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THE BUSINESS JOURNAL OF THE BOULDER VALLEY AND NORTHERN COLORADO

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"This meeting went much better than I thought it would. I assumed this was going to be about how I lost the laptop with all the company passwords on it."

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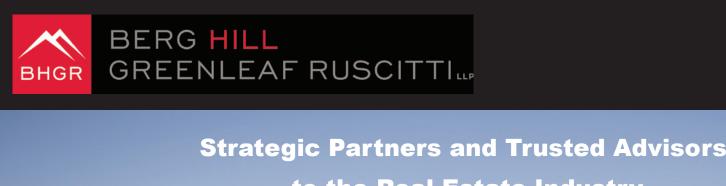
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QUOTABLE

"It puts me at a significant disadvantage and not one caused by me. It does not indicate to me the U.S. government is supportive of manufacturing. They don't care."

Terry Precht, president of Vergent Products. Page 8





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BW EXECLIFE



Younger buyers help drive RV sales

By Shelley Widhalm

news@bizwest.com

As Baby Boomers age, they opt to travel the country in one of their preferred modes of transportation: recreational vehicles. But they are not alone. Younger generations, including Generations X and Y, have caught the RV bug.

"Originally, it was Baby Boomers who used to do this. Now, they have grandchildren," said John Terrell, salesman at Camping World of Longmont, in business since 1966. "They grew up with parents and grandpar-

ents doing this, and now they are doing this. It has more of a generational aspect to it."

In the mid-1980s, the predominant age for RV buyers was 54 to 70 and now it's 35 to 53, though some of the older buyers already own their RVs and are not purchasing, said Randy Biles, president of Pikes Peak Travel Land, Inc., an RV dealership in Colorado Springs and a member of the National RV Dealers Association in Fairfax, Va., representing the manufacturing arm of the RV industry.

"We're on three generations of RV ownership at the same time," Biles

said. "It's the easiest way to travel. You get to see scenery you normally wouldn't get to see."

Prior to the recession, which struck the RV industry from 2007 to 2009, the majority of RV buyers were Baby Boomers and the previous generation, Biles said. After the recession, the millennials, or Generation Y, entered the RV market in large numbers, influenced by their parents, he said. Generation Xers also have an interest in the RV lifestyle, but not at the level of the millennials, he said.

RV sales began increasing in 2009, particularly with the sale of travel

trailers and fifth wheels, with a record in 2017 in the number of shipments from manufacturers to dealers, Biles said. That year, manufacturers sold 504,000 RVs to dealers, but during the recession, sales were down at 300,000 or less, he said. Economists that track the RV industry expect sales to be about 539,000 in 2018, Biles said, citing numbers from the RV Industry Association in Reston, Va.

The sales numbers can be attributed, in part, to a healthy economy and low interest rates with the anticipation they may increase, making it a good time to buy, said Tim Jackson, presi-



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dent and chief executive officer of the Colorado Auto Dealers Association, a Denver-based advocacy organization for new and used car dealerships.

"People like to, especially in Colorado, get out and see the countryside and see the great outdoors, so going RVing is very popular," Jackson said, adding that vacationers and travelers are upgrading from tents and rented cabins to RVs. "It's always been popular with seniors. It's gaining interest among young families because they can go RVing together."

Baby Boomers prefer fancy, more luxurious RVs, while millennials see RVs as a tool for an outdoor experience and drive the vehicles, such as SUVs and pickup trucks, that make it easy to do so, Biles said.

"They recognize they can take off and go to places they want to go, stay at locations they want to stay and work on their own schedules," Biles said, adding that many campgrounds are offering the features millennials like, such as swimming pools and other amenities and Wifi connectivity. "They're not into spending money for the fancy luxury items, but they do want the convenience features. They do want the connectivity. They want the entertainment systems."

Terrell began seeing sales increase about five years ago and continue to rise since then, he said.

"The industry definitely has been and still is increasing year after year," Terrell said. "I think people are enjoying the outdoors more than ever. The national parks are setting recordbreaking admittance rates."

That's because taking a trip by RV has several benefits, including a way to spend time with family and friends in a less expensive mode of travel, Terrell said. A night in an RV campground can cost \$20 to \$40 or a little more a night, while a hotel stay can cost in the low hundreds, he said.

"The Boomers made it what it is today," Terrell said, explaining that after World War II, families became more interested in doing activities with their families, including spending time outdoors. "The beauty of the outdoors, the quality time with family, there's no price tag on that."

RVs provide personal space, whereas a hotel or motel has several visitors over the span of time, Terrell said.

"It's theirs. They know who slept there before," Terrell said. "It's like a home away from home."

Campgrounds are becoming more comfortable for travelers — for instance the south end of Carter Lake in Loveland recently was expanded with 21 campsites and new hookups, Terrell said. The improvements totaled \$1.3 million with more parking, an extended boat ramp and other additions.

"It's quality of life, really," Terrell said. "It's a nice way to be together in the outdoors and unplug from the everyday rat race we're all subject to."

The RV industry is working with the National Park Service and the campground industry to improve campgrounds, Biles said. More RVers want to use the campgrounds in the parks than are spaces available, he said. In response, several camping facilities are in the planning stages this year to put in the RV infrastructure through new funding allotments, he said.

"Today, we're seeing a more favorable acceptance of RVing. It's the best we've seen in a long time," Biles said.

The Great Outdoors RV in Evans has sold more campers so far this year than it has in previous years, said Mait Parker, general manager of the company, which sells towable campers that include travel trailers, fifth wheels and popup campers.

"There are a lot of younger people buying," Parker said, adding that the majority of customers are in the 30- to 50-year range. "We see a lot of people who are even a little bit younger or even older coming through buying campers, too."

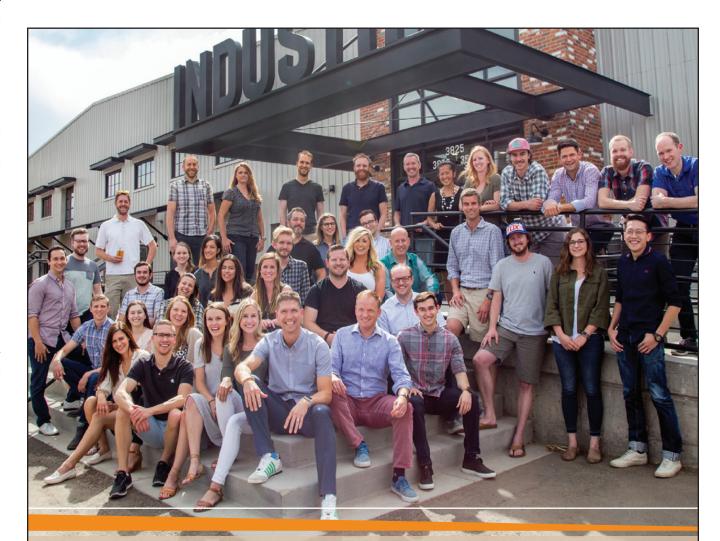
Parker sees customers upgrade over the years, starting with popup campers and, as their incomes allow, investing in travel trailers or fifth wheels. Customers make the investment because they want to spend time with their families, travel in an affordable way, explore the outdoors and escape technology, he said. Sometimes, they want to have a place of their own, but don't want to pay for a cabin or second home and be tied to a specific location, Parker said.

"People like the independence of being able to go wherever they want," Parker said. "A lot of times people worked really hard all their life and they want to take a break and enjoy it or are retiring and want to explore things they want to explore. It's a good way to do that without breaking the bank."

Melissa Anderson, manager at Summit Adventures RV, which sells used RVs in Longmont, sees a large number of young families purchasing RVs, as well as parents purchasing RVs for their children, she said.

Over the past five years, sales at Summit Adventures have steadily gone up, Anderson said. They increased by 30 percent from 2016 to 2017 and are about the same in 2018 as they were in 2017, she said.

"Most of our buyers are looking for a deal and had shopped around," Anderson said. "We get a lot of people in their fifties, smart, savvy buyers who know how to shop."





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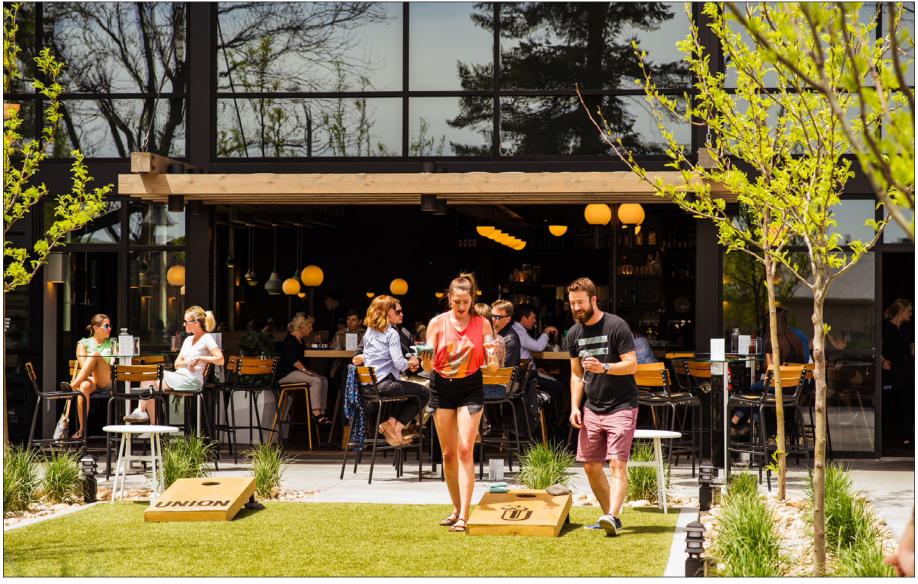
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COURTESY PHOCO PHOTOGRAPHY

The Union Bar and Soda Foundation preserved a bit of green on the west side of the new Fort Collins restaurant.

Old meets new at Union Bar and Soda Fountain

By Dallas Heltzell

news@bizwest.com

FORT COLLINS — Does the idea of combining a bar serving alcohol with a family-friendly dinerand soda fountain sound a bit odd? Union Bar and Soda Fountain co-owner Ty Fulcher says it shouldn't—if you're at all familiar with American history.

"Alotofsodafountainswereinspired off of apothecaries, the old drug stores that were using tinctures and soda waters for medicines," Fulcher said. Mineral springs that bubbled up from the Earth were believed to have healing powers, "and the pharmacies added soda fountains."

From its focus on fun, bubbly drinks to its sparkling sodas, shakes and malts and classic diner food, Union — which opened Feb. 28 in Old Town Fort Collins — is a step back in time, a tribute to that slice of American history, right down to the vintage green mixer displayed on a wall that was used to make fountain drinks at Sol & Dicks in Fort Collins in the 1940s.

"Union's a modern take on a classic





COURTESY PHOCO PHOTOGRAPHY

The Union Bar and Soda Fountain features drinks made the way they were in the heyday of the soda fountain during the 1940s and 1950s.

American soda fountain and diner," Fulcher said. "Malts and milkshakes. Egg creams. Phosphates. All our sodas are made here and made to order. Our craft cocktails have beautiful garnishes, fresh flavors — more of a

bright, patio sipping type drink."

The bar keeps to the old-pharmacy theme, serving "over the counter" non-alcoholic drinks and "prescription only" adult beverages.

Along with the shakes and malts,

"Our food side is inspired by diners as well," Fulcher said. Chef Joel Ryan, who ran The Kitchen's kitchen for its first two years and also had been corporate chef for Oracle's Broomfield campus, "came up with a bunch of

If you go

Union Bar and Soda Fountain 250 Jefferson St., Fort Collins 970-825-5558

unionbarsodafountain.com

classics. His fried chicken we feature on Mondays. He's also come up with some great burgers, a Monte Cristo and a croquet monsieur," a sandwich on toast with béchamel, egg and ham.

Breakfast items are served all day, and one of Fulcher's favorites is the "Blue Collar American," featuring two fried eggs, potato hash, pecanwood-smoked bacon, toast and jam for \$8.95.

The menu features such items as house-made doughnuts, a vegetarian mushroom-walnut burger and a sea salt-caramel milkshake. And where else could you find a ginger or hibiscus float or a maple-flavored egg cream, the New York favorite made not with eggs but with milk, syrup and soda?

Soda fountains reached their heyday in the '40s and '50s as community gathering places, and that social aspect comes naturally for Fulcher and partner Ryan Houdek. The pair also opened the popular Social basement speakeasy on Old Town Square. "I had worked for Ryan previously at The Melting Pot and always tried to open my own place," Fulcher said, "and he's been a business mentor for years." Houdek also owns the Rodizio



COURTESY PHOCO PHOTOGRAPHY

The outdoor patio provides a popular place on a summer eve.

Grill location in Old Town.

"We thought Social was an instant success, but this is even more," Fulcher said. In a spring 2017 article in the Fort Collins Coloradoan, the pair said they expected between 5,000 and 8,000 customers per month at Union — but after just five months, Fulcher said, "we're just about to hit 100,000 guests through the door."

Union can seat 175 people inside and 125 on the patio, and crowds like that mean jobs for "just under 80 employees," Fulcher said. "We're doing 1,000 (customers) on Saturdays alone, so we've got to have a strong staff to keep it running."

Union sits on the site of what had been Jefferson Park, a 29,000-squarefoot private parcel owned by the Union Pacific Railroad, which leased it back to the city. The park had become infamous as a gathering place for transients, and the railroad put it up for sale in 2013, but with a deed restriction that said it couldn't be used for a park, day-care center, homeless shelter "or anything like that around the train tracks," Fulcher said. That restriction meant the city wasn't interested in buying it, so Blue Ocean Enterprises scooped it up in 2014 for possible use as a parking lot.

However, when the city and its Downtown Development Authority partnered with the developers of the Elizabeth Hotel across the street to build a parking garage, Blue Ocean, the real estate investment firm started by OtterBox founder Curt Richardson and his wife, Nancy, approached Fulcher and Houdek.

"The price got out of hand as a lease, though," Fulcher said, "so we offered to buy the land from Blue Ocean. So we built a 6,200-square-foot building, but we utilized all 29,000 square feet by keeping the west area grassy — we wanted some greenness still in Old Town — and on the other side of the building is where we did our patio.

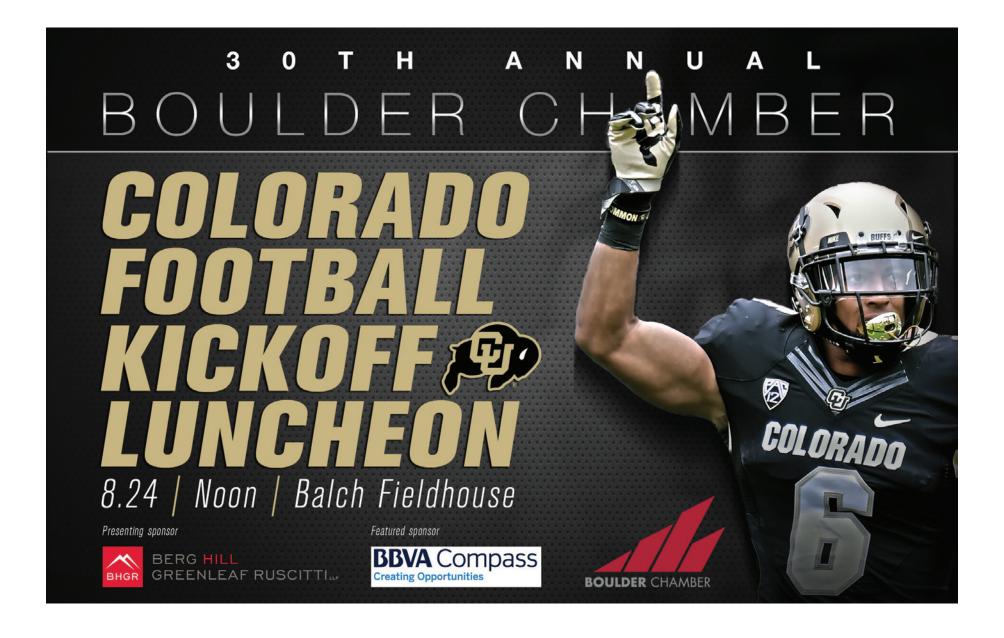
"That patio is definitely in demand in summer."

Fulcher and Houdek haven't brought in live music yet, or even a jukebox. "There are outlets on the patio, though, and we do have a record player that we end up throwing some vinyl on," Fulcher said. "But the side to a record is only 20 minutes or so, and then you've got to go over and flip it. When we're busy, that doesn't work so well."

The future looks bright, given Union's proximity both to Old Town and the burgeoning River District, the Elizabeth Hotel and the new Ginger and Baker restaurant, two doors down in an old feed mill. But does that mean expansion for the Union Bar and Soda Fountain?

"Right now, we're just focused on keeping it running, and to keep seeing the fun happen," Fulcher said. "It's so entertaining and rewarding to see ages of 3 on up to 95 enjoying it — the 3-year-olds loving the ice cream and the 95-year-olds reminiscing about when they didit when they were young.

"Any time you can evoke an emotion through our food and drink, we've done our job at that point."



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JOEL BLOCKER FOR BIZWEST

Terry Precht, president of Vergent Products Inc. in Loveland, says that the current tariff situation "frustrates me completely."

Tariffs affect NoCo bottom lines

By Shelley Widhalm

news@bizwest.com

Terry Precht worries that if he has to keep raising his prices, he may have to cease operations at Vergent Products Inc. in Loveland.

Precht, president of Vergent Products, expects to see his material costs increase, mainly from tariffs imposed by China, resulting in a price increase he eventually will have to pass on to his customers. Vergent Products relies heavily on electronic components — 60 percent of the product cost comes from parts — to manufacture electronic systems for customers worldwide.

"It's a difficult situation and one that frustrates me completely," Precht said. "If I'm put in that much of a competitive position — my product is up 15 percent — that's not something I can regain with my clients."

Precht is not alone as Northern Colorado manufacturers worry about the impact tariffs and countermeasures will have on their bottom line — they may have to increase prices, reduce availability of their goods and services, and make cuts in employment.

Beginning in March, the Trump administration rolled out tariffs on imported products, including steel and aluminum, pushing for more protective measures of U.S. industries. China, Canada, Mexico and European countries responded with retaliatory tariffs on hundreds of imported U.S. goods, many of which are steel, aluminum and agricultural products. Several industries are affected from auto, aerospace and agriculture to manufacturing, construction, landscaping and even printers using newsprint.

One of the first to be affected is agriculture, said Troy Schneider, a corn and wheat grower from Joes, Colo., and vice president of the Colorado Corn Administrative Committee and member of the U.S. Grains Council.

"We, in agriculture, feel we're on the front lines. ... When there's a tariff placed on a product by a foreign country, they look at first putting a tariff on agricultural products," Schneider said, adding that one of every three acres of corn produced is exported and, of the remaining, 35 percent is used as a feed source for meat products. "It's a little scary."

Growers also face tariffs on their end products, such as fertilizer and farm equipment, and a decrease in trade, driving down the price of the products they send to market, Schneider said. Since May, corn dropped 40 to 60 cents a bushel from the tariffs

and other factors, he said.

"We're affected on both ends on our inputs and the sale of our products, too," Schneider said.

Precht also expects product sales to be affected. He received notification from his parts suppliers to expect price increases but not specifically when, he said. Once he receives that notice, his customers will see a higher price within 30 days because of his turnaround rate, he said.

"It's going to be fairly fast," he said. Precht worries that once he raises prices, his customers will do one of two things, either order less or find another supplier who doesn't have to pay a tariff.

"All that does is put me in a less competitive position, which potentially causes me to lose business," Precht said. "It puts me at a significant disadvantage and not one caused by me. ... It does not indicate to me the U.S. government is supportive of manufacturing. They don't care."

Some manufacturers purchased as much material as they could in anticipation of the retaliatory tariffs, though smaller companies cannot invest in significant amounts of inventory, Precht said. Vergent Products stocks up in advance on its supplies to address the lag time from order to

receipt, which is nearly one year in his business, he said.

Noffsinger Manufacturing Co. in Greeley responded by buying up an extra supply of steel, the main component of the conveyor belts it produces, said Dean Herl, chief executive officer of Noffsinger, a manufacturer of conveyance products for root crops.

"There was a lot of panic buying, and we bought what we could at a price that worked for us," Herl said. "The mills are booked out into October at this point, so the lead times are way out, along with the price going up."

Noffsinger regularly purchases steel several months ahead from a Pueblo steel mill, plus a few alternative sources, and in October 2017 purchased enough to last eight months. The company again purchased steel early this year to last through December. The next purchase will be early in the fourth quarter of 2018 for 2019 deliveries, Herl said.

"As much as we hate to sit on that much inventory, it was a decision we made," Herl said. "We committed to and we contracted delivery as far out as what the mills will allow us."

Herl made the advance purchases after seeing the price of domestically produced steel increase by 40 percent www.bizwest.com BizWest | August 2018 ■ 9

since fall 2017, but he also believes the price will settle, he said. Canada imposed a 25 percent retaliatory tariff in early July 2018, not helping matters, he said.

"It seems a little bit opportunistic to us. (The steel mills) know the demand is going up and the prices went right up with that," Herl said. "We are trying to absorb as much of it as we can. Hopefully, when this gets straightened out, we'll get more of a true trade. It certainly hasn't been that way for a long time."

Walker Manufacturing Co., a producer of commercial mowers in Fort Collins, is affected by tariffs on lawn and garden equipment from its sale of products in Canada.

Before the tariffs went into effect earlier this year, Bob Walker, owner and president of Walker Manufacturing, saw a temporary surge in business, but now expects sales to slow down in response to the Canadian tariffs, though it is too early to say for certain, he said. Canada is a smaller market of about 5 percent in a business that exports 25 to 30 percent of its total output, but a loss there will hurt overall sales, he said.

"Those machines are expensive. If you add a tariff, it pushes up the price," Walker said, adding that he has seen an increase of 20 percent in the price of steel, mainly due to tariffs.

Some of the components of the machines Walker Manufacturing builds include parts that have content from China that the company pur-

chases from a U.S. company, Walker said. The company has raised prices, but the three components with those increases, including belt drives, will not significantly affect the overall price of the machines, which have a thousand parts, Walker said.

Walker hasn't had to raise prices yet, but if he does, customers may respond by waiting to purchase and making due with older equipment, he said. The company reviews prices every September and expects to do the same this year, instead of employing a mid-year price increase, he said.

"We don't have big enough margins to lose a 3, 4 or 5 percent price increase and absorb it," Walker said. "We still charge close to the cost."

Advance Tank & Construction Co has had to pass on the cost of tariffs to customers wanting tanks to be built, said Jim Clay, president of the Wellington-based company.

The company, which fabricates and constructs large diameter storage tanks, has seen an increase in the cost of raw steel material, used for parts such as plates, beams and bars, Clay said. The cost of steel plates, for instance, increased 75 to 100 percent, he said.

"We pass that cost on directly to the owners of projects," Clay said. "That makes the projects more expensive."

In the last couple of months, Clay has seen a slight slowdown in projects, with some customers opting to hold off on projects in anticipation of prices lowering again, he said.



JOEL BLOCKER FOR BIZWES

Walker Manufacturing's production floor in Fort Collins.

"The construction side of our business is always up and down a little bit," Clay said, adding that in response, the company cut 60 to 70 of its staff in the last two to three months and now is at 350.

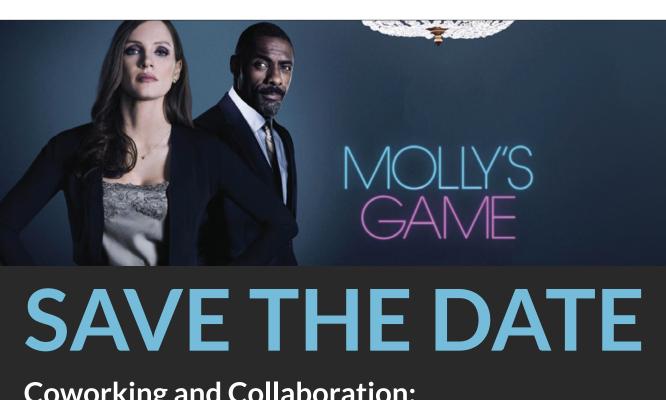
Lehman Printing Center in Berthoud has had to increase prices to its commercial customers but not on its newsprint as a result of Canadian paper tariffs, said Randy Sannes, production director at the printing center. The printing press does not buy paper from Canada but from U.S. paper mills that had to increase production and

subsequently raised their prices by 20 percent in the last six months, he said.

