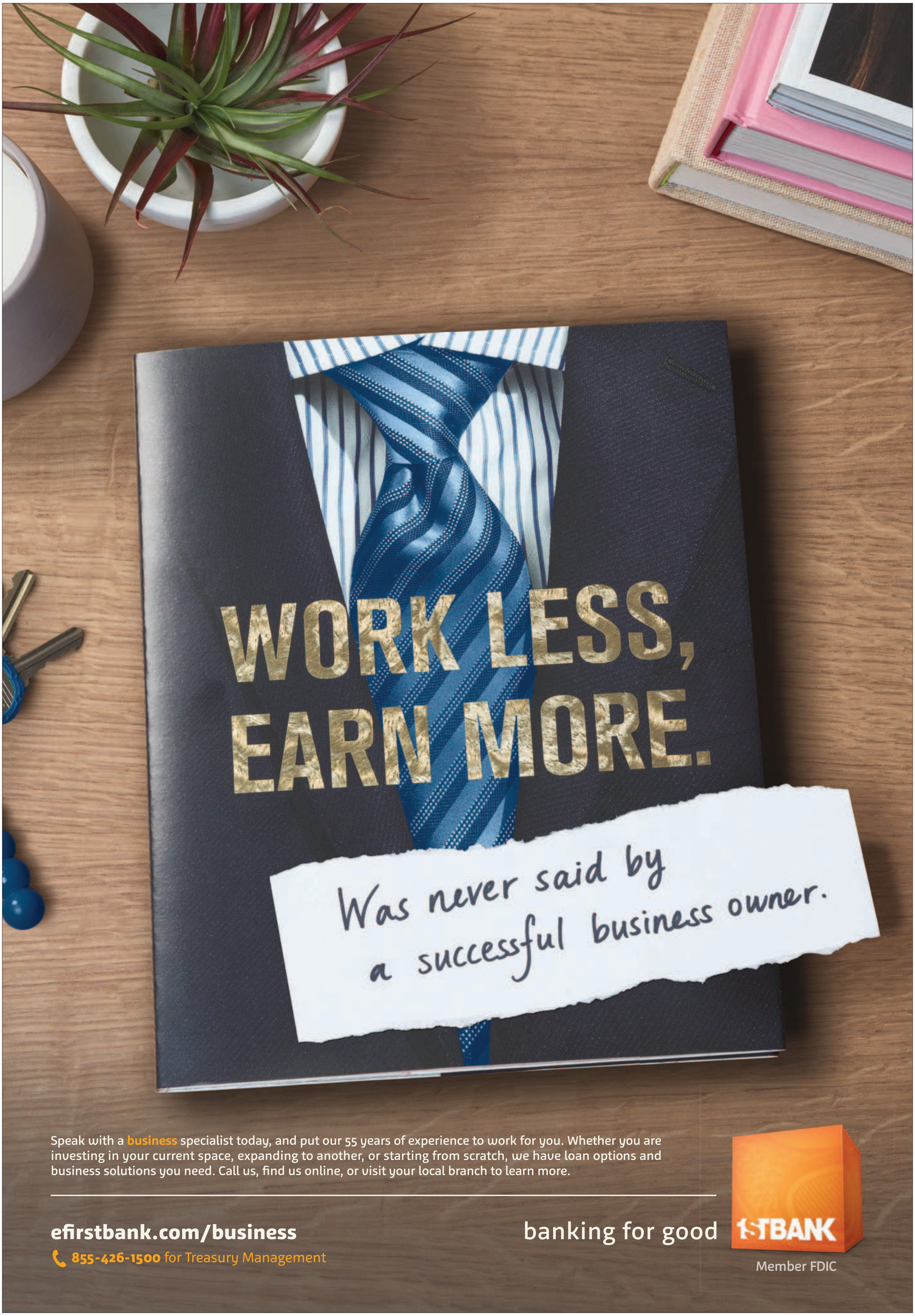
Ranked by revenue

Rank	Company	Revenue 2017 Revenue 2016	Percent woman-owned No. of local employees	Products/Services	Phone Website	Owner, Title Year founded
1	**The Cain Travel Group Inc.** 2990 Center Green Court Boulder, CO 80301	$125,730,000 $123,500,000	51% 49	Full-service travel agency featuring complete corporate travel management, meeting and incentive planning, vacations, discount vendor negotiations.	303-443-2246 www.caintravel.com	Linda Cain, CEO 1985
2	**Avocet Communications Co.** 425 Main St. Longmont, CO 80501	$7,839,000 $7,370,000	100% 12	Provides integrated marketing solutions, including branding, marketing, PR, advertising, digital, social, content and special-event programs.	303-678-7102 www.avocetcommunications.com	Lori Sutorius Jones, president & CEO 1980
3	**Housing Helpers of Colorado LLC** 2865 Baseline Road Boulder, CO 80303	$6,259,262 $5,514,819	75% 16	Housing Helpers is a relocation services company providing integrated real estate solutions which include: corporate housing, real estate brokerage, property management, rental locating & area tours	303-545-6000 www.housinghelperscolorado.com	Stephanie Iannone, owner, managing broker 1987
4	**Rhinotrax Construction Inc.** 1035 Coffman St. Longmont, CO 80501	$5,500,000 $4,600,000	100% 12	Office, industrial, retail, industrial renovation, tenant finish, ground up and renovations.	303-682-9906 www.rhinotraxconstruction.com	Michele Noel-King, owner 2004
5	**WishGarden Herbs Inc.** 321 S. Taylor Ave., 100 Louisville, CO 80027	$4,900,000 $4,200,000	71% 32	Manufactures medicinal herbal supplements.	303-516-1803 www.wishgardenherbs.com	Catherine Hunziker, president; Sam Hunziker, CEO 1979
6	**Insight Designs Web Solutions LLC** 2006 Broadway, Suite 300 Boulder, CO 80302	$2,823,242 $2,794,888	50% 18	Web development and design, app development and design, and business strategy.	303-449-8567 www.insightdesigns.com	Beth Krodel, partner 1999
7	**Coal Creek Physical Therapy** 315 South Boulder Road, #100 Louisville, CO 80027	$2,696,323 $2,405,909	100% 18	Sports, orthopedic, spine, auto, work injury, knee, ankle, shoulder, neck, low back, hip, orthotics, headaches, TMJ, vertigo and dizziness, stress/anxiety, women's health, chronic pain, pediatrics.	303-666-4151 www.coalcreekpt.com	Julie Byrt, owner 2001
8	**Pulitzer Promotions Inc.** 2746 Bristlecone Way Lafayette, CO 80026	$1,831,000 $1,731,000	100% 3	Imprinted promotional products for corporate events, employee recognition, marketing programs, celebrations and more.	303-664-0445 www.pulitzerpromotions.com	Joy Pulitzer, CEO 1996
9	**GreenPlay LLC** 1021 E. South Boulder Road, Suite N Louisville, CO 80027	$1,575,993 $1,592,384	100% 4	Consulting in parks & recreation.	303-439-8369 www.greenplayllc.com	Teresa Penbrooke, CEO/founding managing member 2000
10	**Tomato Travel Inc.** 3000 Center Green Drive, Suite 220 Boulder, CO 80301-2364	$1,500,000 $1,825,000	100% 2	Affiliated with the Travel Society LLC, a full-service travel agency specializing in luxury, leisure and small-business corporate travel arrangements.	303-444-4236 www.travelsociety.travel	Jan Carter, owner/president 1995
11	**1-800-GOT-JUNK?** 4009 S. Valley Drive Longmont, CO 80504	$1,275,786 $1,159,931	76% 18	Locally & female-owned and operated, full-service junk-hauling specializing in reusing/recycling/repurposing.	303-827-5573 www.1800gotjunk.com	Lilly Wallace, Franchise owner. 2005
12	**Clausen & Associates CPAs PC** 916 S. Main St., Suite 202 Longmont, CO 80501	$1,035,000 $960,000	100% 10	Tax planning and preparation, financial statement audits, review and compilations and business consulting.	303-678-5392 www.clausenpc.com	Barbara R Clausen, CPA 2002
13	**Wilcoxson Manufacturing Inc.** 14420 Mead Court Longmont, CO 80504	$1,000,000 $1,000,000	100% 8	Custom, precision, sheet-metal products.	970-535-0505 www.wilcoxsonmfg.com	Clint Wilcoxson, general manager/shop foreman; Sandy Irby, business manager 1982
14	**Karen's Co. Inc.** 210 S. Public Road., Suite B Lafayette, CO 80026	$946,144 $886,065	100% 17	Residential (and small commercial) interior painting, glazing, decorative interior painting, faux painting, wood staining, cabinet refinishing, concrete floor coatings.	303-664-0607 www.karenscompany.com	Karen Van Dehy, owner/president 1997
15	**Minuteman Press Boulder** 1644 Conestoga St., Suite 4 Boulder, CO 80301	$800,000 $750,000	51% 3	Black-and-white and full-color copies. Full-service marketing, promotional items, commercial design, printing, bindery and mailing center utilizing all forms of media.	303-449-2997 www.mpboulder.com	George Sawicki, co-owner; Susan Sawicki 1990
16	**Green Girl Recycling Services LLC** 21 S. Sunset St. Longmont, CO 80501	$725,000 $635,000	51% 7	Front-door style, complete recycling services to residential and commercial customers in Boulder, Larimer & Weld counties. Data destruction, Electronics, Single-Stream, Compost & hard-to-recycle items	303-442-7535 www.greengirlrecycling.com	Bridget Johnson, owner 1999
17	**Turning the Corner LLC** 1830 17th St., Suite 100 Boulder, CO 80302	$659,000 $675,000	100% 10	Turning the Corner provides exceptional business and job seeker services to help companies grow, people connect to work they love, and end suffering in the workplace. As one of the few firms in the nation that supports both businesses and job seekers, we help companies become more successful by building an engaged workforce, and individuals find jobs for which they are passionate. Our leadership training, recruiting, and HR support services help build organizations for success. Our resume, career coaching, and interviewing services help accelerate the job search and find work you love. We have worked with hundreds of companies and 2000+ job seekers in Colorado to transform the way people think about work.	720-446-8876 www.turningthecornerllc.com	Kendra Prospero, CEO & founder 2011
18	**Brown Civil Engineering** 1300 Plaza Court N., Suite 101 Lafayette, CO 80026	$651,550 $776,150	100% 7	Complete civil engineering, sustainable design based, for commercial, residential, municipal and institutional developments and redevelopments.	303-551-8910 www.browncivilengineering.com	Margaret J. Brown, president 2007
19	**CareFree Travel Associates Inc.** 3000 Center Green Drive, Suite 220 Boulder, CO 80301	$600,000 $400,000	100% 2	Foreign independent travel, corporate travel, destination weddings, honeymoons, family vacations, escorted tours, Disney vacations.	303-499-9400 www.bouldercarefreetravel.com	Jan Nance, owner/manager 1988
20	**Mary Williams Fine Arts** 5311 Western Ave., Unit 112 Boulder, CO 80301	$475,000 $550,000	51% 2	Specializes in historic, antique prints and maps, original paintings and sculptures by some of the finest artists in the country, and fine custom framing. Please email us to be included in our private openings guest list.	303-938-1588 www.marywilliamsfinearts.com	Mary Q. Williams, owner 1996
21	**Soul Tree Yoga** 1280 Centaur Village Drive Lafayette, CO 80026	$320,000 $277,000	100% 20	Provides a variety of Yoga class styles, events and workshops.	303-665-5244 www.soultreecolorado.com	2010
22	**GlassMat** 411 Bonanza Drive Erie, CO 80516	$250,000 $250,000	N/A 3	Office chair mats that will never indent, crack or ever wear out. Lifetime guarantee under normal office use.	303-516-4014 www.glassmat.net	Marsha van Dongeren, owner 2000
23	**Lawrence & Gomez Architects** 1127 Cranbrook Court Boulder, CO 80305	$225,000 $200,000	100% 1	Sustainable designs in classic styles with clean, contemporary lines.	303-499-9505 www.lawrenceandgomez.com	Juana Gomez 1999
24	**Boulder Nutrition & Exercise Services** 2900 Valmont Road, Suite G Boulder, CO 80301	$120,000 $120,000	100% 3	Registered dietitians/certified personal trainers provide nutrition education and exercise programs in one-on-one sessions for all abilities.	303-440-1015 www.bouldernutritionexercise.com	Katie Doran Filkins, owner 2006
25	**The Mountain-Ear** 20 E. Lakeview Drive, Unit 109 Nederland, CO 80466	$117,461 $121,755	75% 5	Weekly newspaper.	303-810-5409 www.themtnear.com	Barbara Elisabeth Hardt, publisher 1977

Regions surveyed include Boulder and Broomfield counties.

Researched by BizWest

For Women-Owned Businesses - Northern Colorado list, see Women of Distinction supplement.


WORK LESS, EARN MORE.
Was never said by a successful business owner.
Speak with a business specialist today, and put our 55 years of experience to work for you. Whether you are investing in your current space, expanding to another, or starting from scratch, we have loan options and business solutions you need. Call us, find us online, or visit your local branch to learn more.
efirstbank.com/business
855-426-1500 for Treasury Management
banking for good
1STBANK
Member FDIC

Staff time critical to successful business

I just came from a brutal meeting with a close friend and colleague who is losing her business. It was a $20 million business that's been around for 15 years in a stable industry. Our circle of leaders is surprised that this happened — her business has all the marks of a perfect company. Like the marathon runner who dies from a heart attack, this business died from a silent killer.

KENDRA PROSPERO
ABOUT WORK

I've been an entrepreneur for seven years where before, as you know from my prior articles, I worked for corporate America. Running my business, I find that there are three things always dominating my mind:

1) Cash — where to find it or how to spend it.

2) Products — are they good enough, or do I need to make them better.

3) My people — my team, are they happy, what do they need, how can I help them. You read that right — I spend a third of my energy on my people! I'm told I am a different CEO because of this perspective. Most leaders don't think about their people that much. When they do, it's in frustration. When they don't, it's a silent killer.

Every company that I've seen fail in the last seven years has been because of a lack of focus on the people. Bad hires, poor performers, mismatched teammates, founder drama, mistrust between people, hands-off managers, micromanagers, leaders avoiding the difficult and necessary discussions, etc. Companies should fail because they run out of money or the market isn't ready for their product or because their technology isn't disruptive enough. Companies should not fail because of bad people decisions.

Here's how this happens: You have an urgent need to fill a role and you hire fast without focus on a perfect fit. Soon, you hire John who is working hard, but he is making mistakes. However, you like him, and he takes some of the work off your plate, so you ignore the mistakes. Soon, the mistakes are adding up. You try to confront John, but he gets defensive and he convinces you you're the bad guy. Soon, you're two years into this relationship and you're frustrated beyond belief. One day you realize that you've lost a significant customer because of him, he has overrun the budget, and other key team members feel John's toxicity and leave you because of him. You fire him, but it's too late.

