



Tax Increment Financing (TIF) Assistance APPLICATION (REVISED 06/27/2006)

PROJECT NAME: ROCKY MOUNTAIN INNOVATION INITIATIVE

PROJECT ADDRESS / LOCATION: 500 EAST VINE DRIVE, FORT COLLINS, CO 80521

APPLICANT / DEVELOPER / PROPERTY OWNER INFORMATION

	APPLICANT	DEVELOPER	PROPERTY-OWNER
Company Name	RMI ²	UDP	URBAN DEVELOPMENT PARTNERS
Company	MARK FORSYTH	MIKE JENSEN	MIKE JENSEN
Contact Person	MARK FORSYTH	MIKE BELLO	MIKE JENSEN
Title	CEO	CEO	CEO
Complete Address	200 W. MTN. AVE/F/C 80522	1220 S COLLEGE 80524	1220 S COLLEGE 80524
Phone	970-221-1301	970-212-2420	970-212-2420
FAX		970-206-0090	970-206-0090
Email	MARK.FORSYTH@RMI2.ORG	MJENSEN@URBANDEVELOPMENTPARTNERS.COM	SAME

TYPE OF LAND USE DEVELOPMENT / REDEVELOPMENT ACTIVITY

- | | |
|---|--|
| <input type="checkbox"/> Residential | <input type="checkbox"/> Mixed-Use (Residential/Non-Residential) |
| <input checked="" type="checkbox"/> Commercial/Retail | <input type="checkbox"/> Mixed-Use (Commercial/Industrial) |
| <input type="checkbox"/> Industrial/Warehouse | <input type="checkbox"/> Other (please explain) _____ |

PROJECT ELEMENTS

- | | |
|--|---|
| <input checked="" type="checkbox"/> New Construction | <input checked="" type="checkbox"/> Site Clearance |
| <input checked="" type="checkbox"/> Infrastructure Improvement | <input type="checkbox"/> Building Rehabilitation |
| <input checked="" type="checkbox"/> Land Acquisition | <input type="checkbox"/> Other (please explain) _____ |

NEW OR EXISTING BUSINESSES (NON-RESIDENTIAL PROJECTS ONLY)

New Business for URA Plan Area? Yes No
 Existing Business in URA Plan Area? Yes No Years in Business _____ years

FINANCIAL / FUNDING SUMMARY INFORMATION

Construction Loan	\$ 6,500,000	Current Actual Value (Assessor)	\$ 292,450
Fees	\$ 261,183	Current Property Tax	\$ 6,733
Soft Costs	\$ 884,400	Projected Actual Value (Assessor)	\$ 6,500,000
Land Cost	\$ 520,403	Projected Annual Property Tax (yr 1)	\$ 163,467
New Construction Costs	\$ 4,804,014	Total TIF Assistance Requested	\$ 2,800,000
Other Costs	\$ 30,000	Total Property Tax Increment Expected	\$ 3,976,000
Total Project	\$ 6,500,000	Total Project Cost	\$ 6,500,000
		Current Annual Sales Tax (if any)	\$ 0
		Projected Annual Sales Tax	\$ 0

TYPE OF TIF REQUESTED (include general terms & conditions)

- Grant
- Loan
- Loan Guarantee

SUMMARY OF FUNDING SOURCES AND USE OF FUNDS

Amount	Source	Use
\$ 2,800,000	URA Tax Increment Financing (TIF) Contribution	\$781,318 Façade and Roofing (see attached budget)
\$		\$250,000 Site improvements
\$		\$ 40,510 Site Prep and processing
\$		\$299,767 LEED Gold Certification
\$		\$520,403 Land acquisition and shared detention
\$		\$908,002 Construction Hard Costs (see attached budget)
\$ 3,700,000	Fort Collins Urban Renewal Authority Loan to RMI2 LLC	\$3,700,000 (remaining Construction Costs: See attached budget)
	Project Total	\$6,500,000

ATTACH DESCRIPTION OF THE PROPOSED PROJECT

Please provide an answer for each of the following questions, no more than 1 page per question. Please include a location map, any site plans or project drawings, and any other materials related to the TIF application not previously requested.

Please see attached file for all answers below.