"We've been able to absorb quite a bit of the costs over these few months," Sannes said. "We really haven't made any adjustments yet. We're hoping we don't have to."

Co's BMW Center has not had to increase prices of the vehicles it sells as a result of the steel tariffs, said Marissa Banninga, marketing manager of the Loveland car dealership.

"At this moment we haven't been seeing an effect," Banninga said. "Our pricing hasn't changed on anything."



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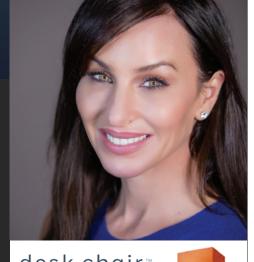
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BW

ONE ON ONE

SeonAh Kendall: Economic Health Manager, City of Fort Collins

Each month BizWest invites a business leader to reflect on the issues affecting his or her industry. This month, BizWest asked SeonAh Kendall, economic health manager for the city of Fort Collins to discuss her role in business sector of the community.

BizWest: As economic health manager for the city of Fort Collins, you're in a position to help maintain or improve the business climate in the city. In your experience, what is the single greatest tool that a city like Fort Collins has to accomplish that?

SeonAh Kendall: The city can be most effective through collaboration and staying engaged with our business partners. If we don't have the tools to address problems facing businesses, we steer them to resources to ensure they're making connections that will help them thrive. In the region, we work closely with the Larimer Small Business Development Center, the Fort Collins Area Chamber of Commerce, Larimer County Workforce Center, Colorado State University, Front Range Community College and other partners. Nationally, we participate with such groups as the International Economic Development Council and the Economic Development Research Partnership to learn and share best practices that we can apply in our communities.

BW: What are the major strengths of the Fort Collins economy at the midpoint of 2018?

Kendall: Regionalism is a major strength for Fort Collins and northern Colorado as a whole, ensuring that we're addressing major challenges to the economy that don't respect municipal boundaries. For example, transportation, climate and talent are all being addressed at the regional



COURTESY CITY OF FORT COLLINS

SeonAh Kendall: Economic Health Manager, City of Fort Collins

level. Cooperating on economic development at the regional level means we're doing what's best for the entire region, not just individual communities.

We also have a very strong startup community and an innovative entrepreneurial culture. Our businesses are really taking the lead on innovation and thinking outside the box. They're taking control of their own destiny. We have so much talent in this community that when people leave an HP or an Otterbox or a Woodward, they're choosing to stay in Fort Collins and using knowledge and innovation to become entrepreneurs themselves.

BW: What are the biggest issues or challenges that the city faces, either short term or long term?

Kendall: Two major issues are talent and housing affordability. We are facing a shortage of talent and diversity in skills and education within the talent pool for our employers. The entire region has shifted from attracting/chasing the next big company to attracting talent. Fort Collins has been on this journey since 2014 through the Labor Force Analysis project, and we are working with our regional partners to address this. Housing affordability has also emerged as a major issue for the region. Wages haven't necessarily kept pace with the cost of living, and as we continue to attract new talent, we must continue to evaluate how we provide a welcoming environment for all incomes and housing levels.

BW: The nation, state and region have experienced an incredible peri-

od of economic prosperity since the last recession. It won't likely continue forever. What is Fort Collins doing to prepare for downturns that inevitably occur?

Kendall: A diversity of industries and adaptability/innovation have helped Fort Collins weather past downturns. The city will continue to help businesses navigate challenges and opportunities now and into the future. The city is active in multiple regional partnerships and initiatives to assist with the region's long-term economic health. For example, the NoCO Manufacturing Partnership and the NoCO Health Sector Partnership work with economic developers, workforce developers and industry to get future talent excited about careers in manufacturing and health care. We're also participating in Talent 2.0, which is a regional approach to address access, educational alignment and barriers to a strong workforce. As many folks retire, how do we transfer their knowledge to new and future leaders? We want to do that through great mentorship/entrepreneurship opportunities and an untapped talent pool.

BW: What industry has been the brightest spot in the Fort Collins economy over the past five years?

Kendall: Strength in multiple diverse industries has helped the Fort Collins economy survive and thrive. The bright spot has been the people. The people who run our businesses and work here aren't just corporate citizens — they're residents of our community. I am proud to work in a community where businesses and residents are invested in making sure Fort Collins is successful because they work and play here.





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ESTATE & CONSTRUCTION

Xceligent's exit creates void for brokers

By Paula Aven Gladych

news@bizwest.com

The unexpected Chapter 7 bankruptcy of Xceligent, a listing service for the commercial real estate market, has turned that industry upside down and sent Realtors scrambling to find a reasonably priced alterna-

Nathan Klein, partner and commercial brokerage manager for LC Real Estate Group LLC in Loveland, said that the big problem with the NATHAN KLEIN demise of Xceli-

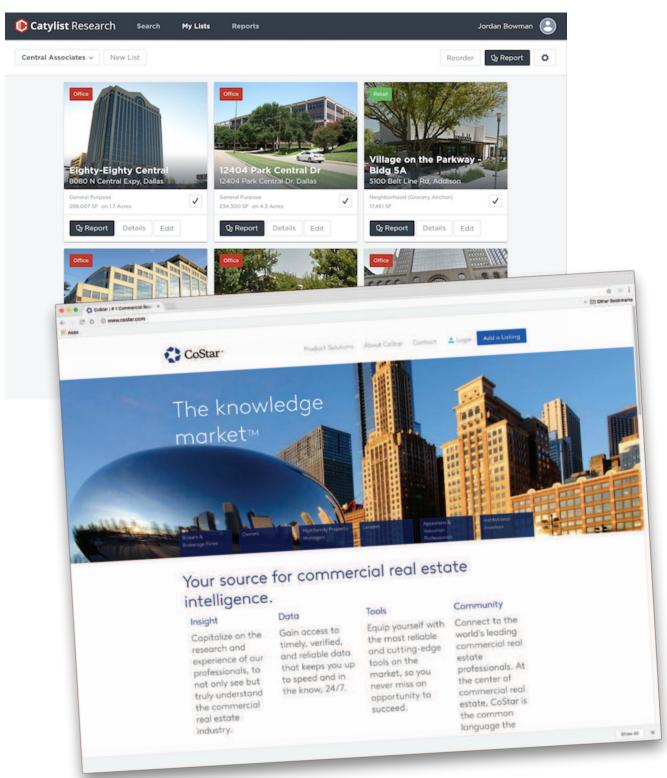


gent is that it was universally adopted by brokers in Northern Colorado and many independent brokerages in Denver and had the best and most current local data available. Most of that data, at least in Northern Colorado, was provided by the brokers themselves.

Unfortunately, in its bid to expand quickly into larger markets like New York, Xceligent began to cut corners. One of those was by padding its own information database with information it stole from the CoStar database. CoStar, a national and more expensive commercial real estate listing service, sued and essentially put Xceligent out of business.

As part of its lawsuit, it sent cease and desist letters to all Realtor associations that had adopted Xceligent as their listing service saying they would "sue their pants off" if they continued using comparison data from the Xceligent system, said Klein. Because Xceligent had acquired Commercial Search, a 100 percent broker load system, most of the data in the Xceligent system for NoCo was owned by the brokerages

Please see Listing, page 13



COURTESY WWW.CATYLIST.COM. WWW.COSTAR.COM

Commercial real estate brokers have sought alternatives after the demise of Xceligent, a widely used listing service.



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Listing, from 12

themselves which caused major consternation in the industry.

Jim Neufeld, commercial broker with Re/MAX Commercial Alliance in Greeley, said that Xceli-



JIM NEUFELD

gent's demise was a very big deal for Northern Colorado brokers. He said he got an email from Xceligent in the middle of December saying it was filing for bankruptcy and going out of business.

"So Xceligent has all the listings for the Northern Colorado and Denver areas. It was in 30-some states. It was a huge service and this was a big deal. Now our listings are gone. What the heck are we going to do? There is no backup. CoStar is a backup but it is so expensive that many brokers don't use them," Neufeld said.

He pointed out that Xceligent used to cost his company less than \$100 a month but CoStar costs a few hundred dollars a month.

"We all relied on it. If we wanted to show properties to an oil company in Greeley, we would go to Xceligent, pull up a list of properties and, boom, we were on our way. All of a sudden that's gone," he said.

A new search service called Catylist Commercial Property Database has jumped into the hole left by Xceligent, but "it is not as big or well organized as Xceligent was," Neufeld said. That company has had to start from scratch by re-entering all commercial properties for the Northern Colorado and Denver markets. For Northern Colorado alone that is estimated to be several thousand properties. In Denver, it is between 40,000 and 50,000 properties.

It could take months or years for Catylist to catch up to where Xceligent was, Neufeld said. That company is trying to expand into the same states Xceligent was serving. In the meantime, CoStar is trying very hard to get Xceligent's former customers to sign up with them.

Because of the vacuum left by Xceligent's departure, there are holes in the data and brokers now have to do property searches the old-fashioned way, by combing through county websites, exporting the data into Excel and creating graphs from there.

"It is time consuming," Neufeld

"It's been kind of a chore. If you take CBRE or Cushman or JLL, they have their own databases and their own research departments. We don't have that. This is particularly bad for small brokers," he said.

RE/MAX has 15 commercial brokers in NoCo and Denver.

Neufeld adds that he doesn't believe he has recovered yet from Xceligent's bankruptcy.

"I can't find good analytics or a

"So Xceligent has all the listings for the Northern Colorado and Denver areas. It was in 30-some states. It was a huge service and this was a big deal. Now our listings are gone."

Jim Neufeld, commercial broker, Re/MAX Commercial Alliance, Greeley

good replacement. It has been kind of a big deal. I want to say it has been devastating. Too strong a word? It has had a significant impact to Northern Colorado brokers."

The comps are the greatest loss to the market because brokers used to be able to go back and search Xceligent to see what industrial properties sold for in the prior year, even break it down by price per square foot. Now they have to dig through the data to find that information themselves.

CoStar also bought LoopNet a few years ago, one of the largest national online commercial property search databases, that many Colorado brokers subscribed to as part of their portfolio of databases. The price of that service used to be about \$150 per month to list LC Real Estate Group's entire portfolio. Now, because CoStar has a monopoly, it is costing \$40 to \$50 per listing per month.

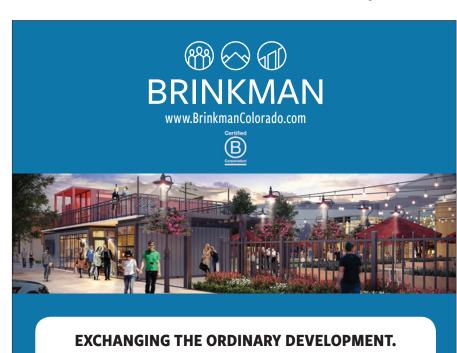
Klein said that would cost him over \$1,800 a month if he continued his subscription.

"It's a shame because it definitely penalizes our clients because it is one less listing for public search. I see LoopNet being less valuable by the day. I talk to many colleagues who feel the same way. They also have dropped their LoopNet subscriptions. It might make sense if you are a national investment broker, listing \$2 million deals. Those listings tend to be short term in nature and bigger so they have more dollars to pay for advertising," Klein said.

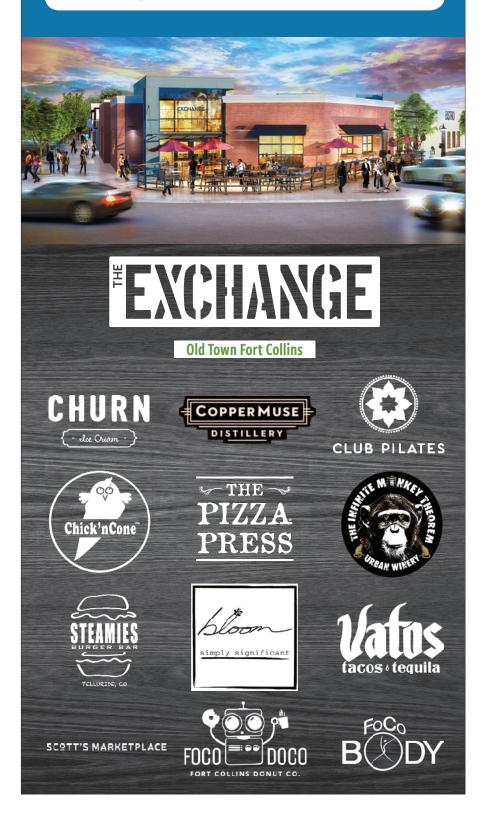
LC Real Estate Group, in contrast, has an office building that has 18, 2,000-square-foot suites. The building is a permanent listing because there is always an office turning over. That listing alone would cost the company hundreds of dollars on LoopNet.

Klein said that LoopNet offers five- or 10-listing packages, saying that brokers could use the package to market their biggest clients. He refuses to do that because all of his clients are important to him. He doesn't want to be the one to have to tell his smaller clients they aren't important enough to merit a listing on LoopNet.

"That is not how I want to run my business," he said.



Adaptive reuse development projects like The Exchange are popping up around the country. From offices to apartments, developers are choosing to leverage existing buildings instead of tearing down and building up. Adaptive reuse is a more sustainable way to redevelop sites through the reduction of urban sprawl and environmental impact caused by the traditional built environment.



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Boulder valley real estate: Parsing fact from 'fake news'

n this day and age, one could be forgiven for wondering if facts no longer matter or actions no longer have consequences. Whether one watches the national news or a local city council study session where members declare that they want fewer visitors (both tourists and

locals from neighboring cities), it is clear we are living in strange times.

Despite all of the uncertainty, there are still a few facts left out there (at least where real estate is concerned), and from them we can draw some reasonable inferences.



REAL ESTATE JAY KALINSKI

The Facts:

1. Home prices throughout Boulder Valley are reaching all-time

At the top of the list, the average single family home in:

Boulder now costs over \$1,250,000 The suburban plains now costs almost \$850,000

Louisville and the suburban mountains now cost over \$750,000

Boulder County now costs \$767,000

Likewise, the average attached home in:

Boulder now costs over \$540,000 Louisville now costs over \$400,000 Longmont now costs over \$350,000

There are no places left in Boulder County or Broomfield where the average condo is less than \$340,000.

2. Local housing inventory is at

The inventory of homes throughout Boulder County is at or near historic lows..

At the end of June, there were 858 single family homes on the market in Boulder County. To add some perspective, the inventory of homes on the market at the end of June 2006 was 2,763, more than three times as many homes as there are now. There are many reasons for this, including the fact that people are choosing to stay in place longer, increasing prices/lack of affordable places to move to, strong anti-growth policies, etc. Looking at the economic, political and structural factors at play, it appears that this scarce inventory is going to be the new normal.

3. Despite the high prices and low inventory, demand remains high

We gauge the strength of demand for homes using several indicators, including months' of inventory, the

"Economists say that a balanced housing market has about six months' of inventory, with more inventory being a buyer's market and less being a seller's market."

average time a home spends on the market, and the number of expired listings (homes that failed to sell on the market).

Economists say that a balanced housing market has about six months' of inventory, with more inventory being a buyer's market and less being a seller's market. At the end of June, Boulder County had about 3.3 months' of inventory, compared to 3.8 at this time last year. In the first half of 2016, the average home spent 65 days on the market (from listing to closing). So far this year, that average is 57 days, 12.3 percent faster. Last year at this time, there were 33 expired listings, compared to only 26 this year, which is a drop of 21 percent.

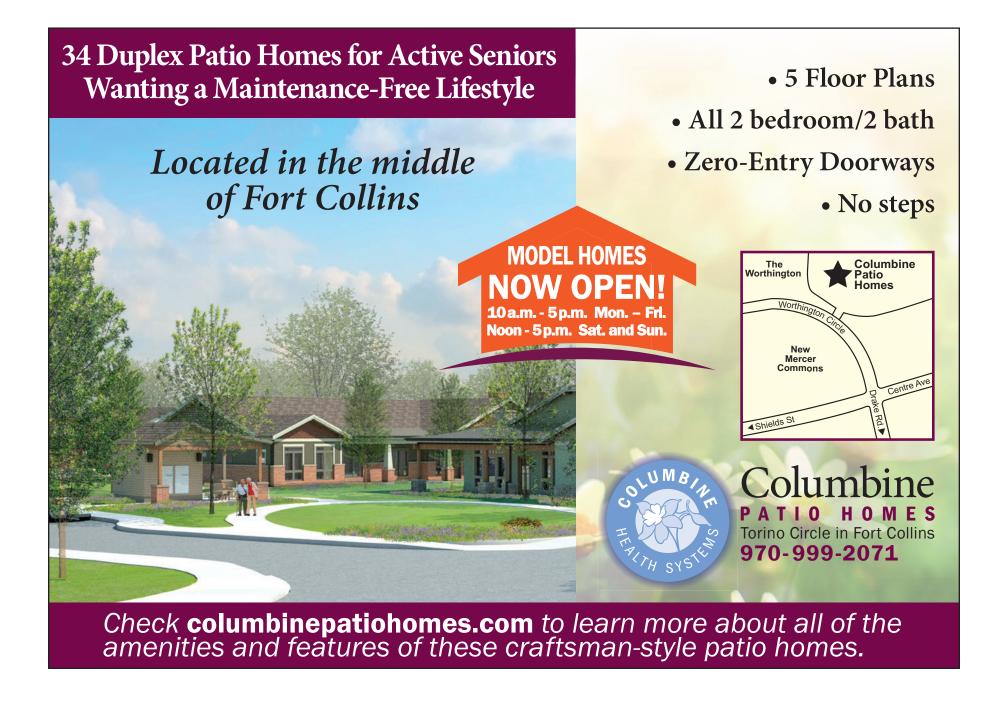
Taken together, these factors demonstrate that demand is getting stronger, even in the face of rising prices and declining choices. And when you consider net migration to our area and plentiful jobs, it also appears that demand will keep increasing and homes will continue to appreciate until... when?

What is it that will cool our market and when will it happen?

There are several issues that have the potential to slow our market. First, interest rates continue to rise and as they do they will drain buyers' purchasing power. Second, as prices have risen faster than wages over the last decade, there may come a point where home prices have to stall in order to allow buyers' savings to catch up. Third, a macro-level event, such as a recession, international war, etc., could cool the entire economy and affect our market.

The set of variables is too complex to predict accurately what the precise cause(s) will be or when it will come, but it will come. The good news (if you own real estate here) is that there is no better place to invest in real estate than here — even in a downturn.

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



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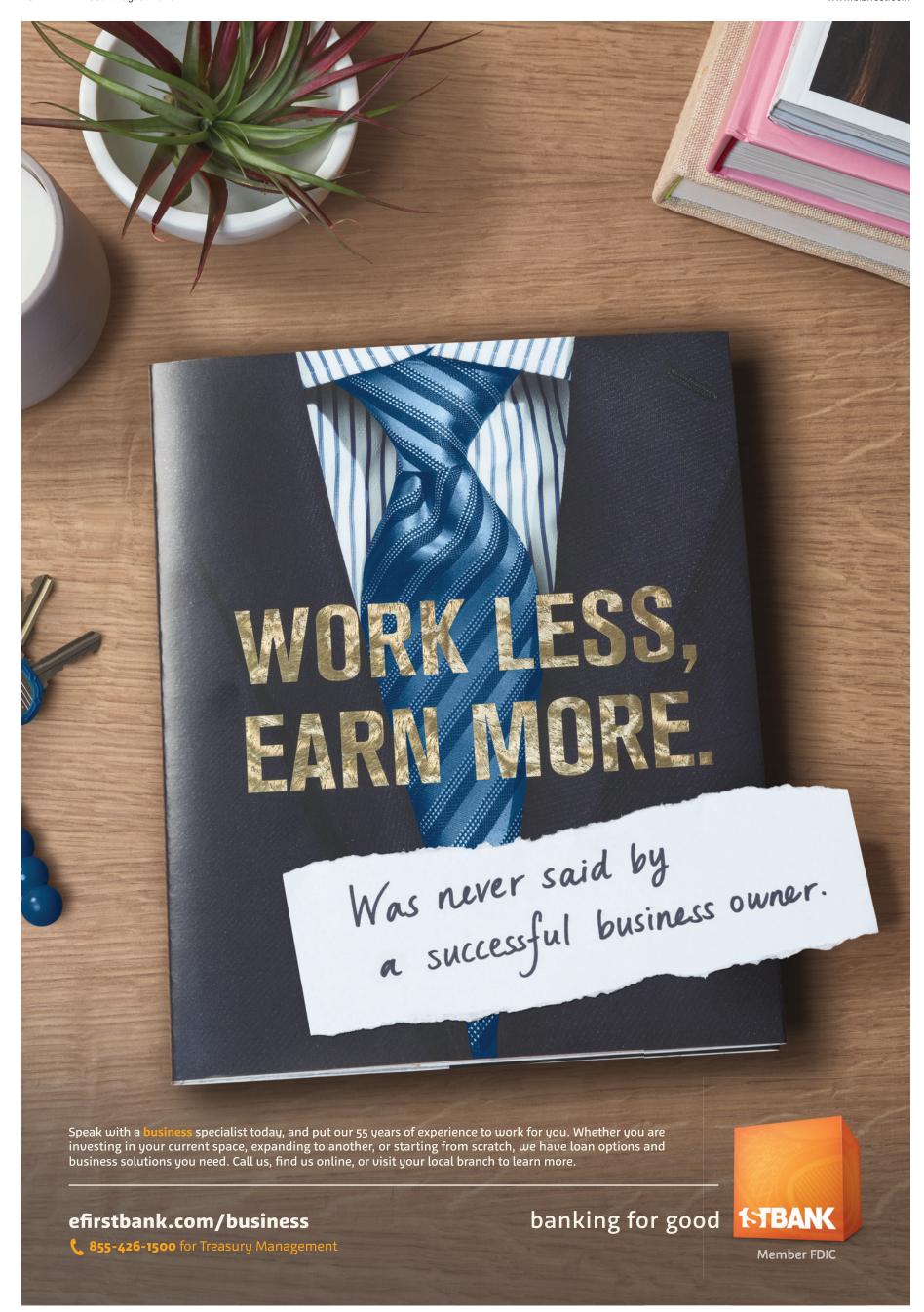






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Real estate execs predict continued price escalation

By Doug Storum

dstorum@bizwest.com

BOULDER—Real estate prices continue to climb in Boulder, begging the question: When will the cycle take a downward turn?

Commercial and residential chief executives who work the area have expected a downturn for some time, but right now, they're not seeing it.

"I thought it was over awhile back," said Jim Loftus, principal of Loftus Developments, "But there may be two or three years left ... prices and rents continue to escalate."

Loftus wasn't the only one at Biz-West's CEO Roundtable on Real Estate and Construction thinking Boulder is the exception to the rule of cyclical ups and downs.

"When we lose value, it's usually less than most (other places)" said Stephen Tebo, founder and owner of Tebo Development Co.

That may be because Boulder still is a bargain for outside investors with plenty of cash, and the cachet of a Boulder address for large businesses is as desirable as ever.

Steve Kawulok, managing director of SVN/Denver Commercial LLC, said his firm analyzes investments made in commercial properties, and that two-thirds of recent deals are "fresh money coming into the Boulder Valley."

Lynda Gibbons, chief executive of commercial real estate firm Gibbons-White Inc., agrees. "Acquisitions are still strong... there are many willing to pay up.... An 18-month dip? I don't see one coming."

Scott Holton, principal of Element Properties, said, "There's always someone with cash, a 1031 exchange, or someone willing to pay more."

Most agreed that banks are slowing their lending, cautious that there could be a downturn coming.

"There's still a lot of private equity out there," said Jeff Wingert, president and chief operating officer of W.W. Reynolds Co., and increasing sale prices of commercial properties are being driven by outsider demand. But, he said, there are fewer deals coming through. "I see it slowing as interest rates increase."

Developing new buildings is another matter, though, as scarcity of available land, increasing cost of materials and labor and the Boulder City Council's height limitations and newly enacted fees for an affordable housing fund are making a cauldron of mud that developers are finding hard to stir.