How expensive was that two years for you? How much would you have saved if you'd done things differently? What should you have done differently?

First, you start by hiring slow and firing fast. Hiring should be treated like a business process. With any good process, when followed, you have a more guaranteed outcome. Yes, it will take more time, but this spent time is an investment in your business' health.

Second, onboarding and training your new employee is essential for long-term success. It is also a way for you to be present around if your new employee is truly a fit. When you ignore — or are hands-off — with a new employee you fail everyone in the business.

> "Companies should not fail because of bad people decisions."

Third, you must have the difficult conversations. When you decide to be a leader, you have decided to be brave, strong, and do the hard things. Do not skirt this important duty. It's an art to have a difficult, dignified conversation that results in your desired outcome, but once you learn this art, you'll be surprised by how positive the impact can be.

Lastly, stay present with all your direct reports. You cannot have these conversations and know that you're preventing this silent killer unless you have regular check-ins.

I know my friend could have saved her business if she had spent more time managing her staff and being present with them.

I only wish I'd been more present with her sooner. Maybe we could have prevented this terrible loss.

Kendra Prospero is CEO and founder of Turning the Corner, a Boulder-based organization that does recruiting the way it should be done for the job seeker and the company. For more information, visit www.turningthecornerllc.com.

BW BREWING

Horse and Dragon a FoCo family affair

By Dallas Heltzell
news@bizwest.com

FORT COLLINS — Tim and Carol Cochran could easily have located their Horse and Dragon taproom in Bend, Ore. But after a bit of marital haggling, the couple chose Fort Collins.

Four years later, they remain quite happy about that decision.

"She went to Boulder High, and I grew up in Eugene," Tim Cochran said. "Her grandparents worked at CSU, and their family has a little cabin up Poudre Canyon. We've been married 29 years and have been coming here ever since we've been married. We got to see the craft beer movement in Oregon and Colorado happening over the '90s and 2000s, so we were always able to visit places that had good beer.

If you go

Horse and Dragon Brewing Co.
124 Racquette Drive, Fort Collins
970-631-8038
horseanddragonbrewing.com

"Colorado and Oregon were both on the list, with family ties and history. My parents were lobbying hard for Oregon and she was happy to go to Bend. But it always came back to Fort Collins. It's a great town and a great beer town. But honestly, I had to convince her to move here because we'd never lived anyplace with our families. I had to convince her by giving her some numbers. The opportunity for new growth is better here — but yeah, it's still tough. The market is relatively mature from a consumer standpoint. You still have to win."

Getting to live on Colorado's Front Range finally tipped the scales, as well as Fort Collins' vibe. "The environmental stewardship, the outdoor activities. Everybody's involved," he said. "I wouldn't describe anybody here as passive. They go out and do what they want to do."

Hindsight proved their choice was sound. "Her father passed away last year," Cochran said, "so actually we were glad to be here."

For a location, he said, "we found an old airplane hangar that backed up on the old Fort Collins airpark. It was being used as a wrestling gym. The downside was the smell — but brewing covers that up pretty well."

They built a brewery, warehouse and taproom that takes up a total of 7,200 square feet. But they'd obviously have to learn about making beer.

Tim and Carol had met as students

COURTESY HORSE AND DRAGON

Patrons sample the brews at Horse and Dragon's taphouse in Fort Collins.

at Stanford, and were new to the idea of a brewpub making its own beer when a friend took them to the Tied House in Mountain View, Calif. Tim Cochran learned about the beer industry from working 16 years in international distribution for SABMiller, through branch offices in places such as Taiwan and Colombia.

"I homebrewed for a long time, especially when we were overseas," he said. "But it's quite a difference turning out 15 barrels as opposed to five gallons on my stove.

"We hired a brewer from Odell to have the final stamp on the equipment we bought. Then in September we hired a head brewer, Josh Evans. He had a fermentation science degree from Oregon State and had worked at Terminal Gravity Brewing in Enterprise, Ore."

What kind of beer would they make? "Drinkability is our main goal," Cochran said. "We want beer that's drunk in pints, not out of a small snifter — and the best pint is one you want to have another one of.

"We will never sell beer that goes off or doesn't work. We dumped three batches. We're not going to sell the beer just to sell it. It's definitely not a Belgian style or a Saison. We give our brewer the freedom to try new things. I think that's what the role of a small brewer should be. We've come up with 105 different brands since we've opened."

The brewery needed a name, too.

"Horse and Dragon was on a list I made while flying around the world selling other people's beer. We'd lived in Asia, and in the Chinese zodiac, I was born in the Year of the Horse and Carol was born in the Year of the Dragon. It represents our lives together: The Asian dragon symbolizes good luck and strength, and the horse symbolizes history and hard work in the West."

Horse and Dragon opened on May 1, 2014.

The best part, Cochran said, was the "dynamic, fantastic" support he got from existing breweries.

"Odell, New Belgium, CooperSmith's. From the beginning, they just opened up their doors and said, "If you need anything, or if you need advice, come and chat. We got our hops a day before our cooler was turned on, and Odell said, 'Absolutely. Bring it over and put it in ours.' There are jillions of examples of brewers sharing yeast or grains, doing collaborations. Everybody is involved in that, not just the big guys. It's brewers like Equinox and Black Bottle."

The taproom's short hours, noon to 6 p.m. daily, are deliberate, Cochran said. "We close at 6 so we're not competing with the bars and restaurants that are our customers. But we're the only place where all of our 12 current beers will be on tap. There's not a bar that will take 12 of ours to handle.

"We're open every day except New Year's, Thanksgiving, Christmas and Tour de Fat Day; we think that should be a national holiday."

After hours, community groups can use the tap room. "We've had weddings, Bible study, comic book groups, even political meetings where candidates come," he said. "If everybody has a beer in their hands, they seem to be a little more relaxed about things."

The Cochrans employ eight full-time workers and around 10 part-timers. Carol Cochran runs human resources, but her husband said her main passion is community involvement, being proactive, giving back.

"Every employee chooses a cause; hers is childhood literacy," he said. "Mine is clean water, watershed health, advocating best practices on saving our water and using it most efficiently."

The brewery had only distributed beer to its customers in kegs, but started bottling its beers in February," Cochran said, "so we'll have new challenges with liquor stores."

But mostly, he said, Horse and Dragon's future will stay centered around its four governing principles: "Making great beer, operating in an ethical way, treating people like we'd like to be treated, and minimizing our impact on the environment.

"We want to be proactive members of our community," he said. "It sounds self-serving, but we're not marketing, just doing — putting in time to make Northern Colorado a more livable place."

COURTESY HORSE AND DRAGON

Horse and Dragon offers a variety of micro brews, some seasonal and others always available. It has produced 105 different varieties so far.

AIM chronicles outdoor industry

By Emily Clingman
news@bizwest.com

COURTESY ACTIVE INTEREST MEDIA

Sample cover images from Active Interest Media display their wide variety of activities and interests.

BOULDER — One of the largest publishing companies worldwide is quietly headquartered in Boulder. Active Interest Media (AIM) has more than 50 distinctive brands and 500 employees to produce magazines such as Backpacker, Ski and Yoga Journal.

If you haven't heard of AIM, that's sort of intentional on the company's end, said Chief Innovation Officer Jonathan Dorn.


DORN

"We've always believed it's important our individual brands are known," Dorn said. "The company itself is not necessarily what people are picking up and reading off the newsstand. We like to shine the light on the publications, rather than the corporate entity."

AIM, through a series of acquisitions over its 15-year history, produces leading consumer and trade events, websites, magazines, films and TV shows, reaching 36 million readers, fans, and attendees in 85 countries. The company's six divisions — the Equine Network, Home Group, Healthy Living Group, Marine Group, Outdoor Group, and Creative Home Group — also operate thriving business-to-business platforms, online universities and retail events.


ZIMBALIST

AIM was founded in 2003 by Efrem (Skip) Zimbalist and Andrew W. Clurman, who is currently the president and CEO of the company.


CLURMAN

"Both of them came out of a media background," Dorn said. "There was an opportunity to form a media company focused on enthusiasts' activities and the communities that surround them. The philosophy is to create contents that enables and inspires people who engage in those activities to do it safely, and to develop a life-long hobby or pursuit, and through our brands, to be leaders and contributors in their communities."

Depending on which numbers one is looking at, AIM is either the largest or second largest enthusiast media company in North America. By number of titles and different brands, AIM comes out on top. In regard to total revenue or audience size, usually Meredith Corporation — which publishes several popular magazines including Family Circle, Sports Illustrated and Time — comes out on top.

In spite of AIM's overwhelming industry success worldwide, the company still stays true to its local roots and meaningfully engages with the community.

"We have a lot of readers and followers in this area, and meet them in sort of indirect ways," Dorn said. "We have lots of contributors — writers, photographers, videographers, gear testers. We're involved in a handful of local events like the Boulder Creek Festival and various races, various equine charity events, Bolder Boulder, Open Space trail work, and consistent engagement on a charity level."

AIM is a contributor to Attention Homes, an organization that serves homeless and at-risk youth in Boulder County. Backpacker Magazine has been a long-time sponsor of Big City Mountaineers in Golden, which provides under-resourced youth the opportunity to have transformative experiences in the outdoors.

"We are definitely involved in the region in small and medium ways," Dorn said. "We tend not to go for big, flashy stuff — more on-the-ground efforts, where we can make a difference one day or one patch of trail at a time."

From an intangible perspective, Dorn says AIM's goal is to redefine what a modern media company looks like — meeting the community where it is, not just in print or digital, but also through events, video, and other ways to provide education and inspiration.

"That is sort of our guiding star," he said.

Last year, 2017, was the most profitable year in AIM's history. Dorn says the company is anticipating solid growth in 2018 as well. He's seeing a lot of continued success with AIM's recently added online education program and certain community events. AIM also gains significant revenue from the Warren Miller Film Tour, which is owns.

"Not that we don't have challenges," Dorn said. "There are certainly places that are more challenging than they've ever been, but the way we innovate and diversify as a company has led to a lot of success for us."

From a strategic perspective, AIM wants to be as diversified as possible to help weather the ups and downs of the economy. It's more and more challenging every day to operate a business that relies solely on advertising or subscription and newsstand revenue, Dorn noted.

"We also want to be of service to people in all the places where they might need information about boats, yoga, whatever. So, diversification is a sort of community facing aspect as well as self-preservation," Dorn said.

From an industry perspective, Dorn believes in the longevity of the specialized magazine.

"There's still lots of opportunity where people want to consume magazine style content," he said. "Just last year, there were more than 800 magazines launched (according to numbers at Mr. Magazine online). People are not giving up on that. You hear a lot about high-profile magazines going out of business, but most of those are giant media outfits that have been replaced by news online; they can't sustain the advertising base. But magazines in an enthusiast or mission-driven space can be really successful."

Outdoor trends

Dorn also serves as general manager of AIM's Outdoor Group, which reaches 8 million passionate enthusiasts a month and includes brands (in addition to those previously mentioned) such as Climbing, SNEWS and National Park Trips.

He notes some factors showing outdoor enthusiasm on the rise. Dorn said outdoor participation around the country, "no matter what survey you look at," continues to increase, including National Park visitations.

"It ebbs and flows when looking from category to category, but generally, all ships are rising," he said.

The exception to the rule is rock climbing, which, according to Dorn, is growing at a faster rate than previously, and faster than relative sports. Dorn said this boom is just in time, as climbing will debut as an Olympic sport in 2020.

Another trend Dorn sees is a lot more attention to sustainability than 10 years ago.

"It's showing up in a lot of places," he said. "Like gear companies building sustainable and environmentally friendly products to lower their carbon footprint."

The biggest news for the outdoor industry was the relocation to Denver of the Outdoor Retailer sports expo and conference — after being held in Salt Lake City for 20 years.

"That doesn't touch consumers so much but in terms of outdoor industry trends, it was a joyful event," he said. "It's recognition that Colorado is a perfect host for that."

BW OFFICE PETS

Wells Fargo Advisors in Fort Collins gets the award, so far, for the most unusual office pet. Justin Davis and the office at 4532 McMurry Ave., in Fort Collins, have been home to Morgana, a owl that for several years has made her nest on the deck of Davis' second-floor office. She regularly visits the parking lot of Guaranty Bank across the street, where BizWest has its office. Morgana hatched a brood of owls this year on the deck. Among the brood, born two years ago, is Owliver, shown below spreading his wings.

BW NATURAL & ORGANIC

Leaders start fresh starts at startups

By Jensen Werley
jwerley@bizwest.com

COURTESY OF GOOD KARMA

Good Karma benefited when an executive from a larger company joined the smaller start up.

A side effect of Boulder being a hub for natural food is that as companies grow and become acquired by bigger players, the talent that has grown with those companies are left looking to spread their wings and gain new experience.

That's led to the trend of many experienced long-time careerists in the natural space taking the helm of new startups.

Sarah Bird, for example, was chief marketing officer of Annie's Homegrown Food, but when the company was acquired by General Mills, a CMO was no longer needed.

After working in marketing for two other startups, Bird, who worked for Annie's for 15 years, had a chance at her dream job: to serve as chief executive officer of a natural products startup.

"The ultimate career goal to me was to be CEO of a little company in this industry," Bird told BizWest. "One day I was in Boulder for something else, was putting money in the meter on Pearl Street and bumped into a friend who runs operations at Bhakti. He said I should meet Brook (Eddy, founder of Bhakti Chai) but she was interviewing candidates to be CEO. I said I'd like to have that job. I don't know what possessed me."

Bird said she ended up talking to Eddy that day and got the CEO job.

"I knew I wanted to focus on building a brand that has a commitment to good," she said. "The DNA of the Bhakti business aligned with what's important to me."

MCINTYRE

T.J. McIntyre, CEO of Bobo's, was looking for a change when he took the helm, after working in the industry for 20 years at companies like WhiteWave and Boulder Brands.

"I wanted to go back upstream in the natural food industry," McIntyre said. "I wanted to work on a business where I would be far more oriented with the production and marketing of the food itself. When I was working at Boulder Brands' the natural portfolio I managed included manufacturing 40 different copackers. When you're managing a business like that, you're not at all close to how the product was produced."

McIntyre said he wanted something different, which is why he accepted the job at Bobo's, where everyone works in the bakery and is closely involved with the making of the product.

As these experienced leaders in the industry become available, either through acquisition or because they're ready for change, they bring the benefit of their years in the industry to a company still getting its legs under it.