The affordable-housing linkage fee for new commercial developments in Boulder was raised from \$9.53 per square foot to \$12 in November 2016. In May, the council voted to raise it to \$30, the second-highest affordable-housing linkage fee in the nation, behind Palo Alto, Calif.'s fee of \$35. The recent \$18 increase will be implemented at a pace

of \$6 per year for the next three years.

Seeing the increased fees on the horizon, some developers are hurrying up their development schedule. Becky Gamble, CEO of Dean Callan & Co., said Crescent Real Estate may speed up its timetable for projects within Flatiron Park, a business park on the east side of Boulder, where Crescent has multiple holdings.

Commercial leasing

Lease rates, driven by increased Boulder County property taxes, have reached the point that they are driving out many small companies who can't afford them. Stephen Tebo said triplenet expenses in downtown Boulder can be as high as total leases in surrounding towns. In a triple-net lease agreement, the tenant agrees to pay all real estate taxes, building insurance and maintenance on the property in addition to any normal fees that are expected under the agreement such as rent and utilities.

Residential

Home prices in the region continue to increase, with no signs of stopping. Todd Gullette, managing broker of Re/Max of Boulder, said home prices continue to appreciate, a trend that started in 1978 at an average annual appreciation rate of 5.7 percent. Gullette said from January to June this year in Boulder County, the average sale price of a home was up 10.5 percent, and the average median price increased 7.5 percent. In the city of Boulder, the average sales price was up 12.7 percent and the median price was up 5.7 percent.

Stephanie Iannone, owner/managing broker of Housing Helpers, said Boulder is losing its millennial population because of the high home prices.

"Boulder workers opt to move out, to Frederick, Firestone and Denver," she said. "What we are left with is older, more established, wealthy people are moving here. That's the community we are creating."

Participants

Keith Burden, principal and managing broker, Burden Inc.; Becky Gamble, CEO, Dean Callan & Co.; Lynda Gibbons, CEO, Gibbons-White Inc.; Todd Gullette, managing broker, Re/ Max of Boulder; Scott Holton, principal, Element Properties; Stephanie Iannone, owner/managing broker, Housing Helpers; Steve Kawulok, managing director, SVN/Denver Commercial LLC; Jim Loftus, principal, Loftus Developments; Stephen Tebo, founder/ owner, Tebo Development Co.; Jeff Wingert, president/COO W.W. Reynolds Cos. Moderator: Christopher Wood, BizWest Media LLC. Sponsors: George Berg, Mark Changaris, Becky Rigo and Peter Schaub of Berg Hill Greenleaf Ruscitti. Jim Cowgill and Jeremy Wilson of EKS&H.

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1	Stantec 370 Interlocken Blvd., Suite 300 Broomfield, CO 80021	30 220	Design, engineering and project management.	303-410-4000 www.stantec.com 1954	
2	Tetra Tech Inc. 1900 S. Sunset St., Suite 1-E Longmont, CO 80501	17 110	Planning, design, construction management, and operations. An integrated approach to deliver innovative solutions in the water, natural resources, environment, infrastructure and energy sectors.	303-772-5282 www.tetratech.com 1966	Dan Batrack, president/ CEO
3	Northern Engineering 301 N. Howes St., Suite 100 Fort Collins, CO 80521	16* 45*	Civil engineering, land surveying, town engineering, land development, entitlements, stormwater management, utilities, site development, transportation improvements, infrastructure, master planning.	970-221-4158 www.northernengineering.com 1987	Nick Haws, president & CEO
4	ESC Engineering Inc. 3540 John F. Kennedy Parkway Fort Collins, CO 80525	15 58	Power, planning, controls, automation and integration and GIS for utilities, municipals, facilities, industrial and energy.	970-224-9100 www.thinkesc.com 1978	Kevin Hartig, president
5	Ayres Associates 3665 JFK Parkway, Building 2, Suite 200 Fort Collins, CO 80525	15 24	Full-service engineering firm providing consulting services in a variety of disciplines, including water resources engineering, municipal engineering, urban planning, and GIS services.	970-223-5556 www.ayresassociates.com 1967	Jan Zander, PE, executive vice president
6	Anderson Consulting Engineers Inc. 375 E. Horsetooth Road, Building 5 Fort Collins, CO 80525	14 22	Civil engineering, water resources and environmental consulting.	970-226-0120 www.acewater.com 1998	Bradley Anderson, president
7	Farnsworth Group 1612 Specht Point Road, Suite 105 Fort Collins, CO 80525	10 30	Water and wastewater engineering, civil engineering, survey, GIS, energy services, MEP engineering, commissioning, sustainability consulting, architecture.	970-484-7477 www.f-w.com 1891	
8	Olsson Associates 1880 Fall River Drive, Suite 200 Loveland, CO 80538	8 29	Olsson offers comprehensive engineering solutions for public & private projects.	970-461-7733 www.olssonassociates.com 1956	Kris Pickett, office manager
9	KL & A Inc. 421 E. Fourth St. Loveland, CO 80537	8 22	Consulting structural engineers.	970-667-2426 www.klaa.com 1994	Greg Kingsley, CEO/ president
10	Studio NYL Structural Engineers Inc. 2995 Baseline Road, Suite 314 Boulder, CO 80303	8 16	Structural design and facade consulting for a wide variety of building types an materials including concrete, steel, timber, masonry, aluminum, structural glass and FRP.	d 303-558-3145 www.studionyl.com 2004	Julian Lineham; Christopher OHara, principals
11	J-U-B Engineers Inc. 4745 Boardwalk Drive, Bldg D, St 200 Fort Collins, CO 80525	8 13	Transportation/traffic, water & wastewater, structural design, planning, land development, municipal engineering and construction management.	970-377-3602 www.jub.com 1955	Jeff Temple, area manager
12	Interwest Consulting Group 1218 W. Ash St., Unit A Windsor, CO 80550	7 15	Civil engineering design and consulting services for land development and transportation projects throughout the Front Range.	970-674-3300 www.interwestgrp.com 2002	Terry Rodrigue, owner

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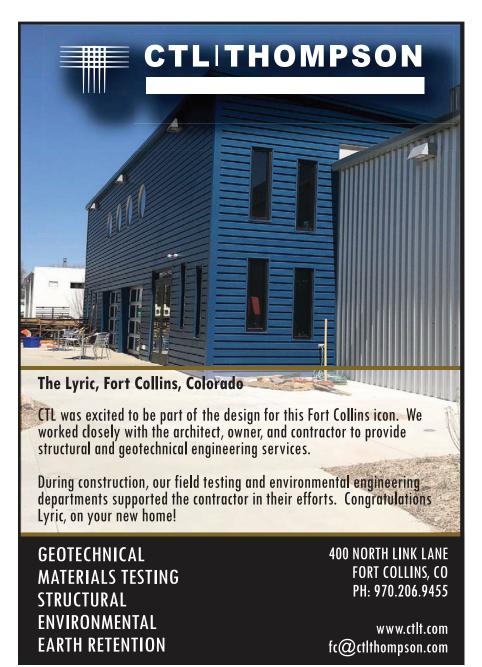
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13	Colorado Civil Group Inc. 5110 Granite St., Unit D Loveland, CO 80538	7 7	Municipal engineering and land development services with specialties in arterial roadways, potable water distribution, sanitary sewer collection, storm drainage, master plans and construction.	970-278-0029 www.ccginc.us 2007	Dave Lindsay, president
14	CTL Thompson Inc. 400 N. Link Lane Fort Collins, CO 80524	6 35	Material testing, construction observation, structural & foundation design, geotechnical investigations, septic design, environmental engineering, asbestos testing, phase I and II site assessments.	970-206-9455 www.ctlt.com 1971	Wayne Thompson, branch manager
15	Composite Technology Development Inc. 2600 Campus Drive, Suite D Lafayette, CO 80026-3359	6 27	Global supplier of advanced materials; deployable systems; pressure vessels; composites; testing services.	303-664-0394 www.ctd-materials.com 1988	James Smith, CEO
16	Scott, Cox & Associates Inc. 1530 55th St. Boulder, CO 80303	6 20	Land surveying, civil engineering, geotechnical engineering, construction materials testing and special inspections.	303-444-3051 www.scottcox.com 1959	Donald Ash; M. Glassgow IV, principals
17	Earth Engineering Consultants LLC 4396 Greenfield Drive Windsor, CO 80550	5 30	Geotechnical engineering, construction observation and testing, geotechnical modeling, highway quality-control testing, concrete mix designs, asphalt mix designs, highway smoothness profiling.	970-545-3908 www.earth-engineering.com 1993	Ethan Wiechert, partner; Dave Richer, Partner
18	Lamp Rynearson & Associates 4715 Innovation Drive, Suite 100 Fort Collins, CO 80525	5 23	Civil design, municipal infrastructure, land development, transportation, wastewater, drinking water, land survey, water-rights engineering, water-supply planning, water-well design, aquatics.	970-226-0342 www.lra-inc.com 1959	Frank Kohl, senior survey project manager
19	Interwest Consulting Group P.O. Box 18330 Boulder, CO 80308	5 17	Professional, structural, electrical, mechanical, traffic, fire protection.	303-444-0524 www.interwestgrp.com 2002	Terry Rodrigue, president
20	Professional Engineering Consultants 420 Linden St., Suite 110 Fort Collins, CO 80524	5 12	Mechanical, electrical, structura and civil engineering design, planning and study services.	970-232-9558 www.pec1.com 1965	Rod Young, president/CEO
21	PCD Engineering Services Inc. 323 Third Ave., Suite 100 Longmont, CO 80501	5 10	Mechanical, electrical, plumbing design, forensic engineering/expert witness, commissioning, energy analysis, building-performance verification.	303-678-1108 www.pcdengineering.com 2000	Peter D'Antonio, president
22	Martin/Martin Inc. 1600 Specht Point Road, Suite 117 Fort Collins, CO 80525	4 10	Full-service civil and structural consulting engineering firm supported by investigative engineering, survey, and construction management/owner's representative services for large and small projects.	970-295-4722 www.martinmartin.com 1988	
23	BG Buildingworks Inc. 251 Linden St., Suite 200 Fort Collins, CO 80524	4 8	Mechanical, electrical, plumbing, lighting, technology, commissioning and retro-commissioning.	970-221-5691 www.bgbuildingworks.com 1991	Dan Koelliker, president
24	Atkinson-Noland & Associates Inc. 2619 Spruce St. Boulder, CO 80302-3808	4 8	Structural engineers specializing in in-situ nondestructive testing and evaluation services; material testing; design of repairs; and forensic services for existing and historic masonry structures.	303-444-3620 www.ana-usa.com 1975	Michael Schuller, president
25	Brown Civil Engineering 1300 Plaza Court N., Suite 101 Lafayette, CO 80026	4 7	Provides environmentally responsible civil engineering design and consulting services to governments, architects, and professionals throughout Colorado.	303-551-8910 www.browncivilengineering.com 2007	Margaret Brown, president
lagion our rous	d includes Doulder Dreemfield Lerimer and Wold as	unting and the city of Drighte			

Region surveyed includes Boulder, Broomfield, Larimer and Weld counties and the city of Brighton.

* Includes Greeley location.

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JOEL BLOCKER FOR BIZWEST

McWhinney's newest industrial building, Center Industrial, sits off Rocky Mountain Avenue and East 37th Street near the Northern Colorado Regional Airport. The industrial buildings offer more than 83,000 square feet of flexible space for tenants.

By Paula Aven Gladych

news@bizwest.com

Industrial real estate seems to be the one bright spot in commercial real estate currently, with demand far exceeding inventory.

"We are supply-constrained across the board with construction costs and rents that don't jibe," said Nathan Klein, partner and commercial brokerage manager for LC Real Estate Group LLC in Loveland. Because of that, the cost feasibility for speculative construction is not there, he said.

"While we've got a little bit of construction going on, it is not widespread. It has to be end-user driven. I've seen end users reluctant to build at \$200 per foot for a metal building. It's crazy. Those that have to will; they certainly will. Business pressure at some point outweighs the cost," Klein said.

He points out that it takes about 18 months to get a new industrial building through city approvals, design and construction.

"If we rely on end-user construction to supply the market, it is a long, slow process. For me, it is a natural supply constraint, not an artificial one. It suggests that the market ought to stay pretty good for a while until something changes, either rents keep climbing for it to make sense for more spec construction or we will find more decent space at an affordable price," he said.

Demand is high for both the sale and lease of industrial buildings, Klein said. Any industrial building that goes up for sale gets multiple offers. For example, a million dollar industrial building by the Northern Colorado Regional Airport garnered six offers in three days of its listing.

"We have clients on the sideline waiting to find something. This is not glamorous real estate. It is pretty ugly industrial," he said, adding that he believes it is a really interesting dynamic in the marketplace for industrial because there needs to be some spec construction to get the market caught up but the more that happens, the more lease rates will be held down and the less sense it is going to make.

"It is an interesting circular series of events on what it takes but I think most of our clients are banking in the near term we are going to continue to see modest rent increases based on lack of inventory," he said.

According to a Northern Colorado Industrial market summary prepared by CBRE for McWhinney, Northern Colorado has 30,823,051 square feet of inventory in 750 buildings. In the first quarter of 2018, there was a 5.2 percent availability rate with a 6.6 percent vacancy rate and a weighted average asking rate of \$9.74 triple net per square foot.

Nationally, there was 7.58 percent availability in the industrial market with a 4.5 percent vacancy rate. Industrial properties were asking \$6.92 per square foot. In Denver, the asking rate was \$7.67 per square foot with 8.2 percent availability and a 5.8 percent vacancy rate.

"I think we will see continued appreciation of existing product, at

least in the short- to median-term future," Klein said. "It's good for anybody who owns real estate and it is a good time to buy real estate even. We have some people concerned about it being overheated or overpriced. I look at the fundamentals. It is definitely expensive; it is not cheap. It is an expensive time to buy but there are a lot of fundamentals that suggest we're not done. There is still room to grow."

McWhinney, a large developer in Northern Colorado, is still developing industrial properties on spec.

The company is developing buildings that are between 24- and 32-foot clear and range from 100,000 to 170,000 square feet.

"We're exploring doing some larger format developments as well," said Ashley Stiles, McWhinney's vice president of commercial development for Northern Colorado, which has mixeduse developments in Broomfield and Loveland.

In Loveland, McWhinney is on its third industrial building in Centerra, which is a master planned community. It has 350,000 square feet in industrial between those three buildings. All of those buildings were built on spec. Stiles said.

In Broomfield, the company recently completed a 153,000-square-foot industrial building that already has three tenants occupying 50 percent of the building.

"We are still actively marketing that space. We've seen really great interest," she said.

Part of the reason McWhinney's properties do so well is that they are

integrated into master planned communities. Industrial buildings are surrounded by many amenities, including trails, outdoor activities, retail and restaurants and housing.

"It feels a little more inclusive of the entire community than just standalone industrial parks. It is one of our competitive advantages," she said. "There's a lot to do in our community for those businesses and their employees who work there, which is something that is really appealing to folks."

The businesses interested in industrial space run the gamut, she said. In Centerra, one tenant is a manufacturing and distribution facility and another does auto glass repair. In Broomfield, one tenant is using part of its space for offices and the other part for research and development. Another is a distribution company for lighting equipment. A large fitness user has also expressed interest in the Broomfield development.

"We are seeing a broad range of uses and different company types," Stiles said.

Many developers won't build industrial space on spec currently because they are worried about the lease up risk, Stiles said.

"We are watching the market demand for space and what inventory is in those submarkets. Nobody is filling these needs," she said.

McWhinney went spec because of the size of tenants it was attracting.

"Really, if you can figure out how to finance it and buy yourself enough time to lease it up, it is really the way to go. It allows the tenants to make www.bizwest.com BizWest | August 2018 ■ 21

decisions they didn't feel like they could, particularly around timing," Stiles said.

She compares the industrial market to the multifamily development market. For years there were no new multifamily developments and then, recently, multifamily development has blossomed.

In the Denver market, the cannabis industry has taken up most of the older industrial product on the market, fueling the demand for new industrial to fill the needs of everyone else, Stiles said. Much of the industrial development is taking place along the major transportation corridors, like along I-25 and I-70.

Jim Neufeld, a broker with RE/MAX Commercial Alliance in Greeley, said that the industrial market in his area is kind of frustrating and confusing right now. Greeley relies on the oil and gas market for much of its industrial tenants and many of those are picking up and moving to Wyoming because they are worried about Colorado politics and the proposed ballot Initiative 97, which would require a 2,500-foot setback around all oil and gas drilling operations. Add to that the high cost to build an industrial building and the "risk is so high," he said.

Mike Eyer, vice president of CBRE Brokerage Services in Fort Collins, said that vacancy rates are at all-time lows. Depending on which buildings are included in the averages, vacancy rates sit somewhere between 3 percent and 5 percent.

"The challenge in the market right now is a lack of functional product for tenants in unique companies. Lease rates probably haven't caught up to support new construction so there's not a lot of new speculative construction going on. The market continues to be really tight and it has actually had an impact on leasing activity as it has slowed down a bit this year," Ever said.

He added that there is still "pent up demand for industrial space but just the lack of product has kept that on the sidelines."

Lease rates are going up, he said, but they haven't maintained the same pace as construction costs.

"I think a lot of developers look at it as a risky proposition to build speculative space because they are not confident the market will absorb it with the lease rates needed to get fair return on the money," Eyer said. "Something will give eventually. I'm not smart enough to say when it is going to be."

McWhinney and Schuman Companies Inc. have both been successful with their speculative buildings. Eyer said that as others see these projects succeed, more people will be willing to take on the risk.

Median home prices in June increase in all but one market

By Doug Storum

dstorum@bizwest.com

LOVELAND — The median price of single-family homes increased from April to June in all but one market in Northern Colorado and Boulder Valley that are tracked by Loveland-based multiple-listing service Information Real Estate Services Inc.

For the second month this year, the median home price in Boulder exceeded \$1 million. The lone market to record a decline in median home prices from April to June was Loveland/Berthoud.

The least expensive market in June was Greeley/Evans at \$301,000, but it was the first time the median price exceeded \$300,000.

In Boulder, the median price in June was \$1,104,500, but not as high as April when it reached \$1,247,000. There were 72 sales from 167 listings. Average time on market was 56 days, the shortest cycle so far this year.

In the Estes Park area, which includes Allenspark, Meeker Park,

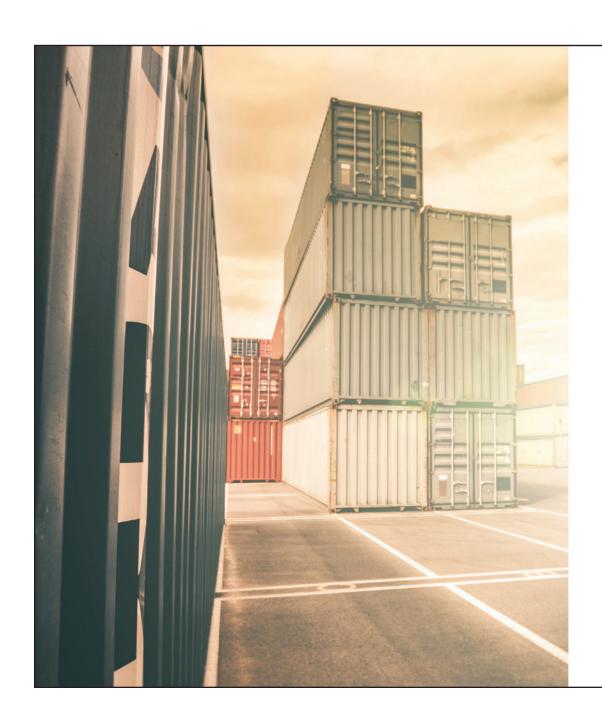
Raymond and Riverside, the median price was \$520,000 based on 41 sales from 155 listings with an average time on the market of 80 days.

The median sale price during June in Longmont was \$435,000, the third-highest price per month this year, with the highest being \$448,000 in April. There were 115 sales from 218 listings with an average time on the market of 49 days.

In Fort Collins, the median sale price in June was \$420,500, the highest price so far this year. It also was the most active market in the region with 340 sales from 779 listings, but the number of listings was down from 917 for the same month a year ago. Average time on the market was 62 days.

In the Loveland/Berthoud market, the median home price declined from \$406,500 in April to \$389,557 in June. There were 238 sales from 469 listings with an average time on market of 62 days.

In the Greeley/Evans market, there were 180 sales from 219 listings in June — the most sales and listings in a single month this year.



Think outside the box.

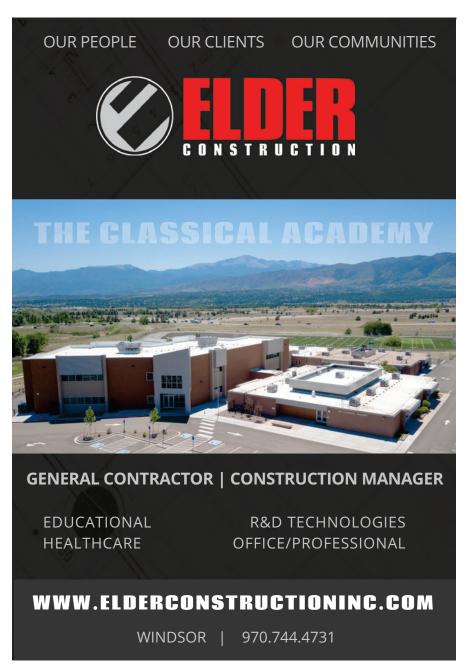
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BW LIST Utility Providers Ranked by number of customers

Rank Company name	No. of customers No. of employees	% electric % gas	% water % sewer	Website Email Phone/fax	Person in charge, Title Year founded
Northern Colorado Water Conservancy District 220 Water Ave. Berthoud, CO 80513	800,000 115	0% 0%	100% 0%	www.northernwater.org bwerner@ncwcd.org 800-369-7246/970-532-0942	Eric Wilkinson, general manager 1937
Platte River Power Authority 2000 E. Horsetooth Road Fort Collins, CO 80525	154,000* 250	100% 0%	0% 0%	www.prpa.org communications@prpa.org 970-226-4000/970-229-5244	Jason Frisbie, general manager/CEO 1973
3 City of Greeley Water & Sewer Department 1100 10th St., Suite 300 Greeley, CO 80631	125,000** 123**	0% 0%	100% 100%	www.greeleygov.com/water water@greeleygov.com 970-350-9811/970-350-9805	Burt Knight, water & sewer director 1870
4 Xcel Energy 1800 Larimer Denver, CO 80202	100,000 225	51% 49%	0% 0%	www.excelenergy.com 303-245-2254/303-245-2292	David Eves, president, Xcel Energy - Colorado 1869
5 Fort Collins Utilities 700 Wood St. Fort Collins, CO 80522	77,301 400	93% 0%	45% 45%	www.fcgov.com/utilities utilities@fcgov.com 970-212-2900	Kevin Gertig, executive director 1882
6 United Power Inc. 500 Cooperative Way Brighton, CO 80603	76,629 ** 171	100% 0%	0% 0%	www.unitedpower.com unitednewsline@unitedpower.com 303-659-0551/303-659-2172	John Parker, CEO 1938
7 Atmos Energy Corp. 1200 11th Ave Greeley, CO 80631	52,000 43	0% 100%	0% 0%	www.atmosenergy.com darwin.winfield@atmosenergy.com 1-888-286-6700	Darwin Winfield, manager of public affairs 1942
8 Poudre Valley Rural Electric Association Inc 7649 REA Parkway Fort Collins, CO 80528	40,000 85	100% 0%	0% 0%	www.pvrea.com pvrea@pvrea.com 800-432-1012	Jeff Wadsworth, CEO 1939
9 Longmont Power & Communications 1100 S. Sherman St. Longmont, CO 80501	38,753 62	100% 0%	0% 0%	www.longmontcolorado.gov/lpc lpc@longmontcolorado.gov 303-651-8386/303-651-8796	Tom Roiniotis, general manager, Longmont Power & Communications; Tom Roiniotis, general manager 1912
10 Loveland Water & Power 200 N. Wilson Ave. Loveland, CO 80537	35,215** 132**	100% 0%	71% 71%	www.cityofloveland.org/lwp sustainloveland@cityofloveland.org 970-962-3000/970-962-3400	Steve Adams, director 1887
Town of Estes Park — Water and Electric 170 MacGregor Ave. Estes Park, CO 80517	15,927 36	67% 0%	33% 0%	www.estes.org townadmin@estes.org 970-586-5331	Frank Lancaster, town administrator; Todd Jirsa, Mayor 1917
NextLight (Longmont Power & 12 Communications) 1100 S. Sherman St. Longmont, CO 80501	15,423 38	0% 0%	0% 0%	www.longmontcolorado.gov/lpc lpc@longmontcolorado.gov 303-651-8386/303-651-8796	Tom Roiniotis, general manager, Longmont Power & Communications 1912

Regions surveyed include Boulder, Broomfield, Larimer and Weld counties.customers.