"Big companies have well-oiled-machine systems that work really well," said Doug Radi, CEO of Good Karma, who previously worked at brands like Frito-Lay, Horizon when it was integrated into WhiteWave and Rudi's. "Folks who are adept and understand those tools can bring them to a startup company and bring a level of sophistication in those functional areas to significantly improve a small company's outcome."

Radi likened it to someone experienced at a big manufacturer coming into a new company that wants to do manufacturing but doesn't know the most efficient ways to do it yet.

"When an expert can come in and tighten the system up, improve the ability to operate and the financial implications of that, a big-company-experienced person can be a huge asset to a small company."

But just because someone has experience at a large company doesn't immediately mean they're ready to lead a startup. There are real differences between the two, said Blake Waltrip, CEO of the a2 Milk Co. Waltrip previously worked at Nestle USA and Hain Celestial Group, among other startups in and outside the industry.

"One of the biggest differences is resources," Waltrip said. "You have to learn to make a decision based on experience and gut with as much research and analysis as you can understand. You don't nearly have the level of support you're used to with a larger company, where there's a number of different people and entire departments focused on different aspects. At a startup, you're a jack-of-all-trades."

While there may be fewer resources, there can be a lot of heart that comes with working at a startup.

"What's really fun about them is you can build a team of people really motivated and committed to what they do," Waltrip said. "At a large corporation, a lot of people are putting their time in. At a small organization, everyone feels a sense of ownership for the business."

Advice

These natural-food startup executives shared some advice for anyone thinking of making the leap from a large company to taking the helm of a small one.

BIRD

Sarah Bird, CEO of Bhakti Chai: "Get your seatbelt on, because you're jumping into the fire. You need to be able to be focused and nimble because you never know what's around the next bend. Some people thrive on that and love the excitement. If you thrive in that environment, that's great. If you like something more measured and stable, you might think twice."

RADI

Doug Radi, CEO of Good Karma: "First, know thyself. A lot of people I talk to are interested in the romantic view of being an entrepreneur, but the reality is the romantic view lasts a millisecond and then chaos ensues. Know what makes you tick. If you need systems and support, this is not the right place for you. Second, network with entrepreneurs and learn what it's like to work in that environment."

WALTRIP

Blake Waltrip, CEO of the a2 Milk Co. in the United States: "I would say really study the company you're going to on a couple of levels. Do your own analysis the best you can depending on where you are in your career and area of expertise. Really spend time meeting people at the company. As much as you want to take the job, do your own assessment to make sure it's a good fit for you."

Changes in politics, policy have clean-tech CEOs on their toes

Jensen Werley
jwerley@bizwest.com

BOULDER — The Trump administration has meant significant changes for the clean-tech industry, whether that be tax reform, financing for projects or the overall importance of green business in the government's eyes.

Several clean-tech CEOs spoke about the issues at BizWest's CEO Roundtable on March 13, discussing the uncertainty the industry is going through right now.

One of the major recent changes the administration has made has been taxes and tariffs.

"We had to reprice our projects pre- and post-tax reform because it affects our tax equity partners' investment in a project. And we're seeing some partners pull out of deals, because they have to assess what the new tax code means for them," said Michael Rucker, CEO of Scout Clean Energy LLC.

Brent Hendricks, a tax partner at EKS&H, said that several tax changes could affect clean-tech companies, such as the drop in the corporate tax rate and diminishing value of production credits. With the corporate tax rate lower, Hendricks said, there is less return on projects designed to give a tax credit, such as ones focused on renewable energy or the environment. There is now less incentive for companies to invest in these projects.

For major companies such as Siemens Power Generation, the hope is that it can take advantage the current time period when subsidies for clean energy are available. "We hope by (the time there no longer are subsidies) the market will be mature enough that we won't need a subsidy," said Jacques Nader, director of Siemens' Wind Turbine R&D Office in Boulder.

Tariffs are also changing how clean-tech operates. There are tariffs on solar panels, the majority of which are imported into the United States.

"The vast majority of solar panels are made out of the U.S.," said Blake Jones, co-founder of Namaste Solar. "The damage started about nine months ago with uncertainty. People have put so many projects on hold because no one knew what the tariffs would be. We know how to move forward now at least. But solar projects will be more expensive. That will hurt. Fortunately, as the cost curve with solar comes down, we can eventually overcome that."

The metal tariffs on steel and aluminum could affect the industry as well. Nader said that wind towers are predominantly made of steel, although that steel could come from countries exempt from the tariff.

"The impact may be minimal," he said, "but it is in the wrong direction."

Overall, the national and local political climate are affecting clean-tech: As the national government turns its attention to matters other than clean energy and the environment, many state and local governments are reaffirming their commitment.

Oliver Davis, CEO of Simuwatt Inc., said his company, which does energy auditing for commercial buildings, is focusing on cities such as New York, which is leading in efficiency mandates.

"Local business, municipalities and government are still supporting efficiency programs," he said. "Our office in Brooklyn is opening next week, the reason being is New York has momentum from the governor's office to the city level."

David Rechberger, CEO of BoostBoxH2, said that as the Environmental Protection Agency is weakened, states are more free to step in. "It's giving more leeway to states that want to take a leadership role," he said.

Rechberger added, however, that many of those states have resorted to older EPA policies that weren't helpful to growing the industry.

Robert Fenwick-Smith, founder and managing director of clean-tech investment group Aravaipa Venture Fund, said one of his portfolio companies, an electric-vehicle company, is benefitting from lack of regulation on electric vehicles. Electric vehicles don't produce emissions, which is one of the main targets of regulations.

Still, a lack of regulation hasn't necessarily made it easy for clean-tech companies to grow. Rechberger said it's still very difficult to grow as a startup unless you've managed to go through burdensome certification and qualification processes.

Another issue stemming from politics is uncertainty regarding health.

"The EPA has been disingenuous at best in terms of regulation affecting water," said Gautam Khanna, CEO of Tusaar Corp., which filters metals out of water. "In Flint, Mich., people are talking about what is the extent of damage to children by having lead and pollutants in the water. What is the decision from the EPA going to be? We have to look at our customers and say, 'Wait and see.' That uncertainty is not good for anybody, and consumers want a solution."

Carl Lawrence, CEO of Energy-Sense LLC, agreed.

"The lack of reliable information coming from the federal government these days is a real concern," he said.

COURTESY NORTHERN WATER

Farmers will need to pull water from storage to support crops this year because the snow pack won't be sufficient. Fortunately, reservoirs have above-average supplies.

Ag industry faces headwinds — again

By Elizabeth Gold
news@bizwest.com

Low commodity prices, scarce water supplies and a lack of workers are continuing to plague Colorado farmers as the industry moves into the spring 2018 planting season. The only thing that seems to be up is the number of regulations that add an extra burden to the task of getting food and drink to market and coming home with any kind of profit.

Overall, the forecasted 2018 agribusiness industry in Colorado looks similar to 2017. Wheat and corn, Colorado's main field crops, are still competing in a global market that maintains a glut of grain, according to the 2018 Colorado Business Economic Outlook from the Colorado Leeds School of Business at CU Boulder. Beef, on the other hand, is showing some gain.

When cattle prices showed an upswing a couple of years ago, some ranchers decided to rebuild their herds with the expectation of a higher return on the investment in the future. Factors that helped the process included greener grass and cheaper feed corn. Since it takes about two years for cattle to make it to market, those profits are showing up in 2018, said Tom Lipetzky, Colorado Department of Agriculture director of marketing and strategic initiatives.

The projected 2018 net farm income for Colorado cattle, corn and wheat producers is expected to climb to $1.37 billion over the estimated $1.16 billion in 2017 — still a far cry from the record high of $1.8 billion for 2011.

Forecasts don't get confirmed for any given year until the following September.

The supply and demand imbalance is still keeping Colorado grain farmers up at night. The global overabundance of grain continues to make the cost of doing business generally higher than the revenue earned from doing business.

"Wheat is grown all over the world, and about one quarter of what's needed for this year is already in," Lipetzky said.

Likewise, corn production and supply has well-exceeded global demand.

As a result, Colorado wheat prices for 2018 are predicted to weigh in at half the amount they brought in for the years of 2012 through 2014. Corn is also expected to make less than half the amount it did in 2012.

Grain supply in the developed world is so abundant that it is nearly as cheap for flour millers in the U.S. to import it from the Black Sea area as it is for them to use U.S. supplies, according to the economic outlook report from CU.

One of the factors that feeds this comes from what Lipetzky calls "the cost of government regulations" in the U.S. "In the U.S. we have technology that helps us produce a lot but that technology is also global," he said. Those other countries, however, don't have the added costs that come from requirements that include food safety and unemployment taxes.

"Because of labor issues and food safety regulations, Sakata Farms just made the big decision to get out (of some of its business)," Lipetzky added.

For 72 years, Sakata, located in Brighton, has supplied sweet corn to local grocers. As one of the premier vegetable growers in Colorado and the last large sweet corn grower on the Front Range, the farm will no longer grow corn or cabbage. The cost of regulations combined with the lack of available seasonal help has tipped the scales too far from profit to loss.

"The Food Safety Modernization Act requires the FDA to inspect farms," Lipetzky said, referring to water quality standards. "Farmers are saying they can't meet the standards where irrigation water needs to be cleaner than the water that's used to wash the end product.

"Most are using water that comes from irrigation ditches so they don't even control it," he said. "The FDA is still working with it but as it is, it just costs too much for some farmers."

In addition to water quality, water availability could also be an issue for farmers. A lot of Colorado is experiencing at least moderate drought conditions with some seeing severe drought, according to National Integrated Drought Information System. Although the snow pack across the state is down, the good news is that reservoir storage is high because of previous years snowfall.

"If we have to go into a drier year, this is a pretty good one to do it," said Brian Werner, public information officer for the Northern Colorado Water Conservancy District. "The past four to five years have been wet years so we didn't have to pull from storage."

As a result, the Colorado-Big Thompson Project, which collects and delivers more than 200,000 acre-feet of water each year, is currently 20 percent above normal levels.

Farmers with water rights will pull from storage earlier. "If they are relying only on snow melt, they'll have a hard time," Werner said.

Every two years the Colorado Department of Agriculture surveys stakeholders to get a sense of the challenges and opportunities. The 2018 survey showed that 40 percent of Colorado's farmers believe they're worse off this year, and 30 percent believe the state agriculture industry will be worse next year.

"A couple of hours ago I visited with a farmer who's been with a lender for 18 years," Lipetzky said. "The lender said 'I can't cover your operating expenses anymore because you're still behind from last year.'"

Some farmers are still doing OK, however. "It all comes down to their balance sheets and that they've timed their markets well."

Looking forward, the industry is looking for alternative markets such as quinoa, hemp and more drought-resistant crops that can flourish in Colorado. Places like Colorado State University's agriculture program continues to research possibilities.

The short-term fix would be a crop failure somewhere in the world, unfortunately, which would increase commodity prices for those producing that crop, said Lipetzky.

"The last couple of years have been a lot of downs," he said. "It's a business but it's also a family business. It's a family's culture so that means there is more willingness to ride the ups and downs than there is for other businesses. For some, farming is a tradition that's been their family's history for 100 years."

BW LIST | Agribusinesses

Ranked by number of local employees

Rank	Company	No. of employees	Products/Services	Phone/Fax E-mail Website	Person in Charge, Title Year founded
1	**JBS USA** 1770 Promontory Circle Greeley, CO 80634	3,688	Animal meat producer and exporter.	970-506-8000/N/A margaret.mcdonald@jbssa.com www.jbssa.com	Wesley Batista, CEO 1953
2	**Leprino Foods** 1302 N. First Ave. Greeley, CO 80631	535	Dairy food and ingredient company.	970-351-6041/N/A www.leprinofoods.com	Mike Durkin, president 1950
3	**Nutrien Ltd.** 3005 Rocky Mountain Ave. Loveland, CO 80538	525	Marketer and distributor of fertilizer, seed and crop protection products.	970-685-3300/970-347-1560 www.agrium.com	Charles Magro, CEO/president 1978
4	**Aurora Organic Dairy** 7388 Colorado Highway 66 Platteville, CO 80651	500	Certified organic milk and butter.	720-564-6296/720-564-0409 info@aodmilk.com www.aodmilk.com	Scott McGinty, CEO 2003
5	**Agfinity Inc.** 260 Factory Road Eaton, CO 80615	250	Agricultural cooperative serving both the urban and rural communities of Northern Colorado. Business units that work in retail, animal nutrition, refined fuels, propane, car-care centers, grain and agronomy.	970-454-4000/970-454-2144 mreinert@agfinityinc.com www.agfinityinc.com	Jason Brancel, CEO/President 1905
6	**Colorado Premium Foods** 2035 Second Ave Greeley, CO 80631-7201	250	Provides a variety of fresh, frozen or consumer-ready meats to major U.S. retailers, restaurant chains and food-service companies worldwide.	970-313-4400/N/A zack.henderson@coloradopremium.com www.coloradopremium.com	Kevin LaFleur, co-founder & president 1998
7	**Pinnacle Agriculture Holdings LLC** 1800 Fall River Drive, Suite 100 Loveland, CO 80538	200	Agricultural retail distribution business created through acquisitions and greenfield retail establishments.	970-800-4300/N/A www.pinnacleag.com	Robert Marchbank, president & CEO 2012
8	**Meadow Gold Dairy** 450 25th St. Greeley, CO 80631	148	Dairy products.	970-352-7860/970-352-0174 scott_johnson@deanfoods.com www.deanfoods.com	Scott Johnson, sales manager; John Guerin, general manager 1937
9	**Double J Meat Packing Inc.** 726 W. Main St. Pierce, CO 80650	120	Custom butchering and processing of beef, bison and lamb.	970-834-1388/970-834-9727 kelli@doublejinc.com doublejcuts.com	Jay Hasbrouck, president 2002
10	**Harsh International Inc.** 600 Oak Ave. Eaton, CO 80615	97	Manufactures cattle-feeding equipment, hydraulic truck equipment. Arctic Cat dealer, Oreion UTV dealer, Segway dealer, Bad Boy Mower dealer, and Husqvarna dealer.	970-454-2291/970-454-3491 harsh@harshenviro.com www.harshenviro.com and www.harshpowersports.com	Robert Brown, president 1948
11	**Morning Fresh Farms Inc.** 15121 County Road 32 Platteville, CO 80651	88	Producer of farm-fresh eggs.	970-785-2889/N/A ap@morningfresh.com www.morningfresh.com	Derek Yancy, president 1978
12	**Centennial Ag. Supply Co.** 24330 U.S. Highway 34 Greeley, CO 80631	74	Agricultural fertilizers and chemicals.	970-353-2567/970-351-7416 lindah@centag.com www.centag.com	Jake Adler, president 1976

Regions surveyed include Boulder, Broomfield, Larimer and Weld counties and the City of Brighton.

Researched by BizWest
Source: BizWest Survey

ON THE JOB

PAID ADVERTISING CONTENT

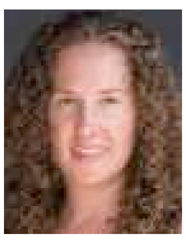
ARCHITECTURE

Erin Bagnall | Promotion
Sopher Sparn Architects LLC


BAGNALL

Sopher Sparn Architects LLC is pleased to announce the promotion of Erin Bagnall, GACP to Associate in recognition of her ongoing contributions to the firm. "We are pleased to announce this advancement in Erin's career because her contributions and dedication to the firm are invaluable. We look forward to continuing to work with this talented and committed professional at Sopher Sparn, as she takes her new role," says Stephen Sparn, Principal. Erin Bagnall has been with Sopher Sparn Architects for 12 years and during that time has offered her diverse professional experience in multiple genres of architecture including multi-family residential buildings, affordable housing projects, commercial mixed-use buildings, custom residential homes and land planning. Her current projects include S'PARK Ciclo, S'PARK Railyards, Washington Village and custom homes. She is also managing several entitlement projects in Longmont and Boulder.

Jamie Cannon | Promotion
Sopher Sparn Architects LLC


CANNON

Sopher Sparn Architects LLC is pleased to announce the promotion of Jamie Cannon, GACP to Associate in recognition of her ongoing contributions to the firm. "We are pleased to announce this advancement in Jamie's career because her contributions and dedication to the firm are invaluable. We look forward to continuing to work with this talented and committed professional at Sopher Sparn, as she takes her new role," says Stephen Sparn, Principal. Jamie Cannon started with Sopher Sparn in 2012 and since then has shown superb project management skills. Jamie is also committed to the philosophy of sustainability in both her career and everyday life. She has been involved with the Colorado Green Building Guild (CGBG) since 2008, serving on various committees, the Board and as President in 2017. She is also a Green Advantage Certified Practitioner (GACP). Her current and most recent projects include custom homes Terra Nova and Mod 7, along with single-family home remodel/addition projects and multi-family remodel projects in Boulder.

INSURANCE

Taryn Murtagh | New Hire
Flood And Peterson


MURTAGH

Flood and Peterson is pleased to announce that Taryn Murtagh has joined the agency as an Employee Benefits Advisor in Fort Collins, Colorado. "We are excited to have Taryn join our team of dedicated employee benefits professionals. She has tremendous industry knowledge and expertise that makes her a valuable addition to the department and to our clients," said Brett Kemp, President of Flood and Peterson.

Murtagh comes to Flood and Peterson with a wealth of employee benefits experience; specifically over 19 year of employer sponsored programs, business development and account management. She has expertise in analyzing complex claims, market and trend data to design and implement custom benefits programs for her clients. Murtagh worked as a Benefits Account Executive at Brown & Brown prior to joining Flood and Peterson. She is a member of the Boulder Area Human Resource Association and member of the Northern Colorado Association of Health Underwriters and Colorado Society of Human Resource Management.

HOSPITALS

Helen Gemmill | Board Appointment
Boulder Community Health Foundation


GEMMILL

Boulder Community Health Foundation appoints new Trustee: Helen Gemmill serves on boards of Conservation Colorado and Impact Charitable. Helen Gemmill has devoted her professional life to managing complex projects and teams at the intersection of philanthropy, investing and social change. Among other roles, Helen has served as Chair of the Community Foundation Serving Boulder County, Chair of the Women Donors Network, founding Director of Individual Giving at Global Green Grants Fund and National Development Chair for the White House Project. She currently serves on the boards of Conservation Colorado and Impact Charitable. Helen earned her B.A. in International Studies with a specialization in French Literature from Middlebury College, an M.A. from Naropa University in Environmental Leadership, and a second M.A. from the University of Denver in International Studies with a specialization in International Water Scarcity. In 2011, Helen was inducted into Boulder County Business Report's "Forty Under 40" list of emerging leaders. She resides with her husband and three young children on a horse and cattle farm just outside Boulder.

Vikas Reddy | Board Appointment
Boulder Community Health Foundation


REDDY

Boulder Community Health Foundation appoints new Trustees: Vikas Reddy is mentor in Techstars and co-founder of computer vision startup Occipital, a computer vision startup based in Boulder and San Francisco. Reddy is co-founder of Occipital, a computer vision startup based in Boulder and San Francisco. Occipital is building a platform for spatial awareness and 3D mapping, which is being used for applications like custom orthotics and prosthetics, interior design, visual effects for films and 3D mapping of large scale construction sites. Vikas and co-founder Jeff Powers led the development of RedLaser, a popular barcode-scanning application launched in 2009 that was acquired by eBay in June 2010. He has previously worked at New York City-based startup Xanga.com and IBM. Vikas is a mentor in Techstars Boulder. He has a bachelor's degree in Computer Science Engineering from the University of Michigan. In 2010, he was featured in Inc. Magazine's 30 under 30. He resides in Boulder with his wife and young son.

Erika Trautman | Board Appointment
Boulder Community Health Foundation


TRAUTMAN

Boulder Community Health Foundation appoints new Trustee: Erika Trautman is founder of emerging video technology company Rapt Media. Erika Trautman is Founder and CEO of Rapt Media and is passionate about communication technologies that immerse, inspire action and transform behavior. Since 2011, Erika has worked to build a business that is positioned at the top of emerging video technologies, providing personalized, interactive communication solutions to enterprise companies. Before starting Rapt Media, Erika founded and ran an Emmy-winning production company, Outlier Films, and worked as an award-winning documentary filmmaker and investigative reporter for eight years. Her work has appeared on "60 Minutes", CNBC, The New York Times, NBC, PBS and others. Erika has a bachelor's degree from Yale University, where she studied theater and biology, and a master's degree in journalism from University of California, Berkeley. Erika lives in Boulder with her husband and daughter who is a third grader.

REAL ESTATE DEVELOPMENT, COMMERCIAL CONSTRUCTION

Dan Miller | New Hire
Brinkman, Brinkman Construction


MILLER

Fort Collins-based companies, Brinkman and Brinkman Construction have hired Dan Miller as Director of Human Resources and Talent Development. Miller will lead the Human Resources department in planning, implementing, and evaluating the human resource function and performance of the company, as well as developing strategic programs for employees' professional growth plans.

AN ADVERTISING FEATURE OF BIZWEST

BW ThoughtLeaders
BUSINESS ANSWERS FROM THE EXPERTS

INSURANCE

Potential for Hay Fires – Are you Adequately Covered?


Brian Schiller
Agribusiness Risk Advisor

Unfortunately, the agricultural industry has a heightened exposure to hay fires this time of year.

As we move later into the warmer months the temperatures become higher and we see less moisture. The grasses and weeds near farms and ranches begin to die and turn into a major fuel source for a fire.

If you have hay or alfalfa stacked on your operations, are you adequately insured? It is recommended that you consult with your insurance agent to ensure you understand critical factors, such as:

· Total limit of hay coverage - What will it cost to replace at the time of loss?

· Stack limit - Some farm policies may limit you.

· What is the minimum distance required between stacks? Some policies require 100 or 200 feet.

Can you manage your spread of risk by having multiple stacks around your operations; rather than having all of the exposure in a single stack?

If you have questions, please contact our AgriBusiness team at (970)356-0123.

Brian Schiller
Agribusiness Risk Advisor
(970)356-0123
BSchiller@floodpeterson.com

LAW

Are You The Controlling Type?


John Kolanz
Otis, Bedingfield & Peters, LLC

If so, and you own property on which tenants engage in certain regulated activities, you should consider consulting a specialist for a little preventive care – legal, not medical. Controlling the activities of these tenants can draw enforcement against the property owner when the tenants' operations raise environmental compliance issues, as a recent federal case illustrates.

The case involved a sportfishing group that sued an industrial park owner for Clean Water Act ("CWA") violations caused by discharges of polluted storm water. The fact that any pollutants in the storm water were put there by the tenants did not protect the landlord. The court held that "owners and/or operators who have sufficient control over a facility can be held liable under the CWA even if they do not themselves perform the industrial activities that create the pollutants in the storm water discharge." Here, the landlord owned and controlled the storm water drainage system from which the pollutants were released.

Operations requiring storm water permits are not uncommon, and can include transportation, food processing, and recycling businesses, as well as construction activities. The requirement can also apply to other operations on a case-by-case basis.

Moreover, this potential enforcement trap for landlords goes beyond CWA concerns. Owners who exert control over their tenants' waste management practices may also risk enforcement. In recent years, retail outlets like hardware stores, pharmacies, and even groceries have been targeted by hazardous waste enforcement actions. This is because many common products like drain cleaners, over-the-counter drugs, and hand sanitizers can be considered hazardous wastes under certain circumstances.

Thus, a tenant's business may not necessarily raise a red flag. Landlords should consider how monitoring protocols or proper lease provisions could provide protection from the environmental afflictions of their tenants and save the expense of a pound of cure.

John A. Kolanz
Partner
Otis, Bedingfield & Peters, LLC
2725 Rocky Mountain Avenue, Suite 320
Loveland, CO 80538
970-663-7300
JKolanz@nocoattorneys.com
www.nocoattorneys.com

MARKETING

Showcase your industry expertise with Thought Leaders monthly feature


Sandy Powell
BizWest

Here's How It Works
• You choose a question that is pertinent to BizWest readers
• You answer the question in the form of a column
• Your photo, logo and contact information appears in the ad
• Limit of six advertisers (two pages running in different issues each month)

Over 72% of our readers are in top management positions and make corporate decisions using BizWest special supplements and directories to make those decisions. Your advertising message will be seen by hundreds of potential customers, all of whom have the influence to use your products or services.

Your investment with an annual agreement also gets you TWO FREE Half-page ads with color that will appear on the bottom half of the page. In addition your message will be featured in a text box ad twice in a two week period in a Business Report Daily e-newsletter. Over 10,000 readers subscribe to the Business Report Daily. Users will click on the headline and go to a landing page that shows the entire full page ad. Then they can click on your website address and it links them to your web site. Contact us today!


Julie Constance
jconstance@bizwest.com
303-630-1958
970-232-3148


Rachel Finley
rfinley@bizwest.com
303-630-1955
970-232-3136


Nicholas Morse
nmorse@bizwest.com
970-232-3131
970-227-7103

3004 Arapahoe Ave, 2nd floor
Boulder, CO 80303
303-440-4950

1550 E. Harmony Road, 2nd floor
Fort Collins, CO 80527
970-232-3144
spowell@bizwest.com

BRIEFCASE

BRIEFS

TB Group, a landscape architecture and planning firm located on Mountain Avenue in Berthoud, is now 100 percent employee-owned. The company finalized the plan in early January. TB Group, also known as **The Birdsall Group LLC**, has provided planning and landscape architectural services to a select group of clients since 2001.

CONTRACTS

Biodesix Inc. in Boulder and Massachusetts-based **Checkmate Pharmaceuticals Inc.** will collaborate on a research project to determine which cancer patients might benefit from one of Checkmate's drug candidates to treat melanoma. Financial terms of the collaboration were not disclosed. Checkmate is a clinical-stage biopharma developing therapies to treat cancer using immunotherapy, a treatment that uses a body's immune system to help fight cancer. Checkmate will use Biodesix's Diagnostic Cortex artificial intelligence-based biomarker discovery platform to further research on its drug CMP-001 that activates the immune system.

Simple Energy Inc., a software company serving the utility industry, has added two Midwestern utilities to its roster of customers, and has added an investor as well. The Boulder-based provider of utility-branded marketplaces signed on **The Dayton Power and Light Co.** and **Indianapolis Power & Light Co.**, both subsidiaries of **The AES Corp.** Simple Energy now has 50 utility and co-op partners. Both DP&L and IPL will incorporate Simple Energy's digital platform into their customer-engagement operations to promote sustainability, safety, reliability and service for the utilities' nearly one million customers. **AES Next**, a subsidiary of AES, will join current investors The Westly Group, Vision Ridge Capital and Techstars Ventures.

Uber, the peer-to-peer ridesharing program, partnered with **UCHealth** to offer discounted rides to and from about 30 UCHealth locations. Rides will be discounted 30 percent. UCHealth patients, visitors and employees are eligible for the discount for any trip to or from participating UCHealth facilities, up to $5 off each trip using the code UCHEALTH30. All of UCHealth's Front Range hospitals and most outpatient medical centers are available for the discounted rides.

UQM Technologies Inc. (NYSE: UQM) will provide the second-largest commercial vehicle manufacturer in India with 51 electric drive systems in a demonstration phase that could lead to a larger order. Financial terms of the deal were not disclosed. **Ashok Leyland** in India will use Longmont-based UQM's PowerPhase eDT traction-drive systems in electric transit buses. The order is the first step in a development program that would allow Ashok Leyland to gain market leadership and drive the overall 2030 India electrification initiative.

DEADLINES

The **Fort Collins Area Chamber of Commerce** is accepting nominations for the 2018 Small Business of the Year Awards through April 9. The chamber defines small business as an independently owned and operated business headquartered in Northern Colorado and is organized for profit. The business is required to have 200 employees or fewer to be eligible. Community members may nominate area businesses in the following categories: 1-10 employees, 11-50 employees, 51-200 employees, and New Kid on the Block (a company that has been in business for fewer than three years). Winners will be revealed at the Celebrating Small Business event on May 24 at The Drake Centre, 802 W. Drake Road. The event will celebrate small businesses and their contributions to Fort Collins and will be followed by the Business After Hours Trade Show.

EARNINGS

Clovis Oncology Inc. reported a loss of $51.9 million for its fourth quarter and a loss of $346.4 million for the year that ended Dec. 31. The Boulder-based pharmaceutical company continues to work on developing several drugs to treat cancer. Clovis (Nasdaq: CLVS) reported revenue of $17 million for its fourth quarter that ended Dec. 31, and $55.5 million for 2017, in its earnings report. The net loss for the year included a charge of $105.5 million related to the portion of a legal settlement that was paid in Clovis common stock. Clovis had $563.7 million in cash, cash equivalents and available-for-sale securities as of Dec. 31. The report said cash used in operating activities was $65.6 million for the fourth quarter of 2017 and $260.9 million for the year.