* Represents number of meters served by PRPA's owner municipalities of Estes Park, Fort Collins, Longmont and Loveland.

** 2016 data.

Researched by BizWest

2018 Electric Co-op Utility of the Year

PVREA has been named 2018 Power Players Electric Cooperative Utility of the Year by the Smart Electric Power Alliance (SEPA) for the Coyote Ridge Community Solar Farm project – a solar array designed with parameters ensuring all income levels and group types have an opportunity to participate in renewable energy.



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"On behalf of all our members, staff and our Board of Directors, we say thank you. One hundred thirty-two under-resourced families in Northern Colorado now receive solar power from Coyote Ridge Community Solar Farm."

-PVREA VP, Member Relations David White

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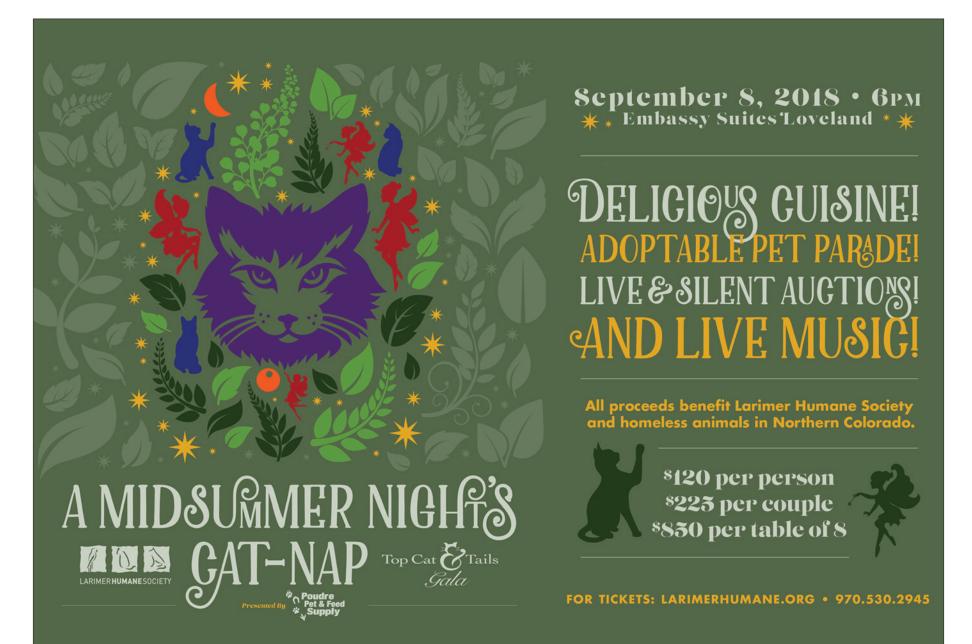


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COURTESY LINNELL TAYLOR MARKETING

Officials of Trammell Crow Residential recently participated in a groundbreaking ceremony for Diagonal Crossing, a mixed-use development in northeast Boulder. From left, Jason Bentley, president of construction; Rick Hessler, superintendent; Rob Jouvenal, vice president of construction; Cal Keiter, lead superintendent; Jarvie Worcester, managing director; Jordan Orr, development associate; and Daniel Pittenger, analyst.

Developers break ground for Diagonal Crossing

By Doug Storum

dstorum@bizwest.com

BOULDER — Developers recently held a groundbreaking ceremony for Diagonal Crossing, a mixed-used apartment community that will be constructed near the Diagonal Highway at the northern entrance to Boulder.

For the past month, earth-moving equipment has been used to prepare the site.

Trammell Crow Residential, a national multifamily real estate developer, said it is donating three of the six parcels that make up the 20-acre site to nonprofit organizations Studio Arts, Meals on Wheels and Naropa University, which will utilize the space for community art classes, a meal-distribution facility and faculty housing, respectively.

Of the remaining three parcels, one will have 250 market-rate apartments, one with 85 "affordable" apartments and another with retail space.

The affordable apartments will be developed and owned by a partnership of Boulder-based Allison Management Inc. and Denver-based Koelbel and Co.

Jarvie Worcester, managing director of Trammell Crow Residential's

Mountain States Division, said "the vast majority of Boulder's housing stock consists of single-family homes and smaller buildings converted into apartments, and the demand for quality apartment housing has grown well beyond the available homes in the market.

"We believe the Diagonal Crossing community will help meet the demand while also creating housing opportunities for the firefighters, nurses, police officers and others who work to serve and protect the community. We're also thrilled to give back to the community by donating parcels to three wonderful local nonprofits."

Studio Arts is an art-education organization that provides ceramics programs the Boulder Pottery Lab and partners with similar arts organizations.

The Boulder chapter of Meals on Wheels provides meals to people in need in the city, regardless of age or income

Naropa University is a Buddhistinspired private liberal arts college based at 2130 Arapahoe Ave.

As the master developer, TCR will handle the logistics for all six parcels, including utilities, landscaping, roads, sidewalks and streetlights. The project is expected to achieve LEED Silver

certification

Diagonal Crossing will consist of studio, one- and two-bedroom apartments. Community amenities will include a 6,000-square-foot clubhouse and fitness center, outdoor swimming pool and spa, bike storage, B-Cycle station and a landscaped center promenade with public art displays.

Apartment interiors will be equipped with quartz countertops, tile backsplashes, stainless steel appliances and nine-foot ceilings. Many will feature covered parking and storage lockers.

The project site is on vacant land at 3600 Colorado Highway 119 and is bordered by Independence Road to the south, 47th Street to the west and Highway 119 to the east. Two out-lots at the community will connect to green space and a multiuse recreational trail.

Trammell Crow paid \$7.5 million for the 20-acre parcel in 2017.

The site, commonly called McKenzie Junction, has proved to be a challenge to developers. The site has been looked at by several developers during the past decade, having drawn interest from a big-box retailer, home developer and a private business interested in building a sports complex.

PROPERTYLINE

Conga leases 88,000 square feet for HQ at Atria office complex

BROOMFIELD — Software firm AppExtremes Inc., doing business as Conga, has leased approximately 88,000 square feet for its global headquarters in Atria, a Class A office complex in Broomfield.

Conga will consolidate multiple offices in the region to its new headquarters at 13699 Via Varra Road.

Conga's current headquarters occupies 30,000 square feet at 390 Interlocken in Broomfield.

The company is expected to move into Atria in March 2019, after an extensive buildout of the property.

Conga specializes in products that automate and streamline data-management tasks, document generation and contract management. The company serves more than 8,000 customers.

Atria recently was completed by Denverbased Etkin Johnson Real Estate Partners. It consists of two 88,293-square-foot office buildings on 15.5 acres. Conga is the first tenant of Atria and will occupy the north building.

N.Y. investors pay \$18M for Life Time health-club building

BROOMFIELD — A group of investors in New York has paid \$18 million for the property that houses Life Time Athletic Flatirons, a health club in Broomfield.

Pan Am Equities Inc., using the entity LT Flatiron LLC, bought the property at 300 Summit Blvd. from Minnesota-based Lifetime Inc., which used the entity LF Real Estate Co. Inc., in the transaction, according to public records.

Life Time will continue to operate the health club under the sale-leaseback deal.

Pan Am Equities Inc. develops and operates real estate properties. The company provides development, ownership, construction and property-management services.

Life Time Fitness in 2017 acquired the former Lakeshore Athletic Club facility for \$10.75 million and in December of that year spent \$10 million renovating the building. Chicago-based Lakeshore Athletic Clubs built the health club in 2003 for an estimated \$26 million.

Life Time operates 138 facilities in 28 states including five in Colorado: Broomfield, Centennial, Parker, Westminster and Colorado Springs.

Neenan Co. design-build partner on Tammen Hall redevelopment

FORT COLLINS — The Neenan Co., based in Fort Collins, has begun construction on an affordable senior-housing project in Denver's City Park West neighborhood.

The Tammen Hall redevelopment project is on the Saint Joseph Hospital campus. The Neenan Co. is the design-build partner for the renovation of the historic landmark being developed by MGL Partners and Solvera Advisors LLC.

The property will provide 49 rental apartments for income-qualified seniors 62 years of age and older.

Located at 1010 E. 19th Ave., the eightstory, 52,000-square-foot facility will feature common areas on the first floor, one- and two-bedroom apartments on the second through seventh levels, and the top floor will include a common area and rooftop patio for residents. The project is planned for completion in mid-2019.

"We're thrilled to support such a meaningful project among Denver's thriving development scene," said David Shigekane, president of The Neenan Co. "Not only are we helping to preserve an important piece of Denver's heritage, but the project will surely play a significant role in Denver's future." 26 ■ BizWest | August 2018 www.bizwest.com

Buyer's market or seller's market? It depends

orthern Colorado is in a seller's market, right?
Hard to argue otherwise.
After all, the region's supply of homes for sale has held low for several years running, demand maintains a steady simmer, and average prices keep climbing.

From a 30,000foot view, that's a
reasonable assessment. But identifying a seller's market
or buyer's market
requires a closer
look — maybe even
as close as a neighborhood, a city
block, or a specific
property. Through



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that lens, you'll see that Northern Colorado is a patchwork of seller's and buyer's markets.

Traditionally, a balanced market is defined as six months of supply—meaning it would take six months to sell all available homes at the current pace of sales. Less than six months gives the advantage to the sellers, resulting in more competition for less supply, and upward pressure on prices. When the supply dwindles down toward one month, you see multiple offers from buyers, and the elimination of contingencies.

A buyer's market occurs when supply

Transactions and average real estate sales

This chart compares June statistics for real estate sales in Northern Colorado from 2016, 2017 and 2018:

Sub-Market	Total sales June 2016	Total sales June 2017	Total sales June 2018	1-year % change ('17-'18)	Avg. Price June 2016	Avg. Price June 2017	Avg. Price June 2018	1-year % Change ('17-'18)
Fort Collins	347	374	342	-8.56%	\$385,831	\$403,626	\$429,593	6.43%
Timnath	16	18	37	105.56%	\$610,135	\$623,024	\$679,129	9.01%
Wellington	43	38	34	-10.5%	\$321,366	\$320,509	\$331,889	3.55%
Greeley/Evans	228	22	217	-3.98%	\$252,442	\$290,164	\$301,241	3.82%
Loveland/Berthoud	222	237	247	4.22%	\$350,714	\$388,421	\$394,275	1.51%
Windsor/Severance	117	115	142	23.48%	\$364,973	\$448,783	\$424,258	-5.46%
Ault/Eaton/Johnstown/ Kersey/LaSalle/ Mead/Milliken	90	122	129	5.74%	\$322,604	\$368,683	\$380,428	3.19%
Estes Park	37	30	31	3.33%	\$377,789	\$499,587	\$518,863	3.86%
Totals	1,100	1,160	1,179	1.63%	\$344,176	\$382,379	\$399,909	4.58%

Source: IRES

is greater than six months. That's when buyers enjoy more houses to choose from, and consequently more leverage on price. The spread between the original list price and the eventual sales price gets larger, as sellers are forced to adjust their pricing strategies to make their properties more competitive.

With these descriptions, we can begin to recognize the patchwork we discussed earlier. Different locations and price points are experiencing different levels of demand. Using price ranges as a guide, let's examine where the seller's markets are the strongest and where some buyer's markets exist across Northern Colorado:

\$300,000-\$500,000. Understandably the most popular price point for buyers, and definitely a seller's market wherever you go. In Fort Collins, Greeley and Loveland, the supply of homes in this range was at one month or less as of June, and sellers were getting about 101 percent of the original list price. In Berthoud, there was a three-month supply of homes in this range, and the average sale fetched 100.3 percent of the

original price.

\$500,000-\$700,000. Supplies in this segment ranged from 1.6 months (Fort Collins and Greeley) to four months (Loveland and Berthoud). But the seller's percentage of list price was less predictable — as high as 101.3 percent in Loveland and as low as 97.6 percent in Greeley.

\$700,001-\$1 million. Signs of a buyer's market for those shopping in this price range. Only in Fort Collins was supply at less than six months (4.4 months). Greeley, Loveland and Wind-



Real estate inventory: attached homes and detached homes

This chart compares June statistics for real estate inventory, including attached homes and detached homes, in Northern Colorado from 2016, 2017 and 2018:

Sub-Market	June 2016	June 2017	June 2018	1-year % change ('17-'18)
Fort Collins	347	486	448	-7.81%
Timnath	48	62	90	45.16%
Wellington	79	52	38	-32.65%
Greeley/Evans	275	209	201	-3.82%
Loveland/Berthoud	304	446	369	-17.26%
Windsor/Severance	206	304	277	-8.88%
Ault/Eaton/Johnstown/Kersey/La- Salle/Mead/Milliken	193	305	282	-7.54%
Estes Park	116	103	89	-13.59%
Totals	1,568	1,967	1,705	-13.32%

Source: IRES

sor all reported at least seven months of supply. But Greeley sellers got 100.6 percent of their asking price, while the Fort Collins sellers only brought in 96.2 percent.

\$1 million-\$1.3 million. A small sample size here, so only Fort Collins had enough sales in this price range to warrant analysis. The supply was 8.5 months, and percentage of list price was just 85.5 percent.

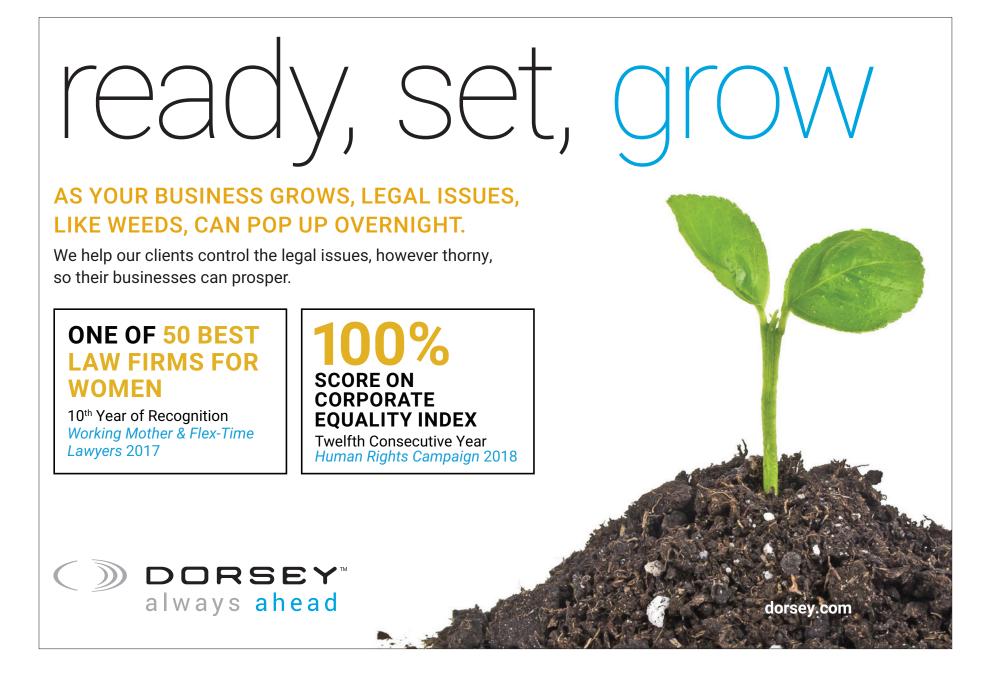
A number of variables, including location, price, and the condition of the home, will help or harm any property from bucking the statistical trend. A house in this market located in a highly desirable location and in superior con-

dition will always rise to the top of the supply chain.

The ongoing challenge is that everyone holds their home in the highest regard and typically has a hard time looking objectively at its location, price, and condition. Knowing your local market supply is critical as you get ready to sell or buy. Reading headlines can be deceptive and lacks the hyperlocal focus necessary to establish realistic expectations.

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





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Crossing the chasm to revenue and profit

ntrepreneurial ventures bring to market and diffuse new products and services. The end goal, never to be forgotten, is to sell enough at a profit that the firm makes money. Also these pursuits of passionate purpose deliver real rewards of meaning and connections. Delivering financial results is difficult.

The Problem

Everett Rogers developed a theory on how, why, and at what rate new ideas spread. Diffusion of Innovation explains that diffusion is the process by which an innovation is communicated over time among the participants in a social system. Technology makes its way through the population in a bell curve distribution called the technology adoption life cycle.

The Innovators, as explained by Geoffrey A. Moore in his book Crossing the Chasm, are technology enthusiasts and the first customers for anything that is brand-new. "They don't have any money. Only with their endorsement can a discontinuous innovation get a hearing, and so we often "seed" (read "give") products to this community to gain their support." These techies desire to explore.

The early adopters are visionaries who have an extraordinary influence because they will bring real money to the table. Yet each "visionary

demands special modifications that overtax the R&D resources of the fledgling enterprise." They desire to exploit the new capability.

Innovators jump on the product at first, followed by early adopters, the early majority (pragmatists) and late majority (conservatives), to finally



THERESA M. **SZCZUREK**

reach the laggards (skeptics). These various players have different interests. An entrepreneurial venture needs to go after the early market, which represents just 16 percent of the adoption. This

typically takes a minimum of 10 years.

This summary (https://fourminutebooks.com/crossing-thechasm-summary/) states, "People in the early majority are much more pragmatic. They don't want big changes and huge innovations, but rather incremental improvements based on using proven products and solutions. The majority wants to buy from established brands, but without having the majority buy your product, you can't become an established brand. This dilemma is what Moore calls "The Chasm" and it's something all companies must overcome, if they ever want to see their product become successful and reach the majority of the population." How do you cross the chasm?

The Solution

Moore and fourminutebooks summarizes:

- 1. The chasm is a gap between visionary early adopters and the pragmatic majority.
- 2. Crossing the chasm requires securing a specific niche as a beachhead first.
- 3. Position yourself as a market leader in your niche by making a strong claim.

"When you contrast yourself with a market alternative (the traditional way of doing things) and a product alternative (a competitor, who uses the same technology, but in a different industry), you can easily position yourself as the leader in the new, combined field. This claim will allow you to focus exactly on your initial niche and eventually take the majority of the market share there, so you can then expand and dominate the rest of the market as well."

Example

Fourminutebooks gives this example. "Dropbox could've positioned itself by saying: 'For private PC users, who are sick of carrying files from one PC to the next via USB stick, we offer a hardware-free file syncing solution. Our service makes your files available on any device with an internet connection, just like YouTube does with video, but with any type of file you choose."

Another example is Radish Systems' initial focus on health care. For health-care businesses that have callers frustrated by cumbersome automated phone systems and dreading interactions with hard-tounderstand live clinicians, Radish offers 'voice with visuals' self-service and live assistance. True visual IVRs (Interactive Voice Response systems) aka virtual nurses offer callers from any phone with access to a browser via the Internet the ability to see, hear, and store complex information. This is similar to what conferencing firms do with video, but with any phone call compatible with existing infrastructure while sharing any visual.

Summarv

Entrepreneurs need to cross the chasm by focusing on a specific niche to become its market leader. Then

Theresa M. Szczurek, Ph.D., is a serial technology entrepreneur and Certified Management Consultant. Reach her at tms@RadishSystems.com.



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Richmark projects to transform Greeley

By Jeff Thomas

news@bizwest.com

GREELEY — For Pam Bricker, and the board of the Greeley Downtown Development Authority, there have always been three main ingredients for a successful downtown: live, work and play.

"We've done really well on work, very good on play, but not so good on live," said Bricker, executive director of the DDA. "That was a top goal of the board."

But it now appears a significant milestone in attaining that goal will start to be realized this summer, as three new redevelopment projects centering on multi-family residential by Richmark companies will begin going through city review. The first project, known as South Maddie, is a walkable, mixed-use development at 1540 Eighth Ave., and was scheduled for a special use review by the Greeley Planning Commission on July 24.

There are three developments in or near this block of Eighth Avenue proposed by Richmark, wholly owned by the locally prominent Richardson family. The first up is South Maddie, which will include 83 residential units, but all properties will require a special use review, because the current zoning is a commercial high-intensity zone, said Kim Meyer, a Greeley planner.

On the opposite side of Eighth Avenue, a property known as Lot 164, has seen preliminary proposals for 57 residential units, Meyer said. A property on the northeast corner of 17th Street and Eighth Avenue, known as Lot 172, has seen preliminary proposals for 81 units.

Meyer said the company seems eager to begin building as plans have already been submitted for the South Maddie building. At least two of the buildings will include ground-level retail development, as well.

"It's been a while since we've seen a project of this size and impact downtown," Meyer said. "Essentially, it's putting feet on the street, so you can pull in some more businesses. We're hoping this is kind of the ember that starts things happening downtown."

The building plans, of course, cannot be approved until after the special use review. Meyer said there was also a neighborhood meeting July 19, including nearby landowners, together with company officials and representatives from the city and the DDA.

DDA Board Member Drew Notestine, from Thomas & Tyler real estate, said Richmark may be planning to open its leasing office for all three locations in the South Maddie building. Notestine reiterated that residential was a No. 1 priority for the DDA board.

"We're excited. Our vacancy rate in Greeley, I think, is 2 percent, so certainly it is needed," he said. "Having more bodies living downtown is good for redevelopment as a whole, so we're



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 Eighth Avenue in downtown Greeley.

a little more than excited about the prospect of more housing downtown."

The Richardsons did not return calls concerning these projects, or the many other downtown properties they have acquired in the last several years. News reports said the family largely divested its energy holdings and went on a real estate buying spree beginning in 2014, ultimately becoming the largest private land-

owner downtown, falling only slightly behind Weld County as the largest landowner.

Most of the properties were bought along the Eighth Avenue corridor, but that hasn't been the family's only realestate investment activity. Arlo Richardson participated in the \$31 million downtown hotel, The DoubleTree by Hilton Greeley at Lincoln Park, and the family also built \$20 million worth of

luxury hotels south of Aims Community College.

The new mixed-use/apartment buildings along Eighth Avenue will also have the benefits of tax incentives from both the city and the DDA. The city approved the properties for incentives for blighted properties, and the buildings will probably be the first business to receive tax increment financing from the DDA.

The TIF program essentially establishes the value of the property today, and will forgive the increase in city and DDA taxes that result from redevelopment until 2032 — an amount expected to exceed \$2 million.

"Basically, they are not paying taxes on the increased value," Bricker said. She added that the TIF program going to her board's No. 1 short-term goal downtown basically made for an easy decision.

"This is very, very important to us," she said

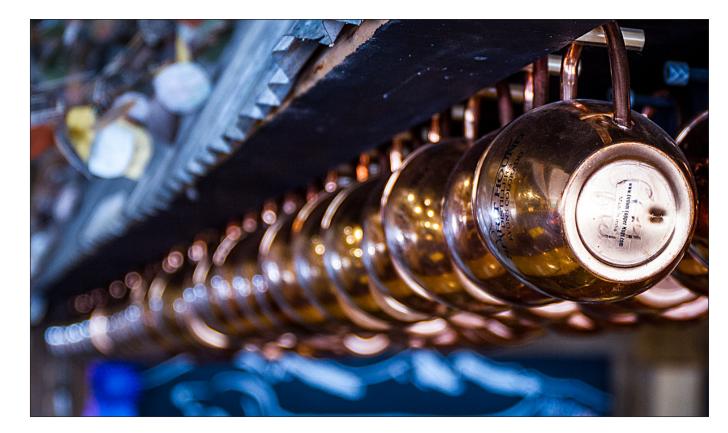
Indeed it may already be paying dividends, as the owner of the Moxi Theater, Eli Corliss, also recently announced the redevelopment of a property at 806 Eighth Ave., next door to the theater. Corliss and Wing Shacks owner Brian Siegfried plan to open a restaurant with late night hours called Tequila and Tacos, as well as develop a new box office for the theater.



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BW

BREWING





COURTESY DARBY KEENEY

"I'd like us to be known as some of the finest whisky coming out of Colorado." — Craig Engelhorn, co-founder and partner, Spirit Hound Distillers.

COURTESY DARBY KEENEY

Copper mugs for Spirit Hound's Gin Mule mug club all have owners. Each is engraved with the owner's name choice or graphic. Gin mules are the tasting room's best-selling item.

Spirit Hound shows dogged determination

By Dallas Heltzell

news@bizwest.com

LYONS — "Hound dogs are relentless," said Craig Engelhorn. "When you put a hound dog on the trail, it doesn't give up.

"So we're relentless, too. We're spirit hounds."

They are indeed. Engelhorn, along with partners Wayne Anderson, Matt Rooney and Neil Sullivan, steered their fledgling Spirit Hound Distillers through one of the worst floods in Colorado history. And this summer, they toasted the fact that their business has not only survived but thrived.

Perhaps the worst day of the September 2013 deluge that sent the St. Vrain River roaring through Lyons was Friday the 13th. But nearly five years later, on Friday the 13th of July, at 1:13 p.m. — that's 13:13 in military time — Spirit Hound released its first four-year-old whisky. Of course, it came out of Barrel 13.

Still, Engelhorn doesn't attribute Spirit Hound's success to luck.

"I'd like us to be known as some of the finest whisky coming out of Colorado," he said, spelling "whisky" without the "e" to honor the Scottish tradition. "We're not goofing around here. We knew what we were doing in craft beer and we're carrying that to craft whisky."

Engelhorn and Anderson knew each other from the original Oskar Blues in Lyons. "I was the original brewer," Engelhorn said, "and Wayne worked on the floor as manager, and then as sales director when they became famous for their canned-beer revolution.



COURTESY DARBY KEENEY

Spirit Hound partner and co-founder Wayne Anderson mills grain for brew day. Grain for the Lyons distillery is grown and malted by Colorado Malting Co. in Alamosa, owned by the Cody family.

"I told Wayne I think distilleries are a new thing, and he took me up on it. The other two guys were also thinking about a whisky distillery, but we said the town's too small for two, so let's pool our efforts."

The name Spirit Hound was chosen because one partner, Rooney, is a veterinary surgeon at Aspen Meadow Veterinary Specialists in Longmont, and "Wayne just had a hound dog that had passed away, so we took a picture of it to a local artist and told her to make a logo. Some of us wanted the word 'spirit' in there, so Spirit Hound came together.

"We originally were planning to build our distillery in the back of Matt's vet clinic because that was the only place we had," Engelhorn said, "but we all lived in Lyons. We wanted to be in Lyons. The Red Hill Motorcycle Werx property was for sale, and for a year and a half we negotiated with him and finally got it.

"It's the perfect location, on the way up to Estes Park and Rocky Mountain National Park, so there's a huge amount of traffic."

Spirit Hound held its grand opening on Dec. 1, 2012, but just a few months later the businessmen faced what they thought at the time was a major snag. The Federal Emergency Management Agency redrew its flood-hazard maps "and put us in the floodplain," Engelhorn said. "So in order to keep our mortgage, we were forced to get flood insurance. I was angry. I said, 'I don't want to pay \$1,600 for flood insurance! It'll never flood here.' But we had to

"But what happened? We ended up probably the only business in Lyons that was flooded that actually had flood insurance! It saved us."

Especially when your brand new business is knee-deep in muddy water.

"The mighty St. Vrain pretty much pulled the rug out from under us," Engelhorn said. "The last thing you need is a natural disaster to hand you your ass, but we got it anyway."

Even with insurance, he said, "we spent a tremendous amount putting the business back together. We only had six barrels of whisky and one barrel of rum. The barrel of rum was sitting on the floor and more than half submerged in flood water. I thought it was a total loss, but it was a tight barrel to begin with. We packaged it up because we needed cash flow.

"I had the fire department come down and sign the first two cases.

Please see Brewing, page 33

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THURSDAY, NOVEMBER 15, 2018 9 a.m. - 4 p.m. EMBASSY SUITES, BOULDER CO

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9 to 10:15 a.m. | Forecasts | Plenary

Residential Forecast: What do the latest numbers tell us about the residential market in the Boulder Valley? We'll examine sales numbers, listings, average and median prices and much more.

Commercial Forecast: Office, retail and industrial space is filling up throughout the Boulder Valley. We'll take a look at major developments and sales, as well as the latest vacancy and leasing statistics.

10:30 to 11:50 a.m. | Big Tech Settles In | Commerical

Boulder's tech economy long has always attracted global brands such as IBM Corp., but what major technology companies are entering and expanding in the market today? We'll examine the surging Boulder tech scene, including expansions by Google, Twitter, Microsoft, Uber and many others!

10:30 to 11:50 a.m. | The Impact of Blockchain | Residential

Blockchain technologies are allowing for a shared, nationwide database of houses on the market. What impact are these platforms having on the housing market in the Boulder Valley, and how should Realtors respond?

12:05 to 1:25 p.m. | Keynote addresses | Plenary

Brad Blackwell, EVP Housing Policy and Homeownership Growth Strategies, Wells Fargo John Covert, Senior Director West Region, MetroStudy

1:40 to 2:50 p.m. | Breaking Ground | Commercial

Communities throughout the Boulder Valley are seeing a wave of new commercial construction, with some projects in the planning stage and others already emerging from the ground. Our panel of development directors will provide a complete rundown of the region's top projects. This panel is a huge hit year after year!

1:40 to 2:50 p.m. | Wrestling with Supply | Residential

Boulder Valley faces a critical shortage of housing, with supply falling far short of demand. Lack of inventory, issues with infill development, height limits, accessory-dwelling units and zoning add to the challenge. What policy changes would developers like to see to address the problem?

3 to 4 p.m. | Icons of Real Estate | Plenary

BACK BY POPULAR DEMAND! Development, investment and ownership of commercial real estate require knowledge, instinct and strategic thinking. So how do the region's commercial experts do what they do? Ask questions of the Boulder Valley's top real estate developers, investors and owners to learn their best practices and valuable advice.

Stay tuned to fallrealestateconference.com for more details on our speakers and VanEd credit registration.





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bizwest.com/events/events/2018-bravo-entrepreneur-awards/

2018 Honorees for special categories

Bravo! Emerging Entrepreneur

Honoree: Ashley Colpaart, The Food Corridor

Bravo! Entrepreneur - Regional Spirit Award

Honoree: Northern Colorado Water Conservancy District, Brad Wind, General Manager

Bravo! Entrepreneur - Lifetime Achievement Award

Honoree: Forney Industries

2018 Bravo! Entrepreneur area awards finalists One honoree from each area below will be announced at the awards breakfast.

Finalists:

Bravo! Entrepreneur - Fort Collins

Amy Prieto, Prieto Battery Bonnie Szidon, Ranch-way Feeds Dr. Don Wells, Associates in Family Medicine

Bravo! Entrepreneur - Greeley

Ronna Rice, Local Hive (Formerly Rice's Honey) Chalice Springfield, Sears Real Estate Ken Whitney, Anderson & Whitney

Bravo! Entrepreneur - Loveland

Robert Grieve, Heska Corp. Terry & Diana Precht, Vergent Products Brian Peterson, ECI Site Construction Management

Bravo! Entrepreneur - Outlying Areas

Paul Harter, Aqua-Hot Heating Systems Inc. Leo Hayden, Hayden Outdoors Jon Turner, Highland Meadows, Heron Lakes Development LLC, Timnath Ranch

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Brewing, from 30

They saved a lot of lives in Lyons. We gave the chief Flood Rum Bottle No. 1. The rest of those cases, we auctioned as a fundraiser for the Lyons Volunteer Fire Department because they lost a building and an engine in the flood.

"I never in my life thought I'd be the beneficiary of Red Cross meals. Those people and the Salvation Army kept us alive."

Spirit Hound began its cleanup and held a Halloween party for the town. They took cash donations, Engelhorn said, "and later, when people would come in the door that I knew had lost their car or house, I'd pull out some money and say, 'Here.'

"We actually got open in December 2013 but it took us until spring before things were back to normal."

While they waited for their whisky to age, he said, "we sold gin, Coors and infusions in our tasting room, and we sold our moonshine that didn't require any aging. Our clear spirits carried us when we didn't have any brown spirits to sell."

Their moonshine is "the raw spirit for our barley-malted whisky," he said. "It has not touched any oak. It becomes a baseline for people tasting our whisky – to give people an idea of where we're coming from. It's exactly the same spirit, but it doesn't go into a barrel.

"The gin comes from the berries of the Rocky Mountain juniper that grows right here in our backyard," he



said. "I've also enlisted my customers as gin purveyors. You bring me a bag of juniper berries and I will give you a gin drink in return."

But the whisky is Spirit Hound's passion, Engelhorn said.

"I understand how to ferment malted barley, so I told my partners, 'Let's make a malt whisky.' I had a source of Colorado malt" — Colorado Malting Co. in Alamosa — "and we convinced them to build a smoker to peat-smoke the malt. Typically Scottish malts are dried over peat fires, so we decided to put a little peat into our whisky. That's a bit unusual for Colorado whisky."

Spirit Hound also is in its second

If you go

Spirit Hound Distillers 4196 Ute Highway, Lyons 303-823-5696

Spirithounds.com

year of aging four-year rye; look for it in 2020.

Its spirits are sold in about 700 locations around Colorado, as well as in Nebraska and Kansas. "We just started in Texas, too," Engelhorn said. "We like to grow in a smart fashion. We don't like to get ahead of ourselves. The goal for us is to be a regional distiller. I don't see us being gigantic. We just want to sell enough product to be a successful employer. We have about 12 to 14 employees, and we want them to make a good wage and have benefits. Especially in a small town it's tough to do that."

The partners could have followed the path of some distilleries and put their own label on an out-of-state wholesale distributor's product while they waited for their own whisky to age, but they didn't want to.

"Oh, sure, I could buy in Indiana, bring it back here and slap a label on it. It saves a lot of time," Engelhorn said. "But can we call it 'craft' if it's coming from a big guy? When the consumer finds out they've had the wool pulled over their eyes, it's bad for me.

"We were in business for three

years before our first drop of whisky came out."

How to tell the difference? "There are visible clues," he said. "Assuming people are following labeling rules, it's pretty simple. Look for the words 'Distilled by' on the bottle. If it says that, they more than likely distilled it. If it says 'Produced by' or 'bottled by,' then buyer beware."

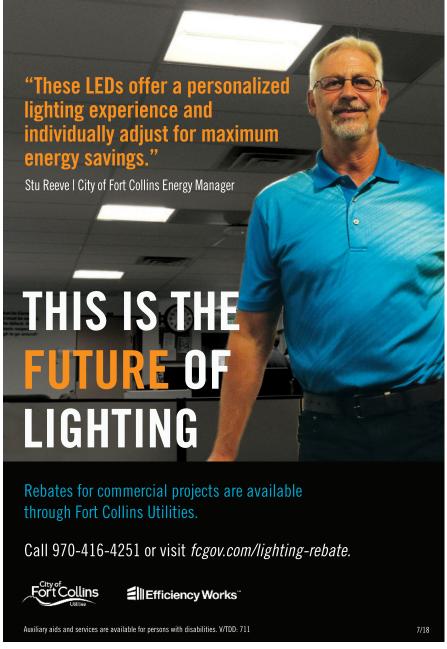
Spirit Hound employs 12 to 14 people. Its 3,700-square-foot building, including the distillery and tasting room, also has an outdoor patio with alawn. "I call it the mini-Mishawaka," Engelhorn said. "It's right next to the water, with a Lyons sandstone stage. We have a lot of good local music. Saturdays in summer, we always play a band out back. In winter, we have live music indoors on our loft; we call it the Treehouse."

Engelhorn has noticed that some craft breweries have closed recently as the market in Northern Colorado and the Boulder Valley became saturated. Could that happen to craft distilleries as well?

"We're like the beer curve in the '90s, but we're hitting it a lot faster," Engelhorn said. "We're going to see some distilleries start to drop out in the next couple years, because a lot of people are jumping in right now.

"But it's up to us to help support the industry by keeping our quality up," he said. "If I put out a bad barrel, it sours people's desire for craft whisky."





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0 U T D O O R B I Z

Techstars, Nature Conservancy launch cohort

By Jensen Werley

jwerley@bizwest.com

DENVER — Techstars, an accelerator for startups, and The Nature Conservancy have 10 companies starting today in the first Techstars Sustainability Accelerator.

The 10 startups will gather over the next three months while receiving mentorship for scientists and subject-matter experts from The Nature Conservancy while getting business and technology mentorship from Techstars' network of experts.

The program will culminate in a Demo Day on Oct. 17 in Denver.

The 10 companies in the program are:

Aqulytics (Lima, Peru) — a data collaboration platform for the sustainable management of water, promoting open and transparent data worldwide to combat the effects of freshwater





pollution

Conserve With Us (Washington, D.C.) — an online conservation fundraising and engagement platform mobilizing capital and communities to conserve natural resources.

FlyWire (Honolulu) — a firm with patented video technology that helps transition commercial fisheries to be

certified sustainable.

Lotic Labs (Chicago) — an environmental data science platform to drive financial stability in the water sector in the face of climate change and weather volatility; the platform allows for rapid design and testing of financial contracts including weather insurance and

green bonds.

Nikola Power (Denver) — a clean technology solutions provider that improves renewable energy project economics through optimized decision making in project design, operations and finance for energy storage application.

Node (Seattle) — a technology platform to deliver sustainable and healthy homes; the platform leverages standardized components to allow four people without specialized training to assemble an entire sustainable home in under a month at 50 percent of the cost and 25 percent of the time usually needed.

StormSensor (Seattle) — creates the first smart urban watershed by providing customers, including municipalities and large facilities, the information they need to identify, track and prevent pollution and flooding in real time.



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Outdoor Foundation receives \$1M gift, plus more

By BizWest Staff

news@bizwest.com

BOULDER — The VF Foundation has pledged \$1 million to the Outdoor Foundation, the philanthropic arm of the Outdoor Industries Association based in Boulder.

VF Corp., based in Greensboro, N.C., is the parent company of brands such as Lee, Wrangler, The North Face, Timberland and Vans.

VF's pledge is meant to support the Outdoor Foundation's goal of investing in communities to help kids and families get outside. VF is joined by Patagonia and Thule, which have made significant multiyear pledges. In addition, REI has committed to a future investment, according to an announcement from the Outdoor Foundation.

Getting kids and families into a regular routine of exercising and playing outside is a challenging goal. According to the Outdoor Foundation's 2018 Outdoor Recreation Participation Report:

91 percent of Americans say getting outside for their health is moderately to extremely important, but their actions do not reflect this.

"The generous support from VF Foundation, Patagonia and Thule will go to communities, organizations and programs focused on reversing the decline of outdoor participation."

Amy Roberts, executive director Outdoor Industry Association

20 percent of Americans participate in an outdoor activity only once per week, and 50 percent of Americans are active outdoors only once per year.

Less than 21 percent of children are active outdoors once or more per a week.

The focus of the Outdoor Foundation is to create Thrive Outside Communities that bring together coordinated programming for kids and families of diverse backgrounds. The foundation hopes to weave the outdoors into the lives of people to help build healthy individuals and healthy

communities.

"VF's outdoor brands, most notably The North Face, are proud supporters of Outdoor Industry Association and have had a strong partnership with OIA over the years," said Steve Rendle, chairman, president and chief executive officer of VF Corp. "Throughout our longstanding relationship, we have continually seen important work being done by OIA and its foundation to advance the spirit and passion of the outdoor industry. With this founding-partner gift from VF Foundation, we express our deep gratitude

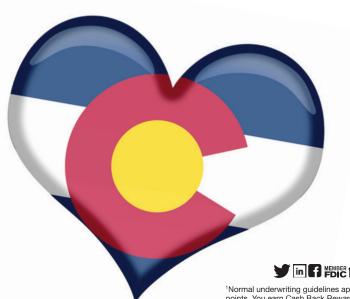
and hope that it inspires others to join in support."

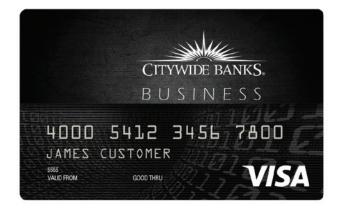
"The connection to the outdoors is broken, as both adults and children are overscheduled and over-screened with TVs, smartphones, video games and busy lives," said Amy Roberts, executive director of Outdoor Industry Association. "The generous support from VF Foundation, Patagonia and Thule will go to communities, organizations and programs focused on reversing the decline of outdoor participation. It is our hope that this support will inspire other outdoor businesses to invest in this critically important work."

"In today's world, there are too many barriers to access quality, safe and close-to-home outdoor experiences with positive, affordable programming by trusted community partners," said Lise Aangeenbrug, executive director of the Outdoor Foundation. "We plan to change that through our focus on investments in multiple organizations working within communities to get kids and families connected to the outdoors and reap the benefits this provides. This funding will help us make getting outside a healthy habit for all."

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AN ADVERTISING FEATURE OF BIZWEST



TECHNOLOGY

Is your business prepared for a Cyber-Security Attack?

The reality of our marketplace today is that all businesses must understand the risks/consequences of cybersecurity attacks. Protecting an organization's data used to be more about recovering from a physical disaster (flood/fire/tornado or internal challenges like malicious behavior/technology failures/end-user errors). And



Scott Warner
Vice President, Sales
Connecting Point

while this process is critical, the technology to prevent and recover from those challenges is better than ever and is more of a standard expectation for business leaders and IT professionals.

The growing challenge is dealing with the constant and complex risk of cyber-security attacks. The risk of an attack has increased 60% over the last 12 months. Cyber-threats carry operational and financial risk, and while headlines focus on the attacks of larger organizations, 1/3 of attacks are directed at business with less than 250 employees. As a small business owner, it's a costly error to believe your business is a less relevant target. The reality is that all data is important to somebody and your network is never 100% secure. Smaller organizations are easier targets as their policies and procedures to prevent/recover from these attacks are less robust.

However, there are some foundational steps that every business should take to reduce the risk of a cyber-attack. Each step involves additional planning and discussion:

1. Implementation of IT standards and best practices

- Routine network maintenance (security patching/ updates for servers/applications/end user devices)
- Robust IT security services (firewalling/antivirus/ email security/password management, data encryption services/multi-factor authentication services/etc.)
- Data protection/backup (automated local/offsite backups, routine testing of backups and restore capabilities)

2. Employee Education & Training

 Create a process for helping your employees understand the risk of cyber-security attacks and their role in mitigating that risk.

3. Disaster Recovery/Cyber-Attack Planning

 Developing a Disaster Recovery plan is an important process and with the increasing threat of cyber-security attacks, recovering from a cyberattack needs to be a specific part of your planning process.

4. Cyber-Security Insurance

 Knowing that most organizations will experience some level of cyber-security attack, the process of risk mitigation includes the implementation of cyber-security insurance. Speak with a trusted advisor or industry expert about the components of a Cyber-Security policy.

Work through these steps to reduce the risk associated with cyber-attacks and better protect your business, employees and customers.

If you feel you need help in these areas, Connecting Point can help assess and evaluate your business.

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ENERGY SAVINGS

City Efforts Show Marked Improvement through Building Energy Scoring Initiative

Energy Manager

City of Fort Collins

Operation Services

Kirk Longstein

Fort Collins Utilities |

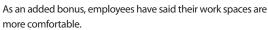
Energy Services

Fort Collins

The City of Fort Collins has made great strides in energy conservation through efforts that began in 2008. Qualifying City of Fort Collins buildings use benchmarking and energy scores to track improvements and cost-savings over time with the help of ENERGY STAR® Portfolio Manager®.

In 2012, the City's Parks, Forestry and Cemeteries Shop received an ENERGY STAR score of 61 out of 100. After upgrading the hot water system, replacing the end-of-life heating, cooling and ventilation units, and automating more building controls, the facility received a score of 80 in 2016. These new efficiencies resulted in a reduction of more than \$16,000 in annual utility costs.

Even better news came in spring 2017, as the score improved to its current rating of 87 out of 100. These gains came from making high-efficiency choices, tracking the progress with ENERGY STAR Portfolio Manager and leveraging Fort Collins Utilities' energy-efficiency rebates.



With the ENERGY STAR benchmarking tool, the City of Fort Collins is able to meet its energy efficiency and Climate Action Plan goals, reduce energy costs and improve the indoor environmental quality of City-owned facilities. However, the advantages go beyond energy performance, as benchmarking through ENERGY STAR also considers indoor air quality, lighting, building comfort and reduced utility costs. The Portfolio Manager tool also provides a baseline that shows how City buildings compare nationwide and offers a variety of efficiency opportunities, including no- and low-cost options that can maximize a building's overall performance.

Fort Collins Utilities offers the same opportunities the Parks, Forestry and Cemeteries Shop successfully used to guide local businesses through its Building Energy Scoring (BES) Initiative. BES supports building performance by establishing a score, benchmarking to similar buildings, and tracking results of improvement projects and efficiency upgrades over time. Businesses, regardless of size, can use benchmarking to understand their buildings' energy use and track and identify opportunities to reduce energy-related costs.

All of a building's attributes, such as size, use, number of people, number of computers, and others, are entered into the ENERGY STAR Portfolio Manager. The building then receives a score ranging from one to 100, with the highest performing building at 100. A building that scores above 75 can apply for ENERGY STAR certification by using a third-party engineer. ENERGY STAR reviews and approves the application. When the application is approved, businesses earn the prestigious ENERGY STAR Label with recognition and public relations options.

Learn how your business can get started with the ENERGY STAR Portfolio Manager (energystar.gov/benchmark) or with a free facility assessment from Fort Collins Utilities (fcgov.com/facility-assessment). Businesses can also learn about other efficiency programs, financial incentives, technical assistance, training and educational opportunities available from Fort Collins Utilities (fcgov.com/business-efficiency).

Fort Collins Utilities would like your feedback on its BES initiative. Please take the survey at fcgov.com/BES-feedback or contact Kirk Longstein by phone at 970-416-4325 or send an email to klongstein@fcgov.com.

LAW

Revocable Living Trusts for Second Homes

Many residents of Colorado own real estate in other states. If you own a condo, townhome or other piece of real estate in such popular destinations as Florida, Arizona or California, you may want to consider



Tim Bryntesor Partner

holding the property in a Revocable Living Trust located here in Colorado. While many people will not opt for a Living Trust as their preferred estate planning vehicle for various reasons, if you own property in a different state, you should consider forming a Living Trust for the sole purpose of holding the real estate. The reason is to avoid the necessity of opening a probate proceeding in the different state.

While the Colorado probate system is fairly inexpensive and simple to navigate, other state systems can be more complicated and expensive, not to mention simply the need to hire an attorney and navigate a different state's system.

When you die, someone must have the authority to sell your real property. In Colorado, opening a probate proceeding is required to Personal Representative ("P.R.") being appointed. The P.R. is issued "Letters Testamentary" which provides them the authority to sell property from your estate. If you own property in another state, your estate's P.R. will need to go to Arizona (as an example) and open what is called an "Ancillary Probate" to receive the authority to sell any real property in Arizona. However, if your Arizona property was owned by a Living Trust you established here in Colorado, your successor Trustee has the authority, without the need of opening a probate, to sell any property in the Living Trust – even in Arizona. If you already have a Living Trust as your primary estate planning vehicle, just transfer the property into it. If you do not currently have a Living Trust, but own property in another state, you may want to consider this option to ease administration of your estate after your death.



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Industry: State leads nation in regulation

Ken Amundson

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GREELEY—Industry and state regulatory officials say that Colorado is ahead of the nation in its regulation of the industry as it affects safety but the work isn't done.

Eric Jacobsen, senior vice president of Extraction Oil & Gas, the producer with the No. 3 production acreage in the state, said technology is largely responsible for the industry's track record.

"Our industry ranks No. 7 out of 83 industries in terms of safety. Industry six is, like, data processing. Construction has far and away the highest number of workplace fatalities. Oil and gas has fewer fatalities than brewing," he said. "We carry safety as a value imbedded deeply in our culture. Our goal is zero injuries."

Jacobsen was among those to appear on a panel discussion about regulation and safety in the oil and gas industry at the annual Energy Summit, a BizWest event, held Tuesday at the DoubleTree by Hilton Greeley at Lincoln Park.