DMC Global Inc. (Nasdaq: BOOM) reported a net loss of $18.9 million, or $1.31 per diluted share, in 2017, compared with a net loss of $6.5 million, or 46 cents per diluted share, in 2016. Most of the loss came in the third quarter when DMC recorded a goodwill impairment charge of $17 million as a result of revising long-term sales forecasts that were not materializing. The Boulder-based company operates in two sectors: industrial infrastructure, and oilfield products and services. For the year, DMC Global generated sales of $192.8 million, up 22 percent from $158.6 million in 2016. For the fourth quarter, sales were $54.5 million, a 4 percent increase compared with the third quarter of 2017 and an increase of 36 percent compared with the fourth quarter of 2016. DMC recorded a $3.8 million fourth-quarter restructuring charge.

Heska Corp. (Nasdaq: HSKA) reported a loss of $1.1 million for its fourth quarter, but ended 2017 with a profit of $9.9 million. The Loveland-based provider of veterinary diagnostic products reported revenue of $29.7 million for the quarter that ended Dec. 31, down from $33.1 million for the same quarter a year ago. Revenue for 2017 was $105.2 million, down from $107.4 million in 2016.

miRagen Therapeutics Inc. (Nasdaq: MGEN), a clinical-stage biopharma based in Boulder, reported a loss of $26.5 million for 2017. The company's loss was $1.38 per share for the year while posting revenue of $4 million, driven by slight increases in research and development activity reimbursable under miRagen's agreement with Servier, a pharmaceutical company based in France. As of Dec. 31, miRagen had cash and cash equivalents of $47.4 million compared to $22.1 million at Dec. 31, 2016.

Fast-casual restaurant chain **Noodles & Co.** reported a loss of $37.5 million for its fiscal year 2017 that ended Jan. 2, an improvement compared with a loss of $71.7 million in 2016. The Broomfield-based company reported that revenue in 2017 decreased $31 million, or 6.4 percent, to $456.5 million, compared with $487.5 million in 2016. This decrease was due to the impact of closing 55 company-owned restaurants in the first quarter of 2017 and a decline in

Please see **Briefcase**, page **38**

NONPROFIT NETWORK

BRIEFS

United Way of Larimer County WomenGive is the 2018 recipient of **Project Self-Sufficiency's Vision Maker Award**, which celebrates an organization, business or person who has been instrumental in advancing its mission. The award was presented March 6 at Project Self-Sufficiency's annual community luncheon.

GOOD DEEDS

Commuting Solutions, a Louisville-based nonprofit, received $100,000 worth of swag from **Shimano North American Bicycle Inc.**, the largest donation received by the nonprofit. Commuting Solutions announced the donation during its quarterly membership meeting, and kicked off its 20th anniversary by giving away Shimano products to 10 attendees.

GRANTS

The University of Northern Colorado in Greeley was one of 13 colleges, universities and training providers to receive a total of $710,000 in scholarship grant funds from **The Daniels Fund**. The money will be used in Boundless Opportunity Scholarships, which are used to support non-traditional students who have demonstrated a financial need. UNC is giving its portion of the scholarship to GED recipients, foster-care youths and veterans entering or returning to college.

First National Bank donated $2,500 to the **Colorado FFA Foundation**, part of the bank's broader efforts to celebrate National Agriculture Week. The money will help provide positive educational experiences for students enrolled in agricultural education in Colorado.

BRIEFCASE

Briefcase, from **37**

comparable company-owned restaurant sales, partially offset by additional restaurant openings since the beginning of 2016, the company said.

UQM Technologies Inc. (NYSE: UQM), a developer and manufacturer of alternative-energy technologies primarily for the transportation industry, reported a loss of $4.8 million, or 10 cents per share, for its fiscal year 2017 that ended Dec. 31. The loss was less that the $13.9 million, or 29 cents per share, recorded in 2016. Revenue in 2017 was $7.8 million, a 38 percent increase compared with $5.6 million in 2016. For the fourth quarter that ended Dec. 31, revenue was $2.2 million compared with $1.7 million in the same quarter last year. Net loss for the quarter was $1.3 million, or 3 cents per share, compared with a net loss of $8.7 million, or 18 cents per share.

KUDOS

Fort Collins Utilities was named "Utility of the Year" by the Colorado Solar Energy Industries Association. Fort Collins Utilities was recognized for providing options for on-site solar generation, community solar initiatives and an income-qualified solar program.

Thirty businesses and organizations in Lafayette were recognized by the city for their efforts in energy efficiency, waste reduction, efficient water use and alternative transportation. The city's Energy Sustainability Advisory Committee made the announcement after concluding its sixth annual Green Business Program. "Gold status" honorees were **Confluence SBC**, **Jax Outdoor Gear**, **John's Cleaners**, **Sister Carmen Community Center**, **The Happy Beast**, **The Post Brewing Co.**, **WOW! Children's Museum** and **Zavy Green**. "Silver status" honorees were **Atlas Valley Purveyors**, **Complete Care of Colorado**, **King Soopers**, **Little Herbal Apothecary' Mumtaz Mediterranean Food**, **Nesheim Cleaning Services Inc.**, **Realty Ventures** and **Sister Carmen Community Center Retail Store**. "Bronze status" honorees were **Adesso Pizzeria**, **Bare Boulder Design and Repair**, **Bark Avenue**, **BlueBird Construction LLC**, **Cobalt Realty Ltd.**, **Foothills United Way**, **Lafayette Companion Animal Hospital**, **Living Design Studios**, **Ninety Fifth Street Salon & Spa**, **Rockton Software**, **Romero's K9 Club & Tap House**, **Salon Picasso Hair Studio**, **Tadpole Press** and **The Body Bar**.

A Fort Collins businessman was recognized at the 2018 Global Business & Interfaith Peace Symposium and Awards in South Korea. **Steve Hitz** received the youth leadership medal for his work as co-founder of Launching Leaders Worldwide Inc., a nonprofit that provides personal development and leadership experience to young people.

The **Boulder Chamber** recognized six honorees at its 2018 Celebration of Leadership. **Doyle Albee,** president and CEO of MAPRagency, received the Community Impact Award. **Sharon Matusik**, dean of the Leeds School of Business at the University of Colorado Boulder, received the Rising Star Award. **Black Lab Sports** and **Terrapin Care Station** were both recognized as Innovative Companies of the Year. **Scott Green**, site director of Google Boulder, received the Virginia Patterson Business Person of the Year award. **Steve Bosley**, founder of the BolderBOULDER, received the Franny Reich Lifetime Achievement Award.

Two **UCHealth** hospitals, **Poudre Valley Hospital** in Fort Collins and **Medical Center of the Rockies** in Loveland, were named to the IBM Watson Health 100 Top Hospitals list. PVH and **SCL Health's Good Samaritan Medical Center** in Lafayette were named to Healthgrades' list of America's 100 Best Hospitals for 2018.

Two financial service firms, a hospital and a mobile cannery were winners of the **Longmont Economic Development Partnership**'s annual Cornerstone Awards. The Primary Job Creator Award went to **BC Services** while **UCHealth Longs Peak Hospital** won for Project of the Year because it represented

BizWest photo/Chris Wood

CEO Roundtable

Changes in politics, policy have clean-tech CEOs on their toes

Participants of BizWest's Boulder Valley Clean-Tech CEO Roundtable are, from left, **Gautam Khanna**, Tusaar Corp.; **Michael Rucker**, Scout Clean Energy; **Oliver Davis**, Simuwatt; **David Rechberger**, BoostBoxH2; **Blake Jones**, Namaste Solar; **John LoPorto**, SunTech Drive LLC; **Robert Fenwick-Smith**, Aravaipa Venture Fund; **Brent Hendricks**, EKSH; **Carl Lawrence**, EnergySense; **Peter Lilienthal**, Homer Energy; **Rudy Verner**, Berg Hill Greenleaf Ruscitt; **Jacques Nader**, Siemens Poer Generation. Not pictured: **Shelly Curtiss**, Colorado Cleantech Industry Association.

Sponsored by:
EKS&H
Berg Hill Greenleaf Ruscitti
BizWest

Go to www.bizwest.com/ceo-roundtable for details.

EKS&H AUDIT | TAX | CONSULTING — BERG HILL GREENLEAF RUSCITTI LLP — BizWest BOULDER VALLEY • NORTHERN COLORADO

For more information about the CEO Roundtable contact Jeff Nuttall at 970-232-3131 or jnuttall@bizwest.com

BizWest photo/Ken Amundson

CEO Roundtable

Craft brewers share concerns, talk collaboration

Front row from left, **Andres Zaldana**, Colorado Brewers Guild; **Frezi Bouckaert**, Purpose Brewing; **Kim Palme**r, Elevations Credit Union; **Nadine Trujillo-Rogers**, Elevations Credit Union; **Bryan Watkins**, Elevations Credit Union; **Whitney Way**, City Star Brewing; **Jim Sampso**n, HUB International; **Chris Otto**, EKS&H. Back row from left, **Charlie Hoxmeier**, Gilded Goat Brewing Co.; **Drew Mattox**, EKS&H; **Peter Bouckaert**, Purpose Brewing; **Neil Fisher**, WeldWerks Brewing Co.; **Tim Cochran**, Horse & Dragon Brewing Co.; **Steve Fechheimer**, New Belgium Brewing Co.; **Josh Grenz**, Verboten Brewing; and **Mike Madden**, EKS&H.

Sponsored by:
EKS&H
Hub International
BizWest

Go to www.bizwest.com/ceo-roundtable for details.

EKS&H AUDIT | TAX | CONSULTING — HUB — BizWest BOULDER VALLEY • NORTHERN COLORADO

For more information about the CEO Roundtable contact Jeff Nuttall at 970-232-3131 or jnuttall@bizwest.com

BRIEFCASE

the highest capital investment by a primary industry in 2017. **MobileCanning Colorado** took the Rising Star Award, while **Scribworks** won the Startup Award. The Tom Brock Award went to dentist **Roger Jurgens**.

Gordan Thibedeau, retired director of Larimer County United Way, received the Collins Award, the highest honor given out by the **Fort Collins Area Chamber of Commerce**. The chamber held its 113th annual dinner at the Hilton Fort Collins and honored key business leaders for their services with the Chamber. **James Yearling**, deputy director of the Downtown Fort Collins Business Association, was named 2017 Young Professional of the Year, while 2017 Volunteer of the Year went to **Kevin Unger,** president and chief executive of UCHealth's Poudre Valley Hospital and Medical Center of the Rockies.

The Flagstaff House in Boulder received two recognitions for quality of its food and service.
The restaurant earned its 40th consecutive Forbes Travel Guide Four Star rating and AAA Four Diamond status for the 29th year in a row.

MERGERS AND ACQUISITIONS

Schrader Oil Co. and **Signal Wash CO**, two Fort Collins-based companies, have joined forces to renovate or open 10 new car washes, making the partnership the largest car-wash provider in Northern Colorado. Signal invested $1.7 million in new technology as part of the partnership. Signal Wash CO also operates car washes outside the partnership in other Front Range communities and has been in existence since 2014. Schrader Oil has 18 locations in Fort Collins, Loveland, Windsor and Estes Park and has been family operated since 1937.

German meal-kit provider **HelloFresh SE** acquired **Green Chef**, a Boulder-based company that makes certified-organic meal kits. Terms of the deal were not disclosed. HelloFresh, with U.S. operations based in New York, will now offer the largest selection of meal plans for consumers, the company said, adding Green Chef's organic vegan and gluten-free menus.

Pinnacle Asset Management LP, a New York-based commodities and natural-resources investment firm, completed its acquisition of **Five Rivers Cattle Feeding** from Greeley-based **JBS USA** for $200 million. The deal, announced Jan. 17, became final March 16. Five Rivers, also based in Greeley, includes a collection of cattle-feeding assets and farms. As part of the transaction, Five Rivers entered into a long-term agreement to supply cattle to JBS USA beef-processing plants.

Singapore-based **Broadcom Limited** (Nasdaq: AVGO), which has a major presence in Fort Collins, withdrew and terminated its offer to acquire **Qualcomm Inc.** (Nasdaq: QCOM), which has a major presence in Boulder. The proposed acquisition of the San Diego-based chipmaker by Broadcom was scrapped after it was blocked by President Donald Trump on national security grounds. Both companies were ordered to abandon the deal.

Niner Inc., a Fort Collins-based bike manufacturer that does business as **Niner Bikes**, was purchased by Hong Kong-based **UWHK Limited**, formerly known as **Emersion International**.
UWHK announced in February that it planned to purchase Niner, which filed for Chapter 11 bankruptcy protection in November. The company listed more than $8 million in debt. In February, the motion to purchase was for $3.1 million, although financial details of the sale at time of closure were not disclosed.

Bryan Cave LLP, a law firm with offices in Boulder and Denver, merged with **Berwin Leighton Paisner LLP** effective in early April. The firm will be called **Bryan Cave Leighton Paisner LLP** with combined revenues of more than $900 million, ranking it among the 50 largest law firms in the world, according to a prepared statement from the firms.

NAME CHANGES

Keypoint Government Solutions of Loveland will become known as **Perspecta** in May, after it merges with two other companies. Keypoint, which provides specialized investigative services to federal, defense, intelligence and civilian sectors, will merge with the U.S. public-sector business of **DXC Technology** (Nasdaq: DXC), based in Tysons, Va., and Vencore Holding Corp, forming a new publicly traded company. Keypoint and Chantilly, Va.-based **Vencore** both are owned by private equity firm Veritas Capital.

OPENING

A New York-based communications and social-media agency opened a satellite office in Boulder to serve the legal cannabis industry. **North 6th Agency** opened the office in partnership with **Canopy**, a venture fund and accelerator for companies developing cannabis-related products and services. N6A's operations will be located at Canopy's Boulder headquarters. The Boulder office will serve as a secondary hub for N6A Cannabis Group employees who are based in N6A's New York and Toronto offices, enabling them to travel to Colorado for industry events and educational initiatives, the company said.

InspiringApps, a Boulder-based mobile app design and development company, is opening an office in Austin, Texas.

Maureen Walker opened an **Assisted Living Locators** franchise to serve Northern Colorado and the Cheyenne area. The franchise will help people find assisted-living options in the region.

ePac Flexible Packaging, which makes fast-turnaround finished pouches and roll stock, opened a manufacturing facility in Louisville.

Stonebridge Cos. of Denver opened a 155-suite **Residence Inn by Marriott** at 2550 Canyon Blvd. in Boulder.

Tesla has taken a U-turn back into Boulder County, with plans for a new sales and service center in Superior. The dealership's arrival comes seven years after it closed a showroom on Pearl Street in Boulder. The dealership will be located at the southeast corner of Marshall Road and McCaslin Boulevard in the Downtown Superior development.

Otero Menswear, a company that caters to the fashion needs of men shorter than 5-foot-9, began operations in Boulder. The company uses a proprietary 3D Proportional Sizing methodology to provide the best fit to shorter men.

PRODUCT UPDATE

HOMER Energy LLC in Boulder unveiled a new software product, the **HOMER Grid**, for optimizing the value of behind-the-meter, distributed-generation systems while reducing demand charges. HOMER is an acronym for hybrid optimization of multiple energy resources.

Boulder-based **Clovis Oncology** (Nasdaq: CLVS) received a Notice of Allowance from the U.S. Patent and Trademark Office for a patent application for high-dose formulations of its drug, **rucaparib**. The patent is expected to be issued shortly and would protect all commercial dosing strengths. Upon issuance, the high-dosage strength patent will expire in 2035.

Lightning Systems, a Loveland-based manufacturer of commercial vehicle efficiency solutions, developed a zero-emission hydrogen fuel cell range extender and a zero-emissions **LightningElectric** system for Ford Transit cargo vans.

YouSeeU, a Loveland education tech company, unveiled a new video platform for developing soft skills in students at SXSW in Austin. Texas. The platform, called **Bongo**, has been more than a year in the making and is designed to help educators teach and test soft skills such as communication, language proficiency, bedside manner and others by allowing students to record video or use live video in practical situations.

BW ECONOWATCH

COURTESY CITY OF GREELEY

2017 Greeley Blues Jam at Island Grove.

Greeley MSA's growth ranks third-fastest nationwide

By BizWest staff
news@bizwest.com

The Greeley Metropolitan Statistical Area's 3.5 percent population increase last year was the third-highest percentage growth of any MSA in the country. That's according to July 1, 2017, population estimates released Thursday by the U.S. Census Bureau.

Growth in the Greeley MSA — which consists of all of Weld County — was topped only by the St. George, Utah, MSA, and the Myrtle Beach-Conway-North Myrtle Beach MSA in North Carolina and South Carolina, which grew by 4 percent and 3.7 percent respectively.

The Greeley MSA added 10,390 people from 2016 to 2017, with population reaching 304,633 people, up from 294,243 on July 1, 2016. Greeley's percentage growth matched that of the prior year, when the MSA also grew by 3.5 percent, for a No. 4 ranking nationwide.

"The numbers that have come out continue to be dramatic," said Rich Werner, CEO of Upstate Colorado Economic Development, which focuses on Weld County.

Werner said that a stabilization of energy prices "has helped create confidence in that particular industry sector. They're continuing to hire, and we're continuing to see (new residents) come in."

But Werner said that if one analyzes population growth trends for a longer period, "you'll see that growth is actually slowing.

"Things are very positive right now," he added. "We do not expect this trend to continue in perpetuity."

Weld County's growth is concentrated in three areas, Werner said, including Greeley; the Tri-Towns of Dacono, Firestone and Frederick; and "a strong interest in development along the I-76 corridor."

Much of the growth is being driven by the energy, manufacturing, food-processing and service sectors, he said.

The Fort Collins-Loveland MSA — consisting of Larimer County — grew by 1.6 percent from 2016 to 2017, with population increasing to 343,976 from 338,531, up 5,445. The MSA ranked No. 65 nationwide based on percentage growth.

The Boulder MSA — consisting of Boulder County — saw more-modest growth, with population reaching 322,514, up 0.4 percent from 321,173, ranking No. 215 nationwide based on percentage growth. The increase totaled 1,341 residents.

Broomfield is part of the Denver-Aurora-Lakewood MSA, so it is not ranked as an MSA. But Broomfield County's population increased to 68,341, up a robust 2.7 percent from 66,509, with 1,832 new residents.

Unemployment rates hold steady in NoCo, Boulder Valley

By Doug Storum
dstorum@bizwest.com

DENVER — The unemployment rates in Boulder, Broomfield, Larimer and Weld counties were unchanged in February compared with January, according to the Colorado Department of Labor and Employment's monthly jobs report released Friday.

The jobless rate for February in Boulder, Broomfield and Larimer counties was 2.9 percent, while it was 3.1 in Weld County.

Broomfield, Larimer and Weld counties were up one-tenth of a percentage point compared with February a year ago, while Boulder County's unemployment rate increased two-tenths of a percentage point from a year ago.

In Boulder, 185,861 people held jobs in February, while 5,471 were looking for work. Larimer County had 192,306 people working with 5,738 seeking a job. Weld County had 156,845 people employed with 4,960 looking for work, and Broomfield County had 37,615 workers and 1,120 people seeking employment.

According to a survey of households, the unemployment rate in Colorado was unchanged from January to February at 3 percent. The number of people actively participating in the labor force increased 7,600 over the month to 3,041,700 and the number of people reporting themselves as employed increased 7,800 to 2,949,500, causing the number of unemployed to decrease 100. Due to rounding, the unemployment rate was unchanged from January at 3 percent.

The U.S. unemployment rate was also unchanged in February at 4.1 percent.

2018 could break back of highway inaction

The year 2018 is shaping up to be a critical year for realizing measurable progress on widening north Interstate 25 and addressing Colorado's transportation funding needs.

In a matter of weeks, the Colorado Department of Transportation's contractors will break ground on Phase One of the North I-25 Express Lanes Project. The project is the result of a unified commitment by local leaders, CDOT and our business community through the Fix North I-25 Business Alliance, to work collectively to secure the money necessary to make interchange improvements and add an additional lane.

GUEST COLUMNIST
DAVID MAY

Phase One will provide a temporary third lane in both directions of North I-25 between Colorado Highway 402 south of Loveland and Colorado Highway 14 in Fort Collins.

Meanwhile, stretches of North I-25 south of Loveland still lack the funding necessary to build a permanent — or even a temporary — third lane in both directions. We await word from the federal government about a grant award that can be matched by other CDOT funds to provide another $300 million for that stretch of interstate.

> "In mid-March, state economists predict a whopping $1.3 billion in new revenue since last year's budget. Transportation funding should be at the top of the spending priority list."

While this patchwork approach to funding North I-25 is delivering progress, securing the additional $1 billion plus necessary to achieve full buildout of the North I-25 corridor depends upon action by our legislative leaders and governor at the Capitol.

Transportation has been a diminishing priority for state leaders over the past decade. Since the Great Recession ended in 2009, state government revenue has grown by more than $4 billion — only $350 million of which has gone toward highways. In a similar 10-year period prior to 2009, more than $2.2 billion of general fund revenue was dedicated to transportation. No wonder our roads are failing us! And, CDOT has a $9 billion backlog of transportation projects statewide — including North I-25.

While the picture of the past is dire, a convergence of factors has presented a unique window of opportunity for our state leaders to make truly meaningful investments in transportation now.

The Colorado economy is growing, which means state revenues are growing. In mid-March, state economists predict a whopping $1.3 billion in new revenue since last year's budget. Transportation funding should be at the top of the spending priority list.

Senate Bill 18-001 currently sits before the Colorado Legislature and would direct $300 million of general funds to the state transportation fund. The bill would also refer a measure to Colorado voters to approve $3.5 billion of transportation bonds using the new general fund money to secure the bonds. Passage would accelerate critical transportation projects across Colorado and make a significant dent in CDOT's estimated $9 billion of unfunded needs.

On the heels of the state revenue forecast, Gov. Hickenlooper asked the Legislature to allocate $500 million of that new revenue to transportation on a one-time basis. While this is a bold and commendable step, one-time funding isn't enough. Committing to permanent, predictable and reliable transportation funding from the general fund is imperative.

Adding urgency to our efforts is the Trump administration's plan to award new federal infrastructure funds based on state and local participation. In short, states and cities committing new resources to infrastructure are better positioned to secure federal funding. Today, Colorado is ill-prepared to compete for those dollars.

With these factors, the Legislature has a unique window of opportunity to make 2018 the year a statewide transportation funding and finance solution is brought to the voters. With a statewide solution comes the opportunity to fix North I-25.

Colorado's livability and economic health are impacted by transportation mobility. We need to understand that a solution is coming to rescue us from our current situation of growing congestion. It starts with a commitment by state legislators and the governor to take strong leadership on the transportation issue. Let's fix this.

David May, president of the Fort Collins Area Chamber of Commerce, is convener of the Fix North I-25 Steering Committee, an initiative of the Northern Colorado Legislative Alliance.

BW REAL DEALS

Sagebrush progressing on redesigned, downsized building project in Boulder

By Doug Storum
dstorum@bizwest.com

BOULDER — Denver-based Sagebrush Cos., a real estate investment and development firm, on Thursday said that it plans to break ground during the fourth quarter on a 54,000-square-foot industrial office building at 5125 Pearl Parkway in Boulder.

The three-story building has a conventional design and a smaller footprint compared with plans announced in 2016 that called for an 80,000-square-foot building with a futuristic design that resembled a spaceship.

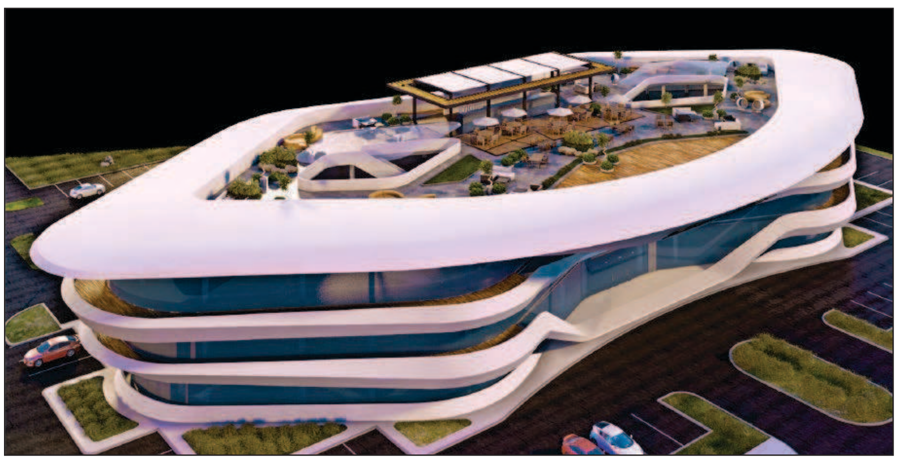
The original design of Sagebrush Cos.' office building was scrapped for a more conventional, less expensive and easier to build design. The building will be constructed on a 2.5-acre site, about a mile from the new Google campus located at the southwest corner of Pearl and 30th streets.

"This will be a high-quality creative industrial office building that will fill a need in Boulder, especially considering the impact of the new Google campus and explosive development on the east edge of Boulder, Robert "Jake" Jacobsen, chief executive and founder of Sagebrush, said in a prepared statement.

Don Caster, a principal, and president of acquisition and development at Sagebrush, told BizWest by phone that construction on the industrial building is scheduled to begin in the fourth quarter of this year. "The project has been approved, and right now we are in the process of finalizing permits," Caster said.

COURTESY BECK GROUP

Denver-based Sagebrush Cos.' redesign of an industrial office building it will build later this year at 5125 Pearl Parkway in Boulder.



COURTESY BECK GROUP

The original design of Sagebrush Cos.' industrial office building was scrapped for a more conventional, less expensive and easier to build design.

Caster said the two factors that caused the change in design and size were the inability to find contractors who could build the futuristic design, and the cost of the project. Caster said the futuristic design was coming in at $400 per square foot, and the cost of the conventional design that will be built is $200 per square foot.

The architect and general contractor is the Beck Group based in Denver. It will be a Class A development meeting Gold LEED standards.

Elevations Credit Union developing mixed-use project in Old Town

By Doug Storum
dstorum@bizwest.com

FORT COLLINS — Boulder-based Elevations Credit Union has hired The Neenan Co. of Fort Collins for the design and construction of a proposed four-story, 78,000-square-foot mixed-use project in Old Town Fort Collins.

The project will be built on the site of the former Mountain View Tire Center at 221 E. Mountain Ave.

Elevations Credit Union bought the property from Michigan-based MAVDevelopment Co. Inc. in May 2017 for $2.4 million, according to public records. MAVDevelopment had purchased the property in 2011 for $1.2 million. This will be the credit union's third location in Fort Collins.

The building will feature commercial and residential space. The first floor will include a full-service Elevations branch at the corner of Mountain Avenue and Mathews Street along with other retail spaces.

COURTESY JODY GARRETT/THE NEENAN CO.

An architectural rendering shows what Elevations Credit Union's four-story mixed-use building in Old Town Fort Collins will look like when completed.

The second floor will include Class-A office space, and the remainder of the building will feature approximately 26 residential condos and an underground parking garage, according to a joint statement released by Neenan and Elevations.

Neenan has been a design-build partner for several of Elevations' projects across the Front Range. The Neenan Co. most recently delivered Elevations' new branch in Midtown Fort Collins, its first freestanding branch and second overall branch in the city.

PROPERTYLINE

The Neenan Co. plans commercial condos in Timnath

TIMNATH — Fort Collins-based The Neenan Co. is set to break ground in April on The Plaza at Riverbend, a mixed-use retail center in Timnath.

Neenan, the project's developer and design-builder, will sell the retail and office condos instead of leasing them as commercial space. The cost of the project was not disclosed.

The Plaza at Riverbend will consist of 39,000 square feet in two freestanding single-story buildings with retail, office and restaurant space. It will be located along Harmony Road at Signal Tree Drive, near Poudre Fire Authority Station 8, the future Timnath Town Hall and the planned Timnath Police building.

The larger building will consist of 23,000 square feet of commercial space. Studio 68 Fitness plans to open in 9,307 square feet of that building by the end of the year.

The second building is being developed on speculation. It will have 16,000 square feet of commercial space. The project is expected to be completed late this year.

Golden West Communities sells Flatirons Terrace for $20 million

BOULDER — Nonprofit senior-housing provider Golden West Communities Inc. has sold Flatirons Terrace, a three-story, 54-unit independent living facility in Boulder, to Harrison Street Real Estate Capital, a Chicago-based private-equity firm, for $20 million, according to public records.

Flatirons Terrace at 930 28th St. will be managed by Dial Communities, a family-owned senior-living company founded in 1999, which operates 17 communities in Illinois, Iowa, Kansas, Nebraska and now, Colorado.

Flatirons Terrace was 95 percent occupied at the time of the transaction.

In a statement issued in January announcing the pending sale, Golden West's president and chief executive, John Torres, said the sale would allow Golden West to remain true to its mission — provide affordable housing for seniors — while remaining independent and upgrading its facilities for residents.

Golden West opened in 1965 and offers housing for more than 300 seniors on its 3.5-acre campus at 1055 Adams Circle in central Boulder. The campus has three buildings — 11 stories, 14 stories and four stories for independent- and assisted-living.

In 2008, Golden West opened Flatirons Terrace adjacent to the Golden West campus.

Denver-based real estate fund buys KoKo Plaza in Louisville

LOUISVILLE — Star Mesa Properties LLC in Denver has acquired the Koko Plaza buildings in downtown Louisville for $7.1 million, according to public records.