Julie Murphy, executive director of the Colorado Oil and Gas Conservation Commission, said the safety record of the industry has come about in the face of widespread expansion in production.

She said Colorado this year has seen a 12 percent increase compared with 2017 in oil production and a similar expansion in natural-gas extraction. Meanwhile, the population has increased, resulting in more potential opportunities for conflict between residents and the industry.

In 2017, Weld County was the fourth in the nation for growth with a 20 percent increase in population in the past decade.

During that decade, she said, the COGCC has reorganized and taken on new responsibilities — setbacks, wildlife mitigation, inspections of areas that haven't been inspected for awhile and flow-line regulation.

"We're all trying to live together in a state that is very diverse politically."

She said Colorado leads all states in environmental regulation of the oil and gas industry and frequently is consulted by other states that are working on their own regulations.

Jacobsen said there always will be opportunities to advance safety regulations, and he hopes that government regulators focus on the aspects of the industry that are most important. He also encouraged industry representatives to continue to work to be out in front of government regulation — to improve as an industry before government sees a need to regulate.

He cited two activities that have



CHRISTOPHER WOOD | BIZWEST

Julie Murphy, executive director of the Colorado Oil and Gas Conservation Commission, at BizWest's Energy Summit, July 2018.



"Our industry ranks No. 7 out of 83 industries in terms of safety.
Construction has far and away the highest number of workplace fatalities. Oil and gas has fewer fatalities than brewing."

Eric Jacobsen, senior vice president of Extraction Oil & Gas

made a big difference in the safety of the industry. First, he said rapid construction of pipelines have made transportation of oil and gas safer than what would be the case if the industry



"Construction industry standards could be applied to the oil and gas industry if equipment in use is typically used in construction."

Sue Combs, a partner with Holland and Hart

had to rely on trucks to transport the resources. Pipelines have eliminated millions of truck miles, he said, and in some cases eliminated tank farms in the region.

Second, removing legacy, vertical wells is another advancement, he said. Several thousand vertical wells are eliminated each year and replaced

with horizontal wells that reduce the surface exposure of the industry.

Federal regulation

A third member of the regulation and safety panel, Sue Combs, a partner with Holland and Hart law firm, discussed regulation from the Occupational Safety and Health Administration. She said OSHA has made the oil and gas industry an emphasis in Region 8, which includes Colorado.

Combs, who lives in Jackson, Wyo., said Colorado, unlike Wyoming, is a federal OSHA state, meaning that safety regulation comes out of federal offices instead of state.

She said federal uncertainty since the 2016 election has affected enforcement. OSHA still has an acting administrator, for example, which means that priorities for the agency have not yet been set.

Still, numbers of inspections have increased in the region, she said, in the past year.

She advised oil and gas operators to pay attention to their entire operations. Construction industry standards, she said, could be applied to the oil and gas industry if equipment in use is typically used in construction. She also said that companies that operate at worksites with multiple employers could have exposure from activities of workers who work for other employers.



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Loveland | Greeley | Fort Collins

Wyo's Buchanan addresses political realities

By Ken Amundson

kamundson@bizwest.com

GREELEY — Ed Buchanan, Wyoming secretary of state, acknowledged the political realities for elected officials in dealing with issues facing the energy industry.

In order to help energy industries maintain economic viability, the environmental issues also need to be addressed, he said.

Buchanan delivered the keynote address at the 2018 Energy Summit, a BizWest event, held Tuesday at the DoubleTree by Hilton Greeley at Lincoln Park hotel and conference center.

Buchanan noted that Wyoming and Colorado face similar issues and also differences in how energy companies operate and are regulated.

"These are years of radical change for us in the energy industry. Shifts in the industry in the entire west and the U.S. in general have affected both states," he said.

"We all face the same market and regulatory hurdles, and we're better off facing them together," he said.

He said educational institutions have a role to play in the industry. In Wyoming's case, the state invested "10s of millions of dollars" in creating the energy research and educational center at the University of Wyoming.

The result of that investment has been new innovation in energy production, specifically ways to capture carbon from the coal industry and ways to use that carbon to create other products.

Coal, not oil, is the primary energy resource in Wyoming. The state produces more coal than any other state — about 40 percent of all coal produced in the nation. And as an extension of that resource, about 25 percent of all electricity produced in the nation results from burning Wyoming coal. "We rely on innovation to make the most of this resource," he said. "The fact of matter is that OPEC countries rest on their laurels and produce energy in the most inefficient manner, with no regard for environment.

These innovations will keep us competitive," he said.

Wyoming relies more heavily than does Colorado on its energy industries, even though Colorado produces more oil than Wyoming. The minerals economy accounts for 70 percent of assessed valuation in Wyoming, he said. Colorado's economy is more diverse.

Because of the massive role played by energy in the state, Wyoming has placed an emphasis on finding solutions to the issues raised by regulators, he said, which includes making coal burning power plants more environ-



CHRISTOPHER WOOD I BIZWEST

Ed Buchanan, Wyoming secretary of state

mentally friendly.

Buchanan said the state has created an Innovative Test Center at the Dry Fork Station in Gillette. It set up an "X prize" activity in search of technologies that would add value to carbon-based resources like coal. Five companies from around the world will conduct their research at the test center to find ways to capture carbon and use it for other products.

Captured CO2, for example, can

be used to enhance recovery of oil from what were previously thought to be depleted fields. Fertilizer, toothpaste, concrete, carbon fibers, building materials and more products are resulting from this research, he said.

Buchanan said he applauds the innovation in the industry and said it is evidence that markets themselves, not regulation, are what is most effective at making the adjustments needed in the industry.



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Creating Your Own Story (Before Someone Tells It For You) Connie Hanrahan, Owner/

Chief Imagination Officer, Mantooth Marketing

Recruiting in a Competitive Job Market Adam Crowe, Business Services Manager Economic and Workforce Development Department

5 Gestures of Trust Shelley Polansky, Vice President Marketing &

Panel Discussion Q&A

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Communications



Energy sector touts economic, charitable impact

By Christopher Wood

cwood@bizwest.com

GREELEY — Colorado's oil and gas sector contributed \$31.38 billion into the state's economy in 2015, with 232,900 jobs, according to a 2017 study by Pricewaterhouse Coopers. And part of that annual economic impact is felt by donations to charitable organizations, projected at \$5.2 million in 2017.

The economic impact of the energy sector — and its impact on nonprofits — was the message from two panels at the Energy Summit, Tuesday, at the DoubleTree by Hilton Greeley at Lincoln Park. The event was presented by BizWest.

"The benefits of oil and gas to Colorado communities are immense," said Dan Haley, president and chief executive of the Colorado Oil & Gas Association, highlighting a soon-to-be-released study of charitable activities by the oil-and-gas sector that found \$5.2 million in charitable donations during 2017.

"This is just what we were able to collect from our members, so you know that that number is much higher," he said.

Haley sat on a panel titled, "In the Community," highlighting the impact

Please see Nonprofits, page 41



CHRISTOPHER WOOD | BIZWEST

Dan Haley, president and chief executive of the Colorado Oil & Gas Association.

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Nonprofits, from 40

of the oil-and-gas sector on nonprofits. The panel also included Ray Tschillard, director of the Poudre Learning Center; Bob O'Connor, executive director of the Weld Food Bank; and Susan Fakharzadeh, senior manager, community relations at PDC Energy Inc. and chairwoman of the Boys and Girls Club. The panel was moderated by Craig Rasmuson, vice president, community relations, SRC Energy Inc.

Haley referenced a snapshot of charitable activities by oil-and-gas companies in May:

- ExxonMobil donated almost \$1 million to higher-education institutions in Colorado and \$50 million nationwide.
- Noble Energy partnered with the Rocky Mountain Raptor Program to protect birds in areas in which the company operates.
- PDC Energy matched donations at KFKA radio's program benefiting United Way of Weld County. Employees also packaged 20,000 pounds of food for the Food Bank of the Rockies.
- Extraction Oil & Gas announced that it would alter its drilling schedule near a Greeley school.
- Anadarko partnered with the Red Cross Mile High Chapter to install 100 free smoke alarms in at-risk communities.

"We give back to the communities where we live and where we work," he said. "This is happening every day throughout the state and throughout the year."

Tschillard of the Poudre Learning Center discussed the PLC Energy Institute, which works to inform teachers about energy derived from oil and gas and have them develop lessons that they can implement in their classrooms. The Poudre Learning Center is located at 83rd Avenue and West F Street in Greeley.

Bob O'Connor, CEO of the Weld Food Bank, said the energy sector has donated 10.9 million meals to the Weld Food Bank in the past five years, totaling about \$2.1 million in value, along with more than 10,000 volunteer hours from the energy sector.

He said energy companies have donated for a new building for the Weld Food Bank, a new truck and new ovens, and was instrumental in providing relief for the 2013 floods.

"We never forget what the energy sector has done," he said. "Without [that] support, this would not be the same community."

Susan Fakharzedah, senior manager, community relations, PDC Energy Inc., said a standard donation of \$5,000 turned into \$12,000 raised for the Food Bank of Weld County to help purchase turkeys over the holiday season, with PDC matching contributions up to \$5,000.

"We took a standard contribution and by pulling together a web of people, we made it a lot bigger," Fakharzedah said.

An "Economic Impact" panel provided insights about the scope of the sector in Northern Colorado. The

panel was moderated by Kathleen Sgamma, president of the Western Energy Alliance.

Kathleen Staks, executive director of the Colorado Energy Office, said that renewable sources of energy have increased in terms of their share of the overall Colorado energy portfolio, with coal dropping from 44 percent to 26 percent in the coming years.

That's partly because of state mandates for renewable energy, but also because of plans by Xcel Energy to retire coal plants and launch naturalgas plants, even as the utility brings on more wind and solar projects.

She said that renewable-energy projects bring jobs across the state for manufacturing and construction, with the state employing 57,591 clean-energy workers in 2017.

"Clean-tech jobs are on the rise, and they are spread across all 64 counties," she said.

Overall, the energy sector accounts for almost 10 percent of state gross domestic product, she noted, adding that, "Our energy demand is actually pretty flat."

Tom Parko, director of planning services for Weld County, said conflicts are increasing between energy companies and residents, especially those who move into the county from outside the area. He said the county works hard to inform new residents about both the energy and agricultural sectors to avoid problems

He said that the mining sector —

which includes oil and gas—accounts for about 10 percent of the Weld County economy, while ag accounts for 21 percent. He said 60 percent of Weld County's property-tax revenue is derived from the energy industry.

"Since 2012, mining alone accounted for 12 percent of the total job growth on average per year," he said, with oil and gas accounting for 7 percent of the job growth.

"It's huge in terms of what kind of impacts it means for Weld County," Parko said.

Cathy Shull, executive director of Pro 15, which advocates on behalf of northeastern Colorado, said that as oil and gas production increases, the industry has become more attractive to potential employees seeking the industry's higher-paying jobs.

That's made it difficult for other industries — including dairies and other ag producers — to find and retain workers.

Shull said that energy development — including wind farms — has brought many ancillary developments to the 15 counties that Pro 15 represents, including new hotels, communities and other amenities.

She said that the Ports to Plains Alliance, a federal transportation corridor linking Mexico to Canada and including eastern Colorado, would link the oil-and-gas regions of Texas with those of Canada.

"It will provide a huge boost to our economy in northeastern Colorado," she said.





NATURAL& ORGANIC

ADM to acquire Rodelle vanilla company

By BizWest Staff

news@bizwest.com

FORT COLLINS — Archer Daniels Midland Co. (NYSE: ADM) has signed an agreement to acquire Fort Collins-based Rodelle Inc., an originator, processor and supplier of vanilla products.

Rodelle, founded in 1936, originates, processes and sells premium vanilla products, including organic and traditional extracts, beans, alcohol-free flavor and paste. The company also sells non-vanilla products, including flavorings, extracts, spice blends and organic spices.

Rodelle provides ingredient solutions to major food and beverage makers, as well as directly to consumers, with a retail brand that can be found in the baking aisle of most grocery stores in North America. The company's sales last year totaled approximately \$40 million.

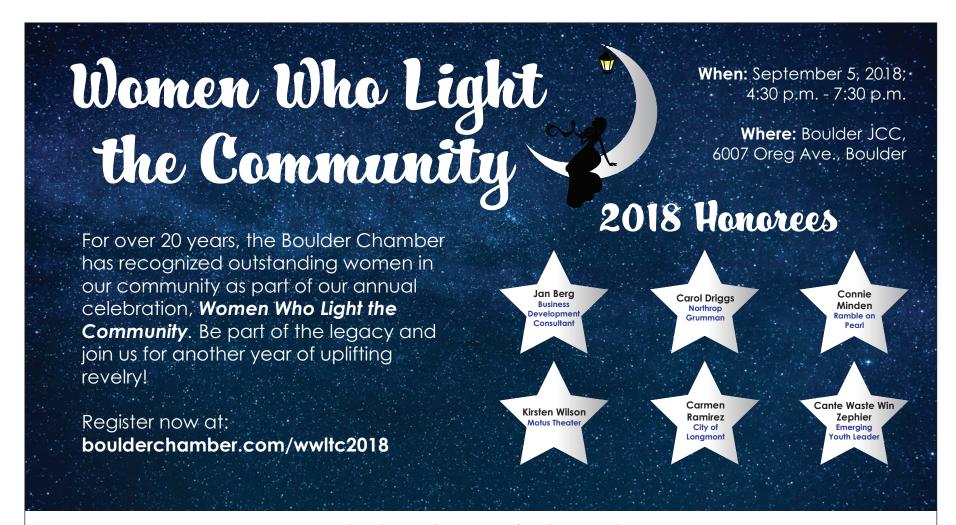
Rodelle owns a stake in Madagascar-based Federation Sahanala Vanille — a joint venture between Rodelle and a partnership of local associations that now includes more than 2,100 registered vanilla farmers. The joint venture is capable of producing industry-leading volumes of certi-

Please see Rodelle, page 43



JOEL BLOCKER FOR BIZWES

Rodelle Inc., a Fort Collins-based company that produces vanilla extract, baking essentials and spice blends, gets most of their vanilla beans from Madagascar, which produces more than 80 percent of the world's vanilla beans.



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Rodelle, from 42

fied organic vanilla. Rodelle also has a strategic partnership with Gourmet Gardens, providing sourcing of vanilla in Uganda. By removing the third parties that are typical in other vanilla processor supply chains, Rodelle is able to offer competitive pricing and a reliable supply.

"With the acquisition of Rodelle, we are continuing to grow our value chain by enhancing what is already one of the most comprehensive portfolios in the flavor industry," Scott Olstad, president of ADM's North American WILD Flavors business, said in a prepared statement. "Not only is vanilla one of the most popular and enduring flavors, but Rodelle's integrated supply chain will allow us to offer an unparalleled range of certified organic and natural vanilla ingredients for today's health-conscious consumers. The addition of Rodelle will give us immediate capabilities in both the retail and commercial vanilla markets, and we see significant opportunities to expand the business. We're looking forward to working with the great Rodelle team to help build on their impressive success."

Rodelle has about 70 full-time employees and operates a 65,000-square-foot extraction and processing facility in Fort Collins that was built in 2008 and expanded in 2014, and includes labs for testing and research and development.

"We are extremely excited to have

"Rodelle will be able to leverage even more value for our customers, employees, farmers and shareholders."

Dan Berlin, co-founder, Rodelle

reached this agreement, and look forward to joining the ADM team and contributing Rodelle's expertise in vanilla products to another wellestablished flavoring industry company," said Joe Basta, Rodelle co-founder. "The Rodelle brand and our loyal customers will benefit greatly from ADM's technical expertise and commercial capabilities. The core of our business will remain unchanged, and our customers can expect the high-quality vanilla and baking ingredients they have relied on for over 80 years."

"We see a natural synergy between Rodelle's vertically integrated supply chain that brings consumers closer to vanilla farmers and ADM's global reach and technical expertise in the flavor and food ingredient industry," added Rodelle co-founder Dan Berlin. "In joining forces with ADM, Rodelle will be able to leverage even more value for our customers, employees, farmers and shareholders."

ADM anticipates completing the transaction, which is subject to regulatory approval, in the third quarter. Terms of the deal were not disclosed.

Hemp expo expands with show in Nashville

By BizWest Staff

news@bizwest.com

LOVELAND — Sponsors of the NoCo Hemp Expo, which sold out earlier this year when held in Loveland, are taking the show on the road with a new event to be held in Nashville, Tenn.

The inaugural Southern Hemp Expo is scheduled for Sept. 28-29 at the Fairgrounds Nashville.

"The South is a leader and will continue to be a leader in hemp production," said Colorado Hemp Co. co-founder Morris Beegle, who produces the NoCo event. "We are very excited to bring this dynamic gathering of industry movers and shakers to the region." The theme of the Southern expo will be "Bringing Balance Back to Mother Earth."

"The 2018 NoCo Hemp Expo was far and away the biggest and best hemp event we have produced yet," Beegle said in a prepared statement. "The interest level for this plant and all that it can do is overwhelming. We are excited to launch this expo in the Eastern U.S." Beegle said the NoCo event

"The 2018 NoCo Hemp Expo was far and away the biggest and best hemp event we have produced yet."

Morris Beegle, co-founder, NoCo Hemp Expo

has outgrown the Loveland facility and will be moved to Denver in March 2019. "Our shows are firmly grounded in the country's strongest regions for hemp production."

With increasing acceptance and popularity of hemp for food, fiber and its therapeutic non-psychoactive cannabinoid CBD, domestic production of hemp, or cannabis sativa, is reaching new heights, he said. U.S. hemp-based product sales grew 16 percent to reach \$820 million in sales in 2017 and are expected to surpass \$1 billion in sales in 2018, led primarily by hemp-derived CBD, food, personal care and industrial products, according to the Hemp Business Journal.



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Millennials difficult? Entitled? Not so much

illennials — Entitled! Ignorant! Immature! Difficult to manage! NOOOO!!!!

I wish I could eliminate the word Millennial from our work vocabulary. I talk to two to three clients a week who complain about their Millennial employees, and it's driving me crazy. It is not about the generation; it's about their age. For those of you who are 40-plus years old, your managers used to complain about you, too.

I am a Gen-Xer, and I drove my manager crazy when I first started working. My first month working at IBM, I remember asking my manager when I was going to be promoted into management. HA—how entitled of me!

He didn't roll his eyes and scoff at me like most of the managers I coach do to Millennials today. I was lucky to have a very good manager at IBM who gently taught me what I needed to do to reach that promotion. He treated me with respect, but also showed me how much I really had to learn before I was going to be ready for such a great responsibility.

There are two things we need to do if we really want to get along as multi-generation workforces. First, it's best to understand what happens as we age and mature and focus on those transitions in life more than labeling the generation. Second, seasoned managers need to teach

our young colleagues how to have a job, as well as teach them what we need them to do in the job.

Think back to when you were 22 and starting work (come on, I know you can remember). Almost all people in their 20s are idealistic, ambitious, high energy, and excited to have our adult lives begin. We arrived at our first company eager to contribute, make our mark, and watch as our careers exploded. This is the feeling that every talented 20-something feels. As seasoned managers, we confuse their idealism with ignorance and immaturity. We treat their ambition and desire to make their mark as entitlement. We see their desire to have a career path as difficult to manage. This lack of understanding around our youthful colleague's general life milestones make us label

them inappropriately. Mislabeling them means that we don't find ways to engage them and help them be successful.

We are also frustrated with how little they know of the norms. "How dare they send an email to the CEO?" or "The gall of them to think that they could organize a customer event without planning?" (these were the two questions I had to answer this



KENDRA PROSPERO ABOUT WORK

"In general, I find the

incoming generations

my team is made up of

Millennials, and I love

what they bring to the

table."

to be amazing. Half

week for my HR clients). Believe it or not, the young employees in question had no idea that these two things were not acceptable norms. When we have more maturity and more experience, we

know these things intuitively, but it's common for new employees who've had little work experience to fully comprehend and grasp these basic norms. Part of our jobs as managers in our organizations is to teach our young colleagues how to have

a job and not get frustrated by them when they don't know these things. We didn't know those things either!

In general, I find the incoming generations to be amazing. Half my team is made up of Millennials, and I love what they bring to the table. Yes, I've had to do more coach-

ing than with my older workforce, but once they have context around their job, they have done more for my company than I ever expected.

This struggle is not a new one. The poet Hesiod (a contemporary of Homer in eighth century BC) said, "I see no hope for the future of our people if they are dependent on frivolous youth of today, for certainly all youth are reckless beyond words. When I was young, we were taught to be discreet and respectful of elders, but the present youth are exceedingly disrespectful and impatient of restraint." It sounds like what we say today!!

Kendra Prospero is the CEO and founder of Turning the Corner, a Boulder-based organization that does recruiting the way it should be done for job seekers and companies.





































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As the school year approaches, for many

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- Renters insurance. If your college student is living on campus, their possessions should most likely be covered under the family homeowner's insurance policy. However, if your child will be living off-campus renters insurance will safeguard their possessions in the event of damage, stolen or loss. Many property managers will require proof of renters insurance in order to finalize a lease.
- · Value of personal property. In the age of technology, a student's personal belongings can be extensive and very expensive. Should items be damaged or stolen, it is important to have well documented value of each item.
- Car insurance. Your child should still be covered under the family automobile policy however; attending an out out-of-state college may change the rate. You will also want to verify that the current auto insurance policy meets the new state's insurance requirements.

Before your student leaves for college, we recommend speaking with your insurance agent or broker to make them are aware of any changes.



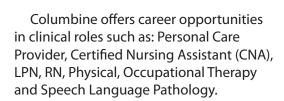
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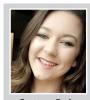


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This is also a great place for the company to display the benefits they offer and when the employee is eligible for them.

Having a handbook can also protect an employer. If an employee was to file an unemployment claim with the employer objecting, the employer would need to verify that the employee had been warned they were violating a rule. With a handbook, the employee would have been informed of the rules upon hiring and with proper documentation, the employer has a better chance of prevailing. The same goes if an employee was to file a lawsuit.

After an employer has provided employees with a handbook and reviewed it with them, each employee should then sign an acknowledgement agreement. The employee is signing that they have read the handbook, had someone review it with them, and they have had the opportunity to ask questions about the content. This is the key to ensure defense against any claim from a previous or current employee.

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Internet sales-tax ruling will change the course of business

n June 21, the U.S. Supreme Court decided for the state in South Dakota v. Wayfair Inc., reversing two of the most significant court cases regarding sales and use tax, Quill and National Bellas Hess. In both Quill Corp. v.

North Dakota and National Bellas Hess v. Department of Revenue of Illinois, it was decided that a retailer must have a physical presence in a state beyond just shipment of goods to a state to have



RYAN SANGER, CPA

remit sales/use taxes). However, in South Dakota v. Wayfair, the court decided that in today's increasingly electronic world, physical presence is no longer required for nexus.

To simplify the court decision, internet retailers will now have to start collecting and remitting sales tax in all jurisdictions they sell into. Not only will this add a flow-through tax burden, it will also add potentially hundreds of filings to most businesses with interstate commerce. While this case specifically relates to internet retailers, it is sure to have wide ranging implications to all facets of interstate commerce in the coming years.

There are some small silver linings in this case. The Supreme Court did state in its decision that it feels

the thresholds South Dakota set are within reason (\$100,000 of in-state sales or 200 separate transactions into the state, annually) and that unreasonable thresholds could still be found unconstitutional. For that to happen, a case would again have to make it through various appeals and be held in front of the Supreme Court once again; that said, there will hopefully be some sort of checks and balances regarding states and the thresholds they enact. South Dakota's law also prohibited retroactive application of the requirement.

One of the more important results of the Supreme Court overturning Quill and National Bellas Hess is that it has opened a door for Congress to now write new legislation providing a national standard for online retail. Some forms of this legislation are already starting to move into Congress. Over the coming months, this will be an area for business professionals to watch, as new laws signed in by Congress could drastically impact the future landscape of interstate commerce as a whole, and internet retail in particular. Any lack of action by Congress will provide the states and local jurisdictions the opportunity to enact laws and enforce as they wish.

Ryan Sanger, CPA, is a tax partner at Anton Collins Mitchell LLP with a specialization in sales and use tax. He can be reached at 970-352-1700 or rsanger@acmllp.com.

ON THE **JOB** ____

PAID ADVERTISING CONTENT

nexus (a responsibility to collect and

ACCOUNTANTS

Andrea Fuller | Promotion Anderson & Whitney, P.C. Andrea Fuller, CPA, was promoted to shareholder at Anderson & Whitney, P.C.

A graduate of the University of Northern Colorado, Andrea has provided financial and compliance audits and assists with tax preparation services for a variety of Anderson & Whitney clients for ten years.



FULLER

Andrea enjoys live music, golfing, scrapbooking and watching Green Bay Packers football. LinkedIn: https://www.linkedin.com/in/andrea-fuller-

COMMERCIAL CONSTRUCTION

Justin Tuck | Promotion **Brinkman Construction**

Justin Tuck has been promoted to a Project Executive for Brinkman Construction. He holds a bachelor's degree in Finance from Colorado State University and is a LEED AP professional.

Having started in the industry as a laborer, Justin has held positions with increasing responsibility since high



school. As a Project Manager and Senior Project Manager, Justin led many higher education, multifamily, and office projects to successful completion. Most recently, he managed the 500,000 SF mixeduse redevelopment project in downtown Loveland, Colo., The Foundry.

In his new role as Project Executive, Justin will be a senior leader in the organization, actively promoting company initiatives and fostering the skills and career objectives for personnel reporting to him. He will provide strategic leadership of multiple projects and teams. As a Project Executive, his involvement will begin in the early project pursuit and setup strategy with the preconstruction department and will continue through all phases of the project including the post construction warranty phase.

Aubry Teeters | Promotion Brinkman Construction

Aubry Teeters has been promoted as a Project Executive for Brinkman Construction. She's a LEED Green Associate with extensive experience in gov-

ernment, healthcare, and office products across the country. She holds a bachelor's degree in Architectural Engineering from the University of Colorado.

During her tenure at Brinkman Construction, Aubry has led many Denverbased projects from preconstruction to successful completion including



INDUSTRY RiNo Station and the adaptive reuse of the historic former Gold Star Sausage building. She is currently overseeing one of Brinkman Construction's largest healthcare projects, the Eating Recovery Center in the Lowry district in Denver.

As Project Executive, Aubry will provide high-level management direction to project teams and accept the overall responsibility for the success of multiple projects from pursuit through completion. Aubry will hold key relationships with clients during all phases

of projects and will be actively involved in the promotion and career management of personnel reporting to her.



MCALISTER

Promotion **Brinkman Construction** Andrew McAlister has been promoted to a Project Executive for Brink-

Andrew McAlister |

man Construction. He has a bachelor's degree in Building Construction from Auburn University. Andrew's diverse industry background spans a wide

range of project types from large university projects to small tenant finishes. At Brinkman Construction. Andrew has played an integral part of large multifamily and senior living projects across Colorado. He has a proven track record of leading teams to complete projects on time and on budget.

In this new role. Andrew will expand his oversight to multiple projects and teams. He will be the main point of contact with clients during all phases of the project, providing a seamless experience from preconstruction through closeout. In addition to assuming responsibility for the success of multiple projects, Andrew will be actively involved in the development and career management of project managers in the

NONPROFIT

Claire Bouchard | New Hire **United Way Of Larimer County**

United Way of Larimer County is pleased to welcome Claire Bouchard as its new Vice President of Community Impact.

Claire Bouchard has lived and worked in Larimer County for more than 14 years. Before joining United Way she held multiple community engagement positions in the area, including national marketing director for SAFEbuilt; co-founder of Slate Communications, a Fort



Collins-based marketing and creative firm; and Public Relations Coordinator for the City of Fort Collins. Claire is passionate about connecting community members to organizations to increase capacity within our communities. She brings deep community content expertise, a commitment to high quality work and collaborative teams, and more than a dozen years of public and private sector experience to the Vice President of Community Impact role. She has three grown children and loves exploring Northern Colorado trails on bike and foot.





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Don't hold on to something when you should let go

fter tripping over a cord and plunging backward, I learned the urgency of letting go. My memory recorded the stumble but nothing else — not the fall or hitting ground. Like a train passing through a tunnel, my brain went blank for a few seconds.

Because I held on to something I should have released, my life would go through significant pain and financial expense.



Emperor Napoleon had let go of his obsession to

invade Moscow (in winter) he might have remained on the throne until he died. He also wanted to conquer England, America and even Australia. A century later, Hitler made the same mistake — couldn't let go and sent armies to Moscow. If Richard Nixon had let go of his desire to wipe out the other party, he would have served out his second term instead of resigning.

Your finest achievements require you to let go of something else. You release the comfort of high school

to head to college or your first job; you leave trusted colleagues to take a promotion; a great relationship sometimes requires letting go of one that's just OK. Often, our first reflex is wrong—we hang on and squeeze tighter. This automatic response can

Let go ... when the same sales pitch produces fewer sales and weaker relationships. How you landed past clients won't always work with new ones. How you persuaded investors and partners might be less successful as markets evolve. Things change release the old and update how you see your world.

Let go ... when the same people keep pushing you to overindulge. Balance and moderation are worthy guideposts, yet we all have memories of certain friends or team members who always seem to be there when we throw caution to the wind and get a ticket, a warning or a crushing

Let go ... when your body moves into a new phase where bones and tendons heal more slowly. Admit that what you used to do is not what you should do now. Your new workouts might release the jarring and pounding in favor of more stretching and

"Lesson #1: If Emperor Napoleon had let go of his obsession to invade Moscow (in winter) he might have remained on the throne until he died."

balancing.

Let go ... of things you cannot safely or skillfully perform at home or at work. You don't have to avoid all power tools or mountain bicycles but it's worth adding safety features and insisting that someone else is involved when you clean gutters or overhaul a product.

When I took that fall, my reflexes insisted on hanging on to something — anything. The smart thing was to let go of the switch but I held on. The safe thing was to release the handle but I held tight. Unfortunately, it was my own hand that kept the lawn mower running as I fell backward.

Doctors, nurses and friends swore that I was lucky. It took a few days but I finally agreed when I saw the

surgeon's handiwork. I know now to practice letting go ahead of when needed. Whether the conference room or the backyard, rehearsal will combat natural reflexes.

Epilogue — Lesson #2: Days after leaving the hospital, my mental doom and gloom lifted when the doctor pronounced, "This is healing well." I felt optimism and wholeness. With a limp I turned to that old mower with evil intent and revenge in my blood. Wrench in hand and wire cutters at the ready, I began dismantling the mower with bloodthirsty intent. Off with the handle and electric wiring — it felt great. And then the stubborn wheel assembly slipped from my hand smacking my reconstructed toe. Words came out requiring apologies to neighbors. With near unbearable pain, a second life and business lesson crashed into consciousness — it's best let go with gentleness and serenity rather than vengeance and resentment.

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



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BRIEFCASE _____

BRIEFS

The Northern Colorado Bioscience Cluster will host its annual summit beginning at 1 p.m. Aug. 15 at the Embassy Suites Conference Center in Loveland. The Immunology Summit will feature current research, collaboration and applications in the bioscience industry. The summit is offered without charge to participants.

A Longmont-based talent-procurement company is seeking information from people who have made the switch from one sector of the workplace — forprofit, nonprofit or government — to another. The company, interSector Talent, will compile data from people who are willing to offer their experiences to provide a snapshot of sector switching. Those who have switched from any sector to any other sector can offer their insights at: https://goo.gl/sWom5M for the survey, which will close on Aug. 15. Findings will begin to be released in September at the Social Enterprise World Forum in Edinburgh, Scotland.

Sponsors of the NoCo Hemp Expo, which sold out earlier this year when it was held in Loveland, will take the show on the road with a new event, the Southern Hemp Expo, to be held Sept. 28-29 in Nashville, Tenn.

Three lions that were expected to be euthanized have instead moved from their zoo in South Korea to The Wild Animal Sanctuary at Keenesburg. In February 2015, the lions at the Children's Grand Park Zoo in Seoul were the subject of controversy when one or more of them killed a zookeeper who was in their pen installing new equipment.

A popular seasonal pop-up bar operating out of a tent in Fort Collins each summer since 2011 is barred from serving the general public. Larimer County officials told Paddler's Pub, operated by the Mountain Whitewater rafting company, that it could only serve rafting patrons. The bar, created to serve rafters after their trip and the general public, has clashed with Larimer County officials in the past. Paddler's Pub is in the process of applying for special events permits so it can host concerts and the general public. The biggest land use code the pub is breaking is lack of plumbing and parking. Paddler's Pub uses portable bathrooms and has said connecting to city sewer lines about a mile away would cost around \$2 million. Paddler's Pub had previously gotten permission to open to everyone on May 12 and had been open daily to the general public but then got a code compliance letter listing several violations. Paddler's Pub, located at 1329 U.S. 287, said it will remain open daily despite the change.

CLOSING

Fort Collins craft brewery Three Four Beer Co. closed July 29 after releasing three more beers and holding a farewell party. The company had been in existence since 2015 but didn't start brewing its own beer until mid-2016.

Broomfield-based Ball Corp. (NYSE: BLL) will discontinue production at its beverage packaging plant in Cuiabá, Brazil. Customers currently supported by the Cuiabá plant will be supplied by other Ball facilities in Brazil, the company said.

SKEYE Brewing, a Longmont craft brewery, closed in late June. The brewery had launched a GoFund-Me campaign June 5, seeking \$10,000 to keep the brewery open. As of late June, the campaign had raised \$485 from eight donors.

CONTRACTS

AktiVax Inc., a Boulder-based drug-products company, secured a contract worth as much as \$55 million to develop an improved auto-injector for nerve-agent antidotes. The contract from the U.S. Department of Health and Human Services is worth at least \$15 million over 18 months but can be extended for four years for up to \$55 million. AktiVax will work with HHS to develop a new device that can easily administer a drug to reverse damage inflicted by organophosphates, a class of chemicals that includes nerve agents such as Sarin and VX.

KromaTiD Inc., a Fort Collins-based biotech company, has joined the National Institute of Standards and Technology Genome Editing Consortium, a newly launched public/private partnership. The consortium supports the emerging gene-editing market and regulatory-agency needs for standardized measurements of gene edits, editing byproducts and the risks of using genome-editing technologies in research,

commercial and therapeutic products. Through a cooperative research and development agreement, KromaTiD will transfer dGH technology to laboratories at the National Institute of Standards and Technology and other consortium members. KromaTiD is a spinoff of Colorado State University.

The University of Colorado Boulder Integrated Remote and In Situ Sensing (IRISS) Initiative and Boulder-based specialized engineering firm Black Swift Technologies are partnering to provide a new service to atmospheric researchers. The service will allow researchers to rent unmanned aircraft systems and expertise at-cost from CU IRISS and Black Swift. Through the program, researchers can focus on their work rather than what type of drone and sensors they need to gather data, what certifications they need to get approval from the Federal Aviation Administration, all of which can be cost- and time-prohibitive.

DH2i Co., a Fort Collins-based company that provides disaster-recovery solutions for Windows, Linux and Oracle databases, signed a strategic-alignment agreement with Red Hat. After testing and validation, DH2i will become a Red Hat Technology Partner and certified on Red Hat Enterprise Linux 7.

Banner Health and rideshare-company Lyft are partnering to offer Lyft as a transportation option for patients seeking medical treatment at two of Banner's hospitals in Colorado — McKee Medical Center in Loveland and Banner Fort Collins Medical Center in Fort Collins. The service also will be available to patients seeking treatment at most of Banner Health's hospitals in Arizona, plus urgent-care sites, centers, clinics and specialty-care locations in Arizona and Colorado, where Lyft operates. Financial terms of the partnership were not disclosed.

The city of Boulder signed a contract with Tri-State Generation and Transmission Association for the sale of hydroelectric power generated at five of the city's eight hydroelectric plants. The deal is a 10-year agreement with an option to renew for another five years. It's expected to generate about \$500,000 per year in revenue, which will offset water utility capital improvements and operating costs that would otherwise be paid through higher water rates for customers. The city previously had sold hydroelectric power to Tri-State from the Boulder Canyon Hydroelectric plant. This agreement renews the contract for Boulder Canyon and adds four facilities: the Kohler, Maxwell, Orodell and Sunshine plants.

EARNINGS

AeroGrow International Inc. reported that sales for its fiscal year that ended March 31 were up 37 percent, and its loss was up slightly compared with the previous year. Boulder-based AeroGrow (OTCQB: AERO) manufactures and distributes in-home garden systems. The company recorded total revenue of \$32.3 million and an operating loss of \$448,000 for the year.

Guaranty Bancorp, a Denver-based bank-holding company that is in the process of being acquired, posted \$13.3 million in profits for the second quarter that ended June 30. The bank posted a profit of \$10.1 million in the first quarter of this year. Guaranty Bancorp (Nasdaq: GBNK) is on track to be acquired by Texas-based Independent Bank Group Inc. (Nasdaq: IBTX) in a \$1 billion deal expected to close during the fourth quarter of this year. Guaranty has 32 branches in Colorado, including Berthoud, Boulder, Fort Collins, Greeley, Longmont and Loveland. Guaranty's second quarter 2018 return on average assets was 1.52 percent compared with 1.21 percent for the same quarter in 2017.

Fast-casual restaurant firm Noodles & Co. reported a loss of \$5.9 million, or 14 cents per share, for its second quarter that ended July 3. Broomfield-based Noodles (Nasdaq: NDLS) posted a 4.1 percent increase in revenue for the quarter to \$117.4 million, up from \$112.8 million in the previous quarter. The loss included a \$3.4 million charge for final assessment related to data-breach liabilities and a \$300,000 charge for the settlement of Delaware gift-card litigation. It also incurred \$1.5 million of costs related to the seven restaurants that closed in the second quarter. For the first two quarters of 2018, the company reported a net loss of \$9.5 million, or 23 cents per diluted share, compared with a net loss of \$28.7 million for the first two quarters of 2017.

KUDOS

Winners of the 2018 Bravo! Entrepreneur awards will be recognized at a breakfast in their honor on Thursday, Aug. 23, at the Embassy Suites in Loveland.

Bravo! is a BizWest event to recognize the spirit of entrepreneurship among business founders and executives in the region.

2018 category winners are: Emerging Entrepreneur, Ashley Colpaart, The Food Corridor, Fort Collins; and Regional Spirit Award, Northern Water, Brad Wind, general manager; Lifetime Achievement Award, Steve Anderson, Forney Industries. Area Award for Fort Collins goes to Bonnie Szidon, Ranch-way Feeds, with finalists Amy Prieto, Prieto Battery, and Dr. Don Wells, Associates in Family Medicine, Area winner for Greeley is Chalice Springfield, Sears Real Estate, with finalists Ronna Rice, Rice's Honey, and Ken Whitney, Anderson & Whitney. Loveland winners are Terry and Diana Precht, Vergent Products, with finalists Robert Grieve, Heska Corp., and Brian Peterson, ECI Site Construction Management. Winner for outlying areas is Paul Harter, Aqua-Hot Heating Systems Inc., with finalists Leo Hayden, Hayden Outdoors, and Jon Turner, Highland Meadows, Heron Lakes Development LLC, Timnath Ranch.

Tickets for the event are available at early bird pricing of \$44.49. The event will start with breakfast at 7:30 a.m. on Aug. 23 and conclude by 9:30.

Windsor-based Poudre Valley Rural Electric Association won the 2018 SEPA Power Players Electric Cooperative Utility of the Year award at the Smart Electric Power Alliance (SEPA) awards dinner in Washington, D.C. PVREA won for its Coyote Ridge Community Solar Farm project — a collaboration with GRID Alternatives and the Colorado Energy Office to construct a solar array designed with parameters ensuring all income levels and group types have an opportunity to participate in renewable energy.

Hiltons on Canyon, the Embassy Suites by Hilton and Hilton Garden Inn that opened last fall near 28th Street and Canyon Boulevard in Boulder, was named Dual-Brand of the Year in the 2017 Hilton North American Development Awards.



BizWest photo /Doug Storum



Real estate execs see continued price escalation

Participants of BizWest's CEO Roundtable on Real Estate and Construction are, from left, **Keith Burden**, Burden Inc.; **Jason Kruse**, Colorado Group; **Mark Changaris**, Berg Hill Greenleaf Ruscitti; **Becky Gamble**, Dean Callan & Co.; **George Berg**, Berg Hill Greenleaf Ruscitti; **Stephen Tebo**, Tebo Development Co.; **Steve Kawulok**, SVN/Denver Commercial LLC; **Becky Rigo**, Berg Hill Greenleaf Ruscitti; **Jim Cowgill**, EKS&H; **Lynda Gibbons**, Gibbons-White Inc.; **Todd Gullette**, Re/Max of Boulder; **Stephanie Iannone**, Housing Helpers; **Jeremy Wilson**, EKS&H; **Jeff Wingert**, W.W. Reynolds Cos.; **Peter Schaub**, Berg Hill Greenleaf Ruscitti; **Jim Loftus**, Loftus Developments. **Not pictured**, **Scott Holton**, Element Properties.

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







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

ECONOWATCH

Health premium increases track lower for new year

By BizWest Staff

news@bizwest.com

DENVER — The Colorado Division of Insurance, part of the Department of Regulatory Agencies, released preliminary information for proposed

health plans and premiums for 2019 for individuals and small groups. And the increase in rates will be the smallest in years.



The division of insurance said CONWAY that the same

seven companies that offered onexchange, individual plans in 2018 are returning for 2019 — Anthem (as HMO Colorado), Bright Health, Cigna Health and Life, Denver Health Medical Plans, Friday Health Plans, Kaiser Foundation Health Plan of Colorado and Rocky Mountain HMO. All counties in Colorado will have at least one on-exchange company selling individual health plans.

"I'm very pleased to see that we kept the same seven companies selling on-exchange plans," said Interim Insurance Commissioner Michael Conway. "Last year we worked hard to keep them in Colorado, and I think that work is reflected in their decisions

For 2019 individual plans, the average premium increase request is 5.94 percent across all companies and levels. In the small group market, the average premium increase request is 7.15 percent. The rates noted, said the division of insurance, are averages across all plans and all companies, meaning some consumers will have higher or lower premium increases.

The requested average premium increase for individual gold plans is 6.85 percent and is 12.30 percent for silver plans. For bronze plans, the requested average premium increase is 0.9 percent.

For the first time in years, an insurance company is requesting a rate decrease for individual market plans for 2019, the state reported. Both companies under the Anthem umbrella, HMO Colorado and Rocky Mountain Hospital and Medical Service, requested average decreases: 0.44 percent for HMO Colorado, and 2.64 percent for Rocky Mountain Hospital and Medical Service.

Conway said the division's efforts this year have concentrated on maintaining and furthering the stability achieved last year. "Moving forward, we will be doubling down on our focus to address and attack the everincreasing healthcare costs that drive premiums and push coverage out of reach for many. For too long Colorado consumers have been forced into the uncomfortable and oftentimes impossible position of paying for ever increasing healthcare costs," Conway

Conway said that changes at the federal level have made stability in the local markets more difficult. A change in July, for example, froze a key Affordable Care Act program designed to discourage insurers from favoring healthy people over less healthy

"I informed the insurance carriers that we will require that they account for their respective risk adjustment receivables or payables as they are reflected in the July 9, 2018, federal report."

Michael Conway, Interim Insurance Commissioner, State of Colorado

ones. "As we have in the past, we will find a solution to this most recent announcement," Conway said. "To that end, I informed the insurance carriers that we will require that they account for their respective risk adjustment receivables or payables as they are reflected in the July 9, 2018, federal report. I will take any subsequent steps that are necessary to protect Coloradans and to maintain market stability."

The Division of Insurance will spend the summer reviewing the proposed plans to make sure the requested premiums are neither too high nor too low, and ensuring that the plans comply with the Affordable Care Act and state laws, Conway said.

Additional details on the submitted plans are available on the Division of Insurance's web page, https://www. colorado.gov/pacific/dora/healthinsurance-0

Unemployment edges up slightly in region

By BizWest Staff

news@bizwest.com

DENVER — Unemployment increased in the Boulder Valley and Northern Colorado in June, but the labor market remains extremely tight, with unemployment rates remaining below 3 percent, according to the Colorado Department of Labor and Employment's monthly jobs report released Friday.

Boulder County's jobless rate climbed to 2.7 percent in June, compared with 2.1 percent in May and 2.6 percent in June 2017. The county has 186,314 employed, with 5,187 people

looking for work.

In Broomfield County, the unemployment rate also climbed to 2.7 percent in June from 2.2 percent in May and 2.7 percent a year ago. The survey found 38,471 people employed in the county last month, while 1,081 workers lacked employment.

Larimer County's 2.6 percent jobless rate compared with 2 percent in May and 2.5 percent in June 2017. A total of 198,403 workers were employed in the county, while 5,228 were unemployed.

Weld County's 2.7 percent unemployment rate in June compared with 2.2 percent in May and decreased from 2.8 percent in June 2017. A total of 159,586 people were employed in the county, while 4,482 were jobless.

Boulder, Broomfield and Weld counties all matched the state's jobless rate of 2.7 percent, with Larimer beating it.

Employers in Colorado added 4,200 nonfarm payroll jobs from May to June for a total of 2,729,600 jobs, according to the survey of business establishments. Private sector payroll jobs increased 3,700, and government increased 500. May estimates were revised up to 2,725,400, and the over the month increase from April to May was 9,700 rather than the originally estimated 7,700.

THE TICKER

Regional chamber confab set Aug. 8 at CSU stadium

Nine area chambers of commerce will join for a Northern Colorado regional business after hours from 5:30 to 7:30 p.m. Aug. 8 at the new on-campus Colorado State University stadium now known as Canvas Stadium. The stadium is located at 751 W. Pitkin St. in Fort Collins, Members from the Berthoud, Evans, Fort Collins, Greeley, Johnstown-Milliken, Loveland, Longmont, Wellington and Windsor chambers, and the public, are invited to the event that is celebrating community collaboration. Admission is \$15 if registration and payment are received in by 5 p.m. on Tuesday, Aug. 7. Cost is \$20 at the door. Register by calling 970-482-3746. During the registration process, members will indicate which chamber they are rep-

Oil and gas sector's economic impact cited

Colorado's oil and gas sector contributed \$31.38 billion into the state's economy in 2015, with 232,900 jobs, according to a 2017 study by PricewaterhouseCoopers. Part of that annual economic impact is felt by donations to charitable organizations, projected at \$5.2 million in 2017. The economic impact of the energy sector - and its impact on nonprofits — was the message from two panels at the Energy Summit at the DoubleTree by Hilton Greeley at Lincoln Park. The event was presented by BizWest. ExxonMobil donated almost \$1 million to higher-education institutions in Colorado and \$50 million nationwide. Noble Energy partnered with the Rocky Mountain Raptor Program to protect birds in areas in which the company operates. PDC Energy matched donations at KFKA radio's program benefiting United Way of Weld County. Employees also packaged 20,000 pounds of food for the Food Bank of the Rockies. Extraction Oil & Gas announced that it would alter its drilling schedule near a Greeley school. Anadarko partnered with the Red Cross Mile High Chapter to install 100 free smoke alarms in at-risk communities.

Report: IoT for utilities has \$5.1B global market potential

A new report from Navigant Research shows that the global market for Internet of Things solutions when it comes to utilities is expected to grow to \$5.1 billion by 2028. Although the solutions are still maturing, the report suggests utilities should embrace the Internet of Things market for key pain points such as generating assets, transmission and distribution system equipment, smart meters and data analysis. "Many of the tools are outdated, sit in silos, and were never designed for the complexities of today's smart grid," Neil Strother, principal research analyst with Navigant Research, said in a prepared statement. "More advanced utility IoT analytics solutions have entered the mai and can be applied to legacy systems and new data flows using edge computing, cloud computing, machine learning, and Al to unlock valuable insights and drive operational efficiencies." The full report shows that early adoption of IoT solutions can help cut costs while demand is flat or declining. loT technologies can also enable disparate systems to operate on the internet and integrate data for enhanced business value. It also allows for the advanced analytics necessary for distributed energy resources like solar panels.

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Look for the opportunities within the adversities

e're surrounded by threats and challenges every day. Customers switch. Employees leave. Competitors surprise. Government regulates.

So how on earth can these contain opportunities?

It's easy to see potential when a new market opens up, or you discover a great technology, or a competitor exits. But you have to be much more optimistic to see how a threat can be turned around.