Star Mesa Properties is a private real estate fund founded in 2012 and is led by managing directors Bob Cardwell and Kellie Slater. It used the entity SMP Koko Plaza LLC to make the purchase from Denver-based EverWest Real Estate Investors LLC, which has six regional offices in the United States.

The approximately 34,000-square-foot Koko Plaza is made up of two connected buildings, one three-stories tall at 901 Front St. and the other a two-story building at 917 Front St. They were built in the early 2000s by then-owner and developer Arlin Lehman of Louisville. The two buildings were renovated in 2014.

Greeley, DDA work on incentives for downtown developers

By Doug Storum
dstorum@bizwest.com

GREELEY — The Greeley Downtown Development Authority passed a resolution that would allow its executive director to complete an agreement with the city of Greeley to provide tax-increment financing to developers within the downtown district.

The tax-increment financing would be a component of a larger incentive plan the city is creating for developers for new projects in its three redevelopment districts, including the Downtown Development District.

The Greeley City Council, at a recent work session, outlined a conceptual plan for the Redevelopment Incentive Program that would include reimbursements for permits and fees, and sales-and-use taxes.

Pam Bricker, executive director of the DDA, said the incentives would be available to all developers.

One of the first beneficiaries would be Greeley-based Richmark Cos., which is formulating plans for a mixed-use project along Eighth Avenue. Over the past several years, Richmark has been acquiring properties along that stretch.

Richmark is run by the Richardson family, which also owns and operates oil and gas company Mineral Resources Inc.

"We are pleased to have the opportunity to build on the hard work the city, DDA and multiple stakeholders have done over the last decade to make Greeley a thriving community," Tyler Richardson, principal for Richmark, said in a prepared statement.

"We view ourselves as members of a team that is working toward a "Greeley Expected." The DDA's decision is the first of many steps toward fulfilling a long-held vision for the community — the revitalization of downtown Greeley. We're excited to help make that vision a reality."

Richmark intends to develop a walkable, mixed-use neighborhood, to be known as "South Maddie," between 15th and 17th streets along 8th Avenue. South Maddie will be the first phase of a redevelopment project that will connect the heart of downtown Greeley to the University of Northern Colorado.

Richardson said the project promises to offer a vibrant area to meet the demands of residents, students and local businesses for new housing, entertainment, shopping, and office spaces, while preserving a flavor reminiscent of the historical design and architecture of its downtown neighbors.

Right now, plans call for 220 rental apartments at South Maddie, with first floor retail/restaurant space contained within three buildings.

COURTESY RICHMARK COS.

An architectural rendering shows a portion of South Maddie, a mixed-use development that Greeley-based Richmark Cos. wants to build on several blocks of 8th Avenue in downtown Greeley.

"Northern Colorado has witnessed unprecedented construction-cost escalation in recent years," Richardson said. "Without a partnership with the DDA and city of Greeley, this project will not become a reality."

Bricker said Richmark made a "convincing" financial case that it costs much more to build in the downtown area compared with outside that area.

The city council on Tuesday outlined possible incentives for developers in the downtown district that include reimbursements for building and impact fees, and sales-and-use taxes based on the cost of the projects. According to city documents, reimbursements will be determined based on the amount of money a property owner invests in a project.

Bricker said the tax-increment financing incentive available to developers through the DDA would be capped at $2.2 million and not extend past 2032. Tax-increment financing uses the increases in assessed property values and subsequent property-tax revenue generated by a project within a designated district.

Madwire leases more space, expects to have 1,200 workers by 2021

By Doug Storum
dstorum@bizwest.com

FORT COLLINS — Madwire, a marketing software and service company based in Fort Collins, has signed a lease for 102,000 square feet of office space at 3405 S. Timberline Road in southeast Fort Collins.

Madwire, which currently employs 500 people at a nearby location on Harmony Road, expects to grow its Northern Colorado operations to 1,200 employees over the next three years. Madwire will maintain its current office at 3420 East Harmony Road, about three miles from 3405 S. Timberline Road. The company anticipates moving half of its team to the new building by January 2019, once renovations are complete.

COURTESY CBRE

This rendering shows what the building at 3405 S. Timberline Road will look like with Fort Collins-based Madwire's name on it. The marketing software firm has leased 102,000 square feet of the 158,000-square-foot building in southeast Fort Collins.

Madwire specializes in designing, developing and launching creative marketing solutions for small businesses through its marketing platform: Marketing 360.

Located at the northwest corner of Timberline and Horsetooth roads, the 158,000-square-foot building was constructed in 1979 and previously was a chip-manufacturing plant for LSI Logic.

In 2016, 2001 Danfield LLC of Fort Collins purchased the building and 12.5 acres for $5.65 million from California-based LSI Corp. and began converting it to office space. At the time, the address of the building was changed from 2001 Danfield Court. The property includes a cafeteria and fitness center and is near to bike trails, retail and other services.

Peter Kast and Pete Kelly with CBRE in Fort Collins represented the building's landlord in the lease deal that starts in November.

"Madwire is a company that prioritizes its employee experience and company culture, so it was important for it to find the right space and to stay close to the current office," Kast said in a prepared statement. "As demand for Madwire's services continues to rise, 3405 South Timberline was one of the only buildings in the area that was large enough to accommodate the company's impressive growth," he said.

In 2016, Madwire moved from three sites in Loveland to consolidate under one roof in Fort Collins, reducing commute times for roughly 65 percent of its employee base at the time.

The company has been recognized multiple times on Glassdoor's national Best Places to Work list, ranking No. 1 in 2015 among small- to medium-size companies. It has also been named an Inc. 5000 fastest-growing company in America for five years straight.

Transactions and average sales prices

This chart compares statistics from February 2017 to February 2018 in each sub-market for available inventory and the number of homes sold:

Sub-Market	Inventory Feb. 2017	Inventory Feb. 2018	1-year % change ('17-'18)	Total sales Feb. 2017	Total sales Feb. 2018	1-year % Change ('17-'18)
FC/Timnath/Wellington	369	338	-10.4%	220	213	-3.2%
Greeley/Evans	139	144	3.5%	135	126	-6.7%
Loveland/Berthoud	289	249	.-13.8%	100	100	0.0%
Windsor/Severance	217	266	22.6%	65	97	49.2%
Ault/Eaton/Johnstown/Kersey/LaSalle/Mead/Milliken	118	119	0.8%	84	81	-3.8%
Estes Park	76	51	-32.9%	15	14	-6.7%
Longmont	176	152	-13.6%	81	96	18.5%
Totals	**1,592**	**1,503**	**-5.5%**	**770**	**823**	**6.8%**

Source: IRES

One piece of the inventory puzzle may be taking shape

Last month in this space we identified three potential answers to the burning question of how much-needed housing inventory will be generated for Northern Colorado in the year ahead. Those possibilities included (1) the growth of new construction in the region's smaller communities, (2) existing owners who might opt to sell in order to move up — or downsize, and (3) residential property investors looking to take advantage of the high demand and reallocate part of their portfolios.

RESIDENTIAL REAL ESTATE
BRANDON WELLS

We're beginning to see signs of at least one of those factors taking shape early in the year.

In two communities where new construction has been especially active, we're witnessing a bump in available homes for sale. In Timnath, for example, Multiple Listing Service inventory increased from 45 homes in February of 2017 to 73 this year, a year-over-year gain of 62 percent. For the Windsor-Severance area, inventory increased from 217 to 266, up 22 percent. It's noteworthy to point out much new home construction inventory in not reported in MLS data, so the actual amount of inventory is significantly higher.

We'll be watching to see if these patterns continue. But for now, it's fair to say that Timnath and Windsor-Severance are bucking the broader trend across the region when it comes to inventory. Combining all Northern Colorado markets, inventory in February slipped by 5.5 percent, showing that supply continues to be constrained.

Looking at individual sub-markets:

The Fort Collins area — which includes Timnath and Wellington — experienced a 10.4 percent decline in inventory from February 2017 to February 2018. For Fort Collins alone, the decrease was 15 percent.

Similarly, supply was down 13 percent for both Loveland-Berthoud and Longmont, and 11 percent for Boulder.

Estes Park reported the sharpest annual drop for February, with inventory down 32 percent from last year.

Greeley-Evans showed a slight uptick of 3.5 percent, from 139 to 144, and the combined group of smaller Weld County communities — Ault-Eaton-Johnstown-Kersey-LaSalle-Mead-Milliken — stayed essentially flat, increasing from 118 to 119.

While an overall lack of inventory is limiting options for homebuyers, it's not limiting demand — total sales across the region were up 6.9 percent in February. Factors such as job growth and tax reform, and the motivation to act before interest rates rise, are all driving activity thus far in 2018. Consequently, we are seeing more frequent multiple offer scenarios and steep competition for well-priced and well-presented homes. And not surprisingly, average prices continue to escalate at nearly double-digit rates in most communities.

Here are some other observations of the February figures:

It's worth noting that in one of the communities where inventory increased the most, sales were strongest. Transactions in Windsor-Severance, with its 22 percent growth in housing supply in February, were up 49 percent for the month.

Windsor-Severance also experienced a rare dip in average prices, slipping 3.7 percent to $379,948, due largely to the availability of more entry-level and mid-priced homes.

Average sales prices in the Fort Collins area topped $400,000, increasing 9.5 percent to $410,747.

Loveland-Berthoud prices are nearing $400,000, averaging $398,886 for the month, up 7.8 percent. At the same time, Greeley-Evans prices are closing in on $300,000, with an average February price of $296,707 — up 14.5 percent.

Brandon Wells is president of The Group Inc. Real Estate, founded in Fort Collins in 1976 with six locations in Northern Colorado

The one statistic every renter needs to see

That's right, based on the latest available data from the Federal Reserve Survey of Consumer Finances, the average net worth of a homeowner is $231,000, a whopping 44 times greater than the average renter's $5,200 net worth. What makes the situation more dire is the fact that the gap is widening. From 2013 to 2016, the average net worth of homeowners increased 15 percent while the average net worth of renters decreased by 5 percent. The situation for renters is bad and getting worse.

BOULDER VALLEY REAL ESTATE
JAY KALINSKI

More than any other factor I could identify, homeownership best explains the gap between the haves and have nots. People seem to understand this fact, as a Gallup poll showed that Americans chose real estate as the best long-term investment for the fourth year in a row. So, why aren't more renters buying homes?

Desire?

It could be that renters do not want to own homes. Anecdotally, we hear stories about how Millennials prefer to rent to give them a more flexible lifestyle, but the research tells a different story. In fact, Millennials represent the largest share of homebuyers today and only 7 percent of respondents to an NAR survey said that they did not want the responsibility of owning. More generally, 82 percent of renters expressed a desire in the fourth quarter of 2017 to be homeowners and about the same percentage said that homeownership is part of the American Dream.

What is driving this desire for renters to become owners? According to a recent survey, the main reasons renters would want to buy a home are: a change in lifestyle such as getting married, starting a family or retiring; an improved financial situation; and a desire to settle down in one location.

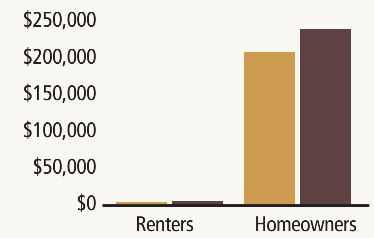
Renters seem to know that owning a home is a great investment, and they overwhelmingly express a desire to do so, and yet something is preventing many of them:

Ability

Based on a recent NAR survey, it appears that ability (perceived or actual) is the biggest obstacle to homeownership. In fact, 66 percent of renters reported that it would be somewhat or very difficult to save for a downpayment on a home. Only 16 percent said that it would not be difficult at all. Of those who said saving for a downpayment was difficult, 49 percent identified student loans, 42 percent cited credit card debt, and 37 percent cited car loans.

Net worth: from 2013 to 2016

If you are a renter and have ever considered purchasing a home, but have not taken the plunge, you need to absorb the import of the graphic included with this column.



Source: XX

The above, however, only focuses on one aspect of home affordability. Another side is home price appreciation. That is, if homes were more affordable, it would be easier to save for a downpayment. Unfortunately for local renters, Boulder County has appreciated more since 1991 than any other area in the country — more than 380 percent! The average single family Boulder County home topped $708,000 in February 2018, which is almost 20 percent higher than two years ago.

In addition, interest rates are on the rise in 2018, and we've already covered how a 1 percent increase in interest rates can reduce your purchasing power by 10 percent.

Takeaways

There are two takeaways from this. First, for renters, you may be familiar with the adage "The best time to buy a home was 30 years ago. The second best time is now." That is true now more than ever. If you have been considering making the jump to homeownership, now is the time. At this point, each day delayed likely equals less home for the money.

Second, for local government officials, if you truly support the idea of affordable (market rate) workforce housing, you have the power to encourage it. Without you, the affordability situation will only continue to deteriorate.

Jay Kalinski is broker/owner of Re/Max of Boulder.

BW STARTUPS

High-end watch maker wins surprise investment

By Jensen Werley
jwerley@bizwest.com

FORT COLLINS — Vortic Watch Co., a maker of one-of-a-kind wristwatches made from restored pocket watches, received a surprise investment from two Techstars founders.

The Fort Collins company won $10,000 and six months of coaching from LaunchNO.CO, the nonprofit that hosted a pitch contest during Fort Collins Startup Week. But after impressing David Brown and David Cohen, the two threw in an additional $50,000 of their own personal investment.

"We liked the traction of their business and the attractiveness of the product," Brown said. "I'm a watch guy and their story touched me. I love that it's built here."

Vortic takes pocket watches and restores them, then creates 3D printed wristwatch bodies so they can be used today. Because of the uniqueness of pocket watches and the 3D printing process, no two watches are alike. Vortic watches are also unique in that they have the crown, the metal knob found to the side of the watch and used to adjust time, on the top at the 12 o'clock position, just like old pocket watches had.

The business started selling its watches in 2014 and sold 400 watches last year. It plans to sell about 1,000 this year. CEO R.T. Custer said he thinks the watches, which can cost more than $1,000, are growing in popularity because of a growing analog movement. People, especially its target young adult audience, are getting invested in learning about earlier technology, restoring old cameras and cars. Vortic watches don't connect to the internet or send any notifications, like many watches today, but the manufacturing process is enabled through 3D printing technology.

"That makes us a beautiful clash of old and new," Custer said. "We're like the craft brewery of American watch making. We're small batch and limited production."

Custer and his co-founder, Tyler Wolfe, will use the $60,000 they won Wednesday mostly to help advertising the company. Last year, Custer said he spent $50,000 on ads, a drop in the bucket compared to competitors like Tag Heuer or Rolex, which can spend $3 million on ads. This year, Vortic plans to spend $200,000 on advertising. The $60,000 will go a long way toward that figure.