It's actually about your philosophy as a leader and how you choose to respond to events.

Suppose that a huge national competitor enters your space.

They're more

efficient, and they have economies of scale you could only dream of.

Yes, you're being pressed into some uncomfortable decisions. Let's face it, though, it was only a matter of time before you'd have to look at this. The time is now.

You can focus on deepening relationships with your best customers. You can shift your product line and exit the areas where you don't compete well. You can even pursue powerful new partnerships.

Or suppose that one of your key employees just left. Yes, that hurts, both for the company and for you

The opportunity is to look at how work is allocated and skills are developed. You'll be more attentive this time to not being so reliant on a single individual, and you have the chance to evaluate which areas will be more useful in the future. Now may be the time to phase out processes that aren't serving you well anymore.

Consider the case of losing a big customer. Ouch!

This is the time to ask: What did we learn? Did we not pay enough attention to their shifting priorities? Are our products out of step? Did a competitor surprise us?

Remember that running a business is a dynamic, ever-changing affair. It's about learning, adjusting, designing, and creating. Every day.

Yes, this is painful. I get that. It's hard work that you hadn't planned

But with every change, you have the chance to design for a better future. Perhaps not with as healthy a bottom line, but I would hope that's not your only measure of success.

Your goals should also encompass delivering true value to customers, great jobs for employees, a healthier society, and security for your family. The money is just there to help you achieve those far more important goals.

That perspective is important, because it helps you make more balanced decisions. Yes, pay close

> attention to profitability and cash flow. But there are few companies that are defined purely by those financial measures. Even in the financial industry.

Go back to your core principles. What

does "serving customers" mean in the future? What does "creating an enduring company" look like? How will we continue to "give value to our stakeholders?"

Sometimes you're just forced to change. Threats happen. But you'll be far happier when you look for the opportunities that are hidden within.

Carl Dierschow is a Small Fish Business Coach based in Fort Collins. His website is www.smallfish.us.



SMALL BUSINESS ADVISER CARL DIERSCHOW

CNBC: Colorado ranks as Top 5 state for business

"Your goals should also

true value to customers,

a healthier society, and

great jobs for employees,

security for your family."

encompass delivering

By Jensen Werley

iwerlev@bizwest.com

Colorado is the fifth-best state for business, according to a new ranking

The state scored 1,564 points out of a possible 2,500 points in CNBC's list of America's Top States for Busi-

There were 10 categories on which states were scored: cost of doing business, workforce, quality of life, economy, infrastructure, technology & innovation, education, business friendliness, access to capital and cost of living.

In addition to ranking No. 5 overall, Colorado was in the top 10 for categories such as workforce, quality of life, economy, and technology and

The top states were Texas, Washington, Utah, Virginia and Colorado. Rounding out the top 10 were Minnesota, Georgia, Massachusetts, North Carolina and Florida.

In 2017, Colorado ranked No. 6.



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What practices are successful **Boulder Valley companies using to** be profitable, sustainable and relevant in today's economy?

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BW STARTUPS



COURTESY NAOMI GRIFFIN

ItyDity co-founders Emily Satterlee and Jonah Brockman

ItyDity startup hits right tune, matches musicians, producers

By Jensen Werley

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FORT COLLINS — Emily Satterlee wants to empower musicians.

As a singer-songwriter herself, she knew one of the great stumbling blocks to recording music was finding a producer. Sometimes the artist and producer click and the intimate process of recording creates exactly what both the musician and producer have in mind. Other times, it can feel transactional and ultimately result in something unsatisfying.

After learning a bit about production, Satterlee took a technological approach to making the music recording process better for all parties.

The result was ItyDity, a Fort Collins-based startup that provides a marketplace and matching service for musicians and producers.

"It's the only artist-run marketplace and network that intimately works with artists to help them craft their vision and song-match them with the perfect producer to create a market-ready track," Satterlee told BizWest.

Here's how it works: Artists can go to ItyDity's website and upload demos of songs or upload videos describing how they want it to sound by citing influences, other artists they want to emulate or even styles and effects they like. Each song is then posted as a proj-

ect on ItyDity, and producers can submit a request to work on a project, stating why they're drawn to the song or the artist's vision. The musician then selects a few producers they would feel excited to work with. As an additional element, Satterlee and her co-founder, music producer Jonah Brockman - who together interview all the producers before they join the network — throw in some wild card choices they think might be a good match that the artist maybe didn't consider. Those selected producers then move into the last phase of the bid process, uploading their own rough draft of what they would do with the song. The artist then blindly listens to the tracks without knowing who produced it and makes a selection. The artist and the producer selected work together to finish the song.

The final selected producer is paid for the work. Projects start at \$699, although some artists are encouraged to incentivize their project by offering more. ItyDity takes a \$99 cut of the sale. Satterlee said that based on her and her co-founder's experience, \$699 was a reasonable price point for a finished, radio-ready track.

"For artists, one of the value-adds of ItyDity is that a new artist starting out doesn't know what to expect to pay," Satterlee said. "It can be intimidating finding a producer on Craigslist and not having a trusted third-party. We find that most people don't balk at the price point of \$699."

While the benefit to artists, especially first-time artists, is the security of a third-party platform rather than searching through Craigslist, and the end result of a market-ready song, producers also benefit from using ItyDitty. New producers can use it to build up their portfolio, while established producers can use it to find new artists they're excited to work with. It's also great for producers who don't live in major music cities like Nashville or Los Angeles to work with talent.

For Satterlee, working out of Fort Collins was an intentional choice.

"Fort Collins' music scene is why we're there," she said. "The Music District is a music-focused co-working space and events center run by musicians in all aspects of the industry. It's a unique and unparalleled music ecosystem that doesn't exist anywhere else in Colorado."

Satterlee said originally she thought she might need to move to L.A. to launch her startup.

"But some friends were like, 'There's something brewing here; talk to the people at the Music District.' They launched around the same time as ItyDity. As soon as I met with them, they were so gracious and gave us a lot of early support."

In fact, Colorado has made a state-Please see **ItyDity**, page **53**

STARTINGLINE

Innosphere invests in med-device startup

Innosphere, an incubator based in Fort Collins, invested in medical-device startup Aspero Medical Corp. in Boulder. The amount of the investment was not disclosed. Aspero Medical is developing an endoscopic device that can be used by doctors treating patients with gastrointestinal diseases.

Innosphere seeks applicants for incubator program

Fort Collins-based incubator Innosphere is seeking science and tech startups for its fall entrepreneur program. The programs will focus on getting the companies ready for investment, working with experienced advisers, exit planning and top-line growth, among other necessary skills. The application for both the startup and scale-up program is Aug. 15. The cohort begins in September and companies usually stay in it from 18 and 24 months.

Sunrise invests in Little Secrets

Sunrise Strategic Partners, a Boulderbased accelerator of emerging brands co-founded by Steve Hughes and Trilantic North America, invested in Little Secrets, a clean-label chocolate brand made without artificial colors or flavors. Sunrise did not disclose the size of the investment.

2 Longmont firms win startup grants

Two Longmont businesses won \$3,000 Advance Longmont Startup Grants through the Longmont Economic Development Partnership. They are: Left Hand Yoga, 1811 Hover St. Suite H, in Longmont, a four-month old yoga studio; and Family Village, 360 Terry St., a destination for mothers re-entering the workforce. The Advance Longmont Startup Grant program assists local startups that have been in business for less than two years.

Venture-capital funding Increases in Boulder area

Venture-capital investment increased in Boulder County during the second quarter. The area recorded \$161.49 million across 14 companies, up from \$121.67 million a year ago. VC deals in Boulder in the second quarter of 2018 included funds raised by Wunder Capital, Sphero, GoodBelly, OnKure and KM Labs. The VC numbers come from the latest PitchBook-NVCA Venture Monitor.

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COURTESY NAOMI GRIFFIN

ItyDity co-founders Emily Satterlee and Jonah Brockman in studio.

ItyDity, from 52

wide effort to increase its music influence. The Colorado Music Strategy was launched through a private-public partnership via Colorado Creative Industries and Fort Collins-based Bohemian Foundation to increase revenues for Colorado musicians and businesses. It also aims to raise Colorado's stature nationally as a state for musicians and artists.

Recently, ItyDity won a chance to meet with Techstars' music accelerator in L.A., after placing second at a pitch competition during Fort Collins Startup Week. The company has been bootstrapped, and Satterlee said the plan is to continue that. In addition to taking a portion of the fee a producer gets for making a song, ItyDity is considering taking a royalty fee and facilitation fee. However, Satterlee said the company plans to keep it lower than the record industry standard: while ItyDity's service fee is \$99, many record labels have it set at 30 percent.

ItyDity is also looking at onboarding more producers. So far, there are about 300 producers on board.

A main goal of ItyDity is preventing dissatisfaction from the artist or the producer. The platform has built-in communication tools to help the artist feel out producers before making a final selection. And if the two do butt heads, ItyDity steps in as a moderator to help work out the issue. If an issue can't be resolved or if the final product just isn't what the artist wanted, ItyDity has third-party mixing and mastering specialists who can help make it right.

There is also an algorithm that helps eliminate any possible collaborations that won't be good matches, such as a religious artist who wants to only work with a producer of the same faith. However, while many music platforms might rely on algorithms and machine learning to predict what a user might want, Satterlee said ItyDity is very

"For artists, one of the value-adds of ItyDity is that a new artist starting out doesn't know what to expect to pay."

Emily Satterlee, co-founder ItyDity

much hands-on. She or Brockman interviews every person who signs up. It's what allows her to make those wild card recommendations.

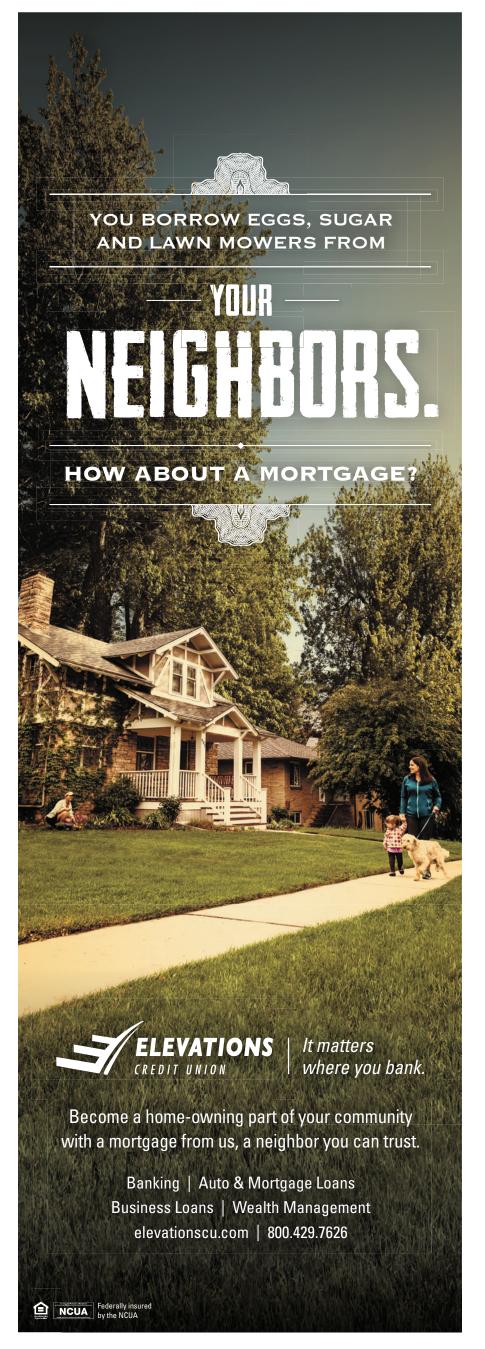
"My main concern is always to be able to get a high-quality final result for the artist," she said. "That means I like to be more hands-on and not leave it to an algorithm. You don't need an algorithm at the end of the day. The final process is the artist selecting based on the creativity of another human's submission."

Ultimately, Satterlee said ItyDity is looking to solve a real problem in the music industry.

"In this new era of the DIY musician and professional studios shutting down at massive rate and not operating like they used to, they're not doing artist development or using resources to match artists to producers. It's left artists in a vulnerable state on how to navigate production on their own."

She said ItyDity is looking to fill that role as a trusted third-party. What is more, producers are frustrated because of the widespread affordability of home recording equipment, unqualified producers are diluting the business.

"This is a new era and a new atmosphere in the DIY age of musicians," she said. "We're removing roadblocks that currently exist and are allowing both parties to reach their maximum potential."



COMMENTARY

Trump Administration should step back from destructive tariffs

Enough, Mr. President.

We understand that some countries — particularly China engage in trade practices that damage U.S. interests, particularly the protection of intellectual property. Others might provide systemic subsidies to key industries or adopt policies deemed unfair to U.S. farmers or manufacturers.

Concerns such as theft of intellectual property by China should be addressed. Strong measures must be taken to cease the practice and protect U.S. companies. Additionally, issues of hidden subsidies to key industries by trading partners should be tackled in negotiations, as should barriers to U.S. agricultural exports.

But the tariffs imposed or threatened by the Trump Administration go far beyond anything that is reasonable, and pose a real danger to the current robust economy, just as some analysts predict a slowing in 2019.

In other words, we don't need this.

Thus far, President Trump in March imposed a 25 percent tariff on steel and a 10 percent tariff on imported aluminum, with initial carve-outs for Canada and Mexico. Those exemptions ended May 31, when the Administration imposed those tariffs on the two countries and the European Union.

Trump also has threatened to impose a 25 percent tariff on automobile imports and has imposed a series of tariffs on \$50 billion worth of imports from China, including aerospace, automobiles, communication technologies, materials and robotics. He also has threatened tariffs on another \$200 billion worth of Chinese goods.

The list goes on.

Already, foreign trading partners have imposed retaliatory tariffs on everything from lawn mowers to orange juice, agricultural produce to seafood, motorcycles to Levi's.

Pain already is working its way through the U.S. economy, including the Boulder Valley and Northern Colorado. As Shelley Widhalm reports in this edition, companies ranging from Walker Manufacturing Co. in Fort Collins to Advance Tank & Construction Co. in Wellington have been affected by increasing costs, lack of available products or materials and overall uncertainty.

Protectionist actions have roiled financial markets and prompted consternation by the president's Republican allies in Congress. The president's July 25 announcement that he would provide \$12 billion in emergency assistance to help farmers hurt by newly imposed retaliatory tariffs served only to heighten Republican concern.

Fortunately, Trump appears to be moderating his position, reaching agreement with the European Union to forego additional tariffs and to work toward removal of tariffs and unfair trade practices.

But the president could easily alter course once again, and trigger an all-out trade war that would damage manufacturers and agricultural producers.

We hope that doesn't happen, for the sake of the Boulder Valley, Northern Colorado, and the global economy.

How long will this economy last?

OK, I should probably just end this column right here, because the question posed in the headline is so impossible to answer that I won't even try.

Umm... sorry, I couldn't stay away. Predicting the unpredictable is too much fun, so here we go!

True, no one knows how long the current U.S. economic expansion now in its 109th month, the second-longest



plant the longest period of economic growth set during the 1990s, so we've got that going Still, many economists point to sometime in 2019 as the period during which a recession is most likely to occur. They base that on multiple factors, such as the length of the current expansion, inversion of the yield

curve, etc. An inverted yield curve reflects an interest-rate environment in which shortterm interest rates exceed long-term rates, which some consider a predictor of reces-

Got that? (I have to look it up every time I hear the term.) But I sometimes wonder whether economists are making it up as they go along, anyway.

After all, it's not like economists have had much success in predicting economic performance. Just take a look at the predictions from the Federal Reserve in October 2007: The Fed's Open Market Committee provided economic projections of the Federal Reserve governors and Reserve Bank presidents, predicting growth in real gross domestic product nationwide of 1.6 percent to 2.6 percent in 2008, climbing to 2.2 percent to 2.7 percent in 2010.

The reality? Real GDP contracted by 4.3 percent between the fourth quarter of 2007 and the second quarter of 2009, according to the Fed. It was the longest economic downturn since World War II.

Admittedly, the current expansion has garnered some additional tailwinds, with the Tax Cuts and Jobs Act of 2017 providing an enormous stimulus to the US. economy. The stock market is booming. Millions of new jobs have been created. Unemployment remains near historic lows — just 2.6 percent in Larimer County and 2.7 percent in Boulder, Broomfield and Weld counties!

Other factors — the Trump Administration's tariffs, increasing interest rates, an overvalued stock market or sharp increases in energy costs could drag the economy

And it will happen, whether that be in 2019, 2020, 2021 or whenever. And, like in 2007, the cause could be something completely unexpected. Will the Chinese real estate market collapse? Will crypto currencies be the next bubble to burst? Did the financial markets learn their lesson from the subprime mortgage crisis? Will excessive federal spending finally lead to inflation, followed by sharper spikes in interest rates?

We'll know eventually, I suppose. In the meantime, we can only encourage our elected officials, lenders, borrowers and regulators to do better than they did the last time around.

Oh ... I almost forgot: My non-economist prediction is that all of the above factors joined with increased political turmoil in Washington, D.C., will begin to take a toll on the economy, and that we will enter a recession before or after the fourth quarter of 2019.

See what I did there?

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

BW POLL

Would you support an increase in the state sales tax to address Colorado's transportation-funding shortfall?

YES. 53%

NO. 47%

Next Question:

Are tariffs imposed by President Trump on imported products good or bad for the U.S. economy?

Yes

Visit www.BizWest.com to express your opinion.



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Boulder business reasserts community leadership role

he Boulder Chamber, after months of listening to and working with business and community leaders in focused conversations, recently announced a major initiative — "Boulder Together" — to help address three persistent and urgent issues: inadequate affordable housing, insufficient transportation options and a dearth of qualified people to meet our workforce needs, across all industries, for today and tomorrow.

In many ways, Boulder Together represents the reassertion of a leadership role for the businesses community that has lied dormant in recent years, but has wellestablished roots in shaping the community we love. It may seem like a humble beginning, but the cornerstone for founding of the Boulder Chamber entailed a paradigm shift in diversification of our local economy through business community inspired construction of the Boulderado Hotel. Consider further what Boulder would be today without business leaders from the Boulder Chamber stepping forward to purchase the land that facilitated development of the first federal laboratories. These are community shaping legacies, and there are many more to recount, which are arguably every bit as pivotal as open space preservation to shaping our cherished community fabric.

So why do we step forward today as Boulder businesses to reassert our his-

toric leadership position?

The issues of housing, transportation and workforce readiness have never been more pressing and demand immediate action.

Traditional civic processes, while properly deliberate by nature, are often



BOULDER'S BUSINESS CENTER JOHN TAYER

further handicapped by political divisiveness and limited public funding.

The dynamic, innovative nature of the business world is well-suited to develop programs, systems, and tools that offer immediate

relief and long-term solutions.

Stated most succinctly by Gerry Agnes, Elevations Credit Union president and Boulder Chamber Board director, in a recent Daily Camera article on Boulder Together, "This is about figuring out how we marshal the assets of the business community to make a significant impact on . . . (the future of) the community as a whole."

Aside from the historic legacy of business leadership in our own community, business helping resolve big community needs is not a new concept. Examples abound across the Front Range, such as the Fort Collins business community

advancing programs to educate and train the local workforce. The Longmont business community is bringing innovative financing proposals and technical expertise to the table in the drive to expand housing options. And it's Denver business leaders at the forefront in addressing regional and statewide transportation issues.

And Boulder businesses are already taking initiative on their own. One example is Google's \$41.7 million investment in financing for affordable housing. Other companies are taking action to make work commutes more convenient through the exploration of creative final mile systems that improve transit effectiveness. And in the workforce development arena, one only has to turn to the 2017 Boulder Chamber Innovative Business of the Year, Techtonic Group, and their apprenticeship program that is increasing STEM opportunities outside of the traditional education system.

As business leaders take more responsibility to address the greatest challenges of today through Boulder Together, we won't be going it alone. In the spirit of the proverb — "If you want to go fast, go alone. If you want to go far, go together." — we understand that collaboration is the most effective way to develop more effective long-term solutions. That's why the Boulder Chamber takes such pride in its partnership with the Community

Foundation to develop a diverse pool of tomorrow's leader through the Boulder County Leadership Fellows program. That same spirit was demonstrated in the recent panel the Boulder Chamber sponsored for the CU Conference on World Affairs, titled, "Community Collaboration Across Sectors," featuring business/nonprofit/public sector examples of cooperative efforts for the common good.

Because of the urgency of the issues we're highlighting through Boulder Together, the need for solutions is similarly urgent. That is what we, as business leaders, along with our local partners, commit to achieve over the next four years. In many ways, it is the fulfillment of our Boulder Chamber tagline, We Build Community Through Business. Boulder Together, though, is not the exclusive domain of business leaders. Instead, it represents a coupling of the renowned Boulder innovation ecosystem with our culture of collaboration and civic ingenuity to address our most pressing challenges.

We owe it to ourselves and to our community to come together in tackling the challenges of today for a brighter, Boulder future.

John Tayer is president and CEO of the Boulder Chamber of Commerce. He can be reached at (303) 442-1044, ext 110 or john. tayer@boulderchamber.com.

Office rents stagnant? Not when triple nets are counted

s this thing on? Good, because we have a public service announcement for office tenants, landlords, and investors: Office rent is not as stagnant as it may seem.

Recently, it has been widely publicized that office rent hasn't moved in years. While some data sources could lead you to believe this, digging into the data shows there is more to that story. It is important for both commercial space tenants and landlords alike to understand what goes into gross rent, and how a shift in the makeup of gross rent has led to an inaccurate picture of commercial rent trends. So, for the benefit of tenants, landlords, and any potential investors in commercial real estate, we'd like to dig a little deeper on the true status of office rents in Northern Colorado.

If you are a landlord in Northern Colorado, perhaps you yourself has observed seemingly stagnant base rent on your commercial office space. Let not this micro snapshot of seemingly stagnant commercial office space rents to be a deterrent from investing in commercial; this does not signal that commercial office space is no longer a good invest-

ment.

Here is the more accurate picture at a macro level: Unless you're living under a rock, you are well aware of the increasing price of real estate along the



COMMERCIAL REAL ESTATE NICK NORTON

Front Range as the economy overall has rebounded from the 2008 recession (and of course commercial real estate is not exempt from this increase).

Such growth coupled with other economic factors has significantly

driven up property values around the state and especially in our northern region. Despite some of the issues that come with accelerated growth and prosperity, many of us are fortunate to live in our thriving communities. Local government would just feel left out of the party if it didn't partake in the prosperity, increasing property tax commensurate with the value appreciation we all have enjoyed.

When there is an increase in property tax, there is an increase in what is called

triple nets, also known as NNN. NNNs are costs that go beyond the tenant's base rent and include property taxes, insurance, and common area maintenance. An increase in property taxes results in an increase in NNN costs, and these costs are passed along to the tenant as an expense atop base rent. Together, these make up the gross rent for the tenant. Simply put, the increase in property taxes has resulted in an increase in NNN expenses, leading to a tenant's gross office rent expense.

OK, so NNN costs have increased, but why would that cause an apparent stagnation of office rents? The accelerated rate at which the taxes have increased have put downward pressure on base rents that property owners can successfully charge.

From a tenant's perspective, their gross rent expense continues to rise with each new property valuation. So while their base rent may not show much of an increase, their monthly rent invoice from their landlord sure doesn't feel like rent stagnation.

Need a little data to validate what we're saying? A recent Waypoint sample study found a 33 percent average increase in property taxes between 2012-2017 of Fort Collins Class A office space. More broadly, according to a study conducted by the city, between 2016-2018 alone, all commercial office space in Fort Collins experienced a 16 percent increase in property valuations. Obviously, these massive increases cannot continue forever. In the short term, however, base rental rates will take the hit, as NNN rates continue to raise the total gross rent that tenants are paying.

After an extended period of value appreciation, property values (and tax assessments) should stabilize, and we would expect to see a little buoyancy in base rents with only 5.2 percent office vacancy rate in the northern Colorado market. At that point, investors in commercial real estate will again be able to realize a more normalized increase in base rents/net operating Incomes. Until then, sit tight and understand that there is more to the story than one data source may suggest.

<mic drop>

Nick Norton is a broker associate with Waypoint Real Estate in Fort Collins.

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