Jana Sanchez, executive director of LaunchNo.CO, said pitch competitions like these will help grow Northern Colorado's entrepreneurship community. All 12 of the pitching startups will work with LaunchNo.CO for the next six months, taking the advice of the 29 judges from the two-day competition and implementing it to make step changes in their business. This was the first time the contest was held and Sanchez said she plans to do it again. The new nonprofit's eventual goal is to work with startups to make significant improvements in their businesses, as they will with these 12 companies.

There were four finalists for the competition: Vortic, ItyDitty, Fair Fiber and Red Mountain Scientific.

In addition to Vortic winning, two companies — ItyDitty and everHuman — each won $2,000 a month for the next six months in public relations help from the MAPR agency. All 12 companies will get concierge help from CSU Ascend.

Have loyal customers? Get them to invest in your startup

By Jensen Werley
jwerley@bizwest.com

FORT COLLINS — A major challenge to Colorado startups — although one that the local community is looking to improve — is access to capital and investment.

It's one reason why entrepreneurs might want to look to equity crowdfunding.

Rob Burnett, who heads business development for crowdfunding platform Netcapital, held a panel at Fort Collins Startup Week about why access to capital has been made easier through this relatively new equity option.

Equity crowdfunding is different from reward-based crowdfunding like Kickstarter, Burnett said, because rather than clients giving money by pre-ordering a product — which for many campaigns doesn't come to fruition — they invest in the company itself and purchase shares.

"It's a great way to capitalize a business," Burnett said. "For the average startup, it can take more than five months to raise a round and in that time a company can run out of runway."

Equity crowdfunding can also be done through accredited and non-accredited investors. That can open up the field significantly — to be an accredited investor an individual must have a net worth of $2 million or prove they earn more than $200,000 per year for at least two years.

But non-accredited investors can be anyone, which means startups can offer shares to friends, families and even customers.

The funding option has been legal only since 2016, he said, and there are regulations, including the types of forms filed. For many, though, the best option is to file a Reg CF (CF for crowdfunding) which lets a company raise $1.07 million from accredited and non-accredited investors. Those funds must be raised through a registered funding portal, like Seedinvest, Wefunder, and Burnett's company, Netcapital.

Equity crowdfunding can provide a route to raising capital when institutional venture capital or angel investors are not committing to investing. Burnett shared how a Michigan legal-tech startup used Netcapital to equity crowdfund after an angel group told the company they would invest only after they saw matching investment. The startup was able to raise significant funds by appealing to potential customers who invested in the startup, and ultimately it got funding from the original angel group and other institutional investors impressed by the traction it got.

In addition to raising funds from friends and family, the ability to have customers invest in the company is one of the benefits of equity crowdfunding.

"Engage your customers," Burnett said. "A customer who is also an investor is a loyal customer."

Although there are benefits to equity crowdfunding, it is not risk free. Portals will take a cut. Netcapital, for example, takes 4.9 percent on the backend. Each one is different. Using equity crowdfunding means bringing on shareholders, which always means less control for the founders, as they have shareholders that need to be pleased, usually through a sale that returns them their investment. And a failed equity crowdfund will require some explaining to future investors.

While the option to equity crowdfund is new, it is not the black mark some feared it would be when it first started.

STARTINGLINE

Innosphere, China to join for Colorado pitch event

Innosphere and the U.S. China Innovation Alliance are bringing InnoSTARS, a pitch competition for Chinese investment in U.S. companies, to Colorado for the first time. Six preliminary competitions will take place in the United States, seeking companies in four key industries: health care and biotechnology, environmental technology, renewable energy and new materials, and information and communication technology. Applications for Colorado companies, which can be startups or small businesses, are due April 17, and the pitch competition will occur April 27 in Denver. Winners of the competition will receive an all-expenses paid trip to China, where they will pitch in front of investors for the chance to win investment and customers. Last year's winner, a small Houston company that does wastewater treatment, got $120 million in investment. This year, it was important to bring the competition to Colorado, which has been under the radar in the investment community when compared to Silicon Valley or Boston, two places where InnoSTARS has been taking place. The goal is for nine companies from Colorado to be selected for the trip to China. The competition will also be held in San Francisco, Chicago, Houston, Boston and Atlanta.

TalkBox gifts 1 percent equity to entrepreneurial nonprofit

TalkBox, a startup that makes privacy booths for cellphone users, is gifting 1 percent equity to Venture for America, a nonprofit that connects recent graduates with jobs at startups. TalkBox is a venture backed by Boulder-based Red Idea Partners, an innovation consulting and venture firm that's been growing startups for the last 10 years. By giving equity to nonprofits, startups are able to give back to the community without relying on cash-based monetary donations, as most startups are cash-strapped when they start out. Red Idea Partners has owned a stake in 14 different ventures over the last 10 years, and is launching one or two new startups each year,

UpRamp seeks startup applicants for accelerator

UpRamp, the cable-backed accelerator program, is seeking applications for the third cohort of its Fiterator accelerator. When the second cohort finished in November, the outcome was 17 commercial engagements. Now, the Fiterator, which takes later-stage startups and helps them find the market fit for their product with its 60 large broadband and cable partners, is looking to repeat the success of the last cohort. Applications are open and will be accepted online until May 4. The program is capped at six companies.

BW COMMENTARY

Proposed local, federal development incentives will boost lagging areas

Despite rapid growth along the Front Range in recent years, it's easy to forget that some areas continue to lag in terms of economic development.

That's why it's good to see the city of Greeley, the state of Colorado and the federal government propose common-sense incentives to encourage projects in underdeveloped areas.

In Greeley's case, the city has advanced a proposal to expand its incentives for development downtown, along the Eighth Avenue corridor, the University of Northern Colorado campus, areas east of downtown and the Greeley Mall. The city will reimburse 25 percent to 100 percent of building and impact fees, and sales and use taxes, depending on the size of the project.

The program comes as welcome news to developers eyeing projects downtown and along Eighth Avenue, including the Richmark Cos., which has been acquiring real estate in the area. Richmark recently made a compelling case for why it costs more to develop in such an area versus a "greenfield" development, including lower property values, deferred maintenance on historic buildings, parking concerns, higher construction costs, outdated infrastructure, etc.

One of Richmark's first projects will be South Maddie, a mixed-use development on Eighth Avenue between 15th and 17th streets. One of the initial projects will be a 220-unit development with ground-floor retail and restaurants.

Greeley's incentives promise to give developers — including Richmark — the assurance they need that projects such as South Maddie can be viable in these underserved areas.

As for the state and federal governments, a new incentive program comes through the federal Tax Cut and Jobs Act, passed in December. The measure included a provision for creation of "opportunity zones," where investors can secure reduction or elimination of capital-gains taxes from investments made within the zones.

The Colorado Office of Economic Development and International Trade on March 23 designated 126 census tracts as "opportunity zones," including areas in Boulder, Brighton, Dacono, Estes Park, Evans, Fort Collins, Greeley, Lafayette, Longmont, Loveland and eastern Weld County.

The zones must be approved by the U.S. Treasury Department and will be administered at the federal level.

Both the Greeley incentives and the federal opportunity zones reflect an acknowledgement that — despite the booming economy — not all areas have shared in that prosperity. Modest incentives can help tip the balance to move some projects forward.

We look forward to seeing what lies ahead.

Debating the merits of Facebook

The number "540" now carries a special meaning for me. More on that later.

Color me skeptical as to how much Facebook will changes its anti-consumer policies in the wake of the Cambridge Analytica scandal. My impression is that it will do only enough to pacify regulators, including those at the Federal Trade Commission, which has launched a probe of the social-media giant's privacy policies.

PUBLISHER'S NOTEBOOK
CHRISTOPHER WOOD

The investigation, confirmed March 26, comes amidst a similar probe in the United Kingdom, after word that Cambridge Analytica improperly accessed data on 50 million Facebook users, all for the purpose of influencing elections.

As of midday, March 26, the crisis had wiped $80 billion from Facebook's value, as the company's stock plummeted 13.9 percent since the scandal broke March 16.

Facebook also has acknowledged that it for years has collected and stored call and text-message logs from some users of smartphones, which it characterizes as an "opt-in" feature. But I suspect that few of those smartphone users whose every call and text are cataloged realized that the company was doing so.

I fully expect that the company will tweak its practices, hoping that the furor dies down and that users will resume their old habits of sharing everything, without too much concern for what Facebook might be doing with their data.

As a Facebook user, I visit the site repeatedly every day. I've found it a good way to keep up with my large and extended family, as well as old friends from high school or the Marine Corps.

I've learned to ignore the daily onslaught of polls asking for my favorite albums, songs, TV shows, etc. I don't respond to surveys about movies, books, my personality or what state I'm most-suited to live in.

Despite that care, I am constantly reminded of how difficult Facebook makes it to maintain privacy. One particularly annoying feature is its ad-targeting algorithm. Click on a link or an ad, or like any post, and Facebook will begin feeding you ads based on that perceived preference. It's how the company builds a psychological profile of you, which it then shares with any number of third parties.

Admittedly, I haven't paid too much attention to the ad preferences, other than going in once or twice a year to delete them. In fact, I did that just last week, via my iPhone, deleting dozens of preferences that had been forced upon me by Facebook as it works to target ads with as much specificity as possible.

Just for grins, a few minutes ago, as I was preparing this column, I checked whether what I'd done last week had stuck, when I deleted all ad preferences. What did I find? 129 "interests" in the "Business and Industry" tab, 128 under "News and Entertainment," 54 under "Travel, Places and Events," 51 under "People," 41 under "Hobbies and Activities," 17 under "Sports and Outdoors," 17 under "Food and Drink," 15 under "Education," 10 under "Technology," five under "Shopping and Fashion," two under "Fitness and Wellness," one under "Family and Relationships," 37 under "Lifestyle and Culture" and 33 under "Other."

Did all of these "interests" — yes, the total is the aforementioned 540 — suddenly materialize in the few days since I thought I cleaned them out on my iPhone, or did that privacy hygiene not take full effect?

I'm not certain, but the point is that a Facebook user should be able to permanently opt out of receiving targeted ads, rather than have to go through the onerous and impossible task of deleting interests each time one clicks on an ad, post, video or "like" button.

Maybe I'll stick to "liking" articles about Facebook's woes. Maybe then they'll see that what I really "like" is privacy.

Christopher Wood can be reached at 303-630-1942, 970-232-3133 or cwood@bizwest.com.

BIZWEST MEDIA LLC
Copyright © 2017.
BizWest Media LLC.
Reproduction or use of editorial or graphic content without written permission is prohibited.

Publishers
JEFF NUTTALL
jnuttall@bizwest.com
970-232-3131 | 303-630-1955

CHRISTOPHER WOOD
cwood@bizwest.com
303-630-1942 | 970-232-3133

BizWest
BOULDER VALLEY • NORTHERN COLORADO

Executive Editor
CHRISTOPHER WOOD
cwood@bizwest.com
303-630-1942 | 970-232-3133

Vice President of Sales
NICHOLAS MORSE
nmorse@bizwest.com
970-237-6338 | 720-398-0591

Controller
DIANE CRISPIN
dcrispin@bizwest.com
970-232-3151 | 303-630-1963

VOLUME 37, ISSUE 5

Boulder Office
3004 Arapahoe Ave., 2nd floor, Boulder, CO 80303 | Fax: 303-440-8954

Fort Collins Office
1550 E. Harmony Road, 2nd floor , Fort Collins, CO 80525
P.O. Box 270810, Fort Collins, CO 80527 | Fax: 970-221-5432

CIRCULATION VERIFICATION COUNCIL
THE ALLIANCE OF AREA BUSINESS PUBLISHERS
BBB
FSC Printed on Forest Stewardship Council certified paper

Heed the red flags before digging a deeper hole

For the past few years, the Boulder Chamber and its Boulder Economic Council have recognized both the strengths and challenges to our economy at our annual economic forecasts and summits. The message coming out of the 2018 Forecast, though, is the most cautionary in recent memory: Although 2017 was an historically positive year, we see looming challenges, including in particular a labor shortage, rising regional traffic congestion, and high housing costs. Adding to this troubling outlook was talk of tougher competition from surrounding communities, with their offer of lower taxes, fees, and overall costs and their investment in business services, such as community-wide broadband.

BOULDER'S BUSINESS CENTER
JOHN TAYER

And what toll have these shifts in the economic landscape already taken on our community? While the cause and effect relationship isn't always direct, we may be experiencing some early signs of looming trouble.

According to city of Boulder finance reports, for example, our community experienced a total sales and use tax revenue decrease of 2.62 percent in 2017 over 2016. And this occurred during a period of relative economic health across the state and nation. With sales and use tax receipts accounting for nearly 42 percent of Boulder's municipal General Fund budget, reports that our sales tax receipts are "stagnant," while other surrounding communities are "booming," should alarm all of us. By the numbers, last year the city of Boulder experienced a mere 0.18 percent retail sales tax increase while our neighbors, Longmont and Louisville. touted reported rises of 11 percent and 10 percent, respectively.

These numbers have very real implications for the programs and services we enjoy as Boulder residents. We applaud City Manager Jane Brautigam for taking these fiscal matters seriously, with direction to her staff to begin the difficult process of assessing where they can trim elements of their budgets. The benefits of practicing basic fiscal prudence in our municipal budget aside, and while there may be a number of reasons for our tax revenue decline, we should recognize it as a stark reminder that we can't take our current prosperity for granted.

Take Careful Aim

I once worked with a very smart operations director who was fond of a saying, "Ready, aim, aim, aim, fire." The key message was to always assess where you are, evaluate program options, and thoughtfully consider the implications of proposed actions . . . before moving forward. I hope the Boulder City Council will begin to take a similar tact: Let's make sure we fully understand the economic consequences of our actions before plunging forward.

So how are we responding to the red flags? On tap for the city council agenda over the next few weeks are both a proposed increase in the Affordable Housing Linkage Fee on commercial development and potential permanent extension of the height moratorium. I will speak to these issues individually as we approach the decision dates, but suffice to say, these initiatives all have economic and financial implications for our community. One only needs to see the deep decline in year-over-year construction and business use taxes, 17 percent and 16 percent respectively, to recognize a negative trend. Are these a direct reflection of city of Boulder growth control policies and do they portend longer-term budget implications? Before we start digging that hole deeper, I suggest taking our hands off the shovel and taking more time to get the answers.

We are fortunate that our economy is strong and there are many reasons to have confidence in our future prosperity. Still, the red flags are rising and we ignore them at our long-term peril. Let's heed the warning signs.

John Tayer is president and CEO of the Boulder Chamber of Commerce.