1. What is the nature of the project?
2. Why is TIF assistance needed; how will the funds be used?
3. How will the project help improve/upgrade public infrastructure (streets, utilities, drainage, etc.)?
4. How will the project enhance the property tax base (and sales tax base, if applicable) of the area?
5. How will the project help achieve the goals of North College Urban Renewal Plan?
6. How will the project help eliminate slum and blight conditions?
7. What is the proposed project timetable (what is the estimated time frame for major steps including the City’s planning decision, completion of financial commitments, start of construction, and issuance of Certificate of Occupancy (CO))?
8. What is the financial capacity of the developer to complete the proposed project?

ATTACH BACKGROUND INFORMATION

- Owner/CEO Resume
- Owner/CEO Credit Report
- D/B Report on the Corporation X Project Pro Forma

SIGNATURE REQUIRED

By: _____

Title: COO_____

Date: 12-2-08_____

-----**AREA BELOW FOR URA STAFF USE ONLY**-----

Date Received _____ Project Number _____ Project Manager _____

1. What is the nature of the project?

The Rocky Mountain Innovation Initiative (RMI2), with the completion of this project, will consolidate multiple existing incubator spaces into a single new building at the planned Inverness Innovation Office Park. The office park will be located in the 200-500 block of East Vine Drive.

RMI2 office and lab spaced will occupy approximately 31,336 SF in one building on four floors. Approximately 1000 SF will initially be fully equipped bioscience wet laboratory space, with the option of expanding to 3000 SF at a later date.

This project will enable RMI2 to:

- Continue current programs after the planned demolition (for the Beet Street Amphitheater) of two of its three current temporary facilities.
- Expand the capacity of incubated companies to further increase economic impact and job creation.
- Offer previously unavailable wet lab incubator facilities to accelerate bioscience industry growth.
- Expand services offered to client companies to increase success rates, while continuing to offer fledgling companies below-market lease rates.
- Offer a central downtown location for entrepreneurial events and activities.
- Relieve the City of the need for provision of facilities, subsidized lease rates and property management (currently a significant annual subsidy).

Background:

RMI2 is a non-profit organization formed to:

- Accelerate the success of high impact innovation-based startup companies.
- Promote the development of an entrepreneurial culture and infrastructure in the region.

The initiative was launched as the Fort Collins Technology Incubator in 1998 by the City of Fort Collins. Current funding institutions include the City of Fort Collins, Colorado State University, CSU Research Foundation, Northern Colorado Economic Development Corp. and the City of Loveland. Since its inception RMI2 companies have raised over \$63 Million in equity, added 162 full time jobs with an average salary of \$73,000. This new facility will allow for RMI2 to extend its reach and assist more businesses which will allow for larger metrics in the future.

In 2004 the City made the first facility available to RMI2 and its clients, and two additional facilities became available in 2007-2008. Client

companies reside in available space and pay graduated lease rates beginning well below market and gradually increasing as the company nears “graduation” from the program.

Client companies also receive a variety of professional services to help them build and finance their businesses. The success rate of “incubated” companies is approximately 3X that of non-incubated businesses. Furthermore, homegrown startup companies tend to stay in the communities in which they are built.

RMI2 specifically targets leading-edge technology, scientific and innovation based businesses that create primary jobs with 2-3X the average annual wages of the region. The initiative is addressing the underemployment/unemployment gap and average wage decrease from the 2001-2002 technology industry downturn that resulted in over four thousand layoffs in the Northern Colorado region.

(see attached Executive Summary for further detail on RMI2 programs and services).

2. Why is TIF assistance needed; how will the funds be used?
RMI2 is a non-profit without revenue sources outside of funding partner annual contributions and donations. Without TIF assistance this project would not be feasible. TIF assistance will allow the project to proceed and for RMI2 to offer affordable lease rates to client startup companies, which is a critical success factor in our program. In addition the Fort Collins Urban Renewal Authority will be funding the construction and permanent financing.
3. How will the project help improve/upgrade public infrastructure?
Street improvements, detention modifications, utility upgrades and cleaning of a blighted waste management site will be required to construct this project. RMI2 and city leaders have decided to pursue a LEED gold standard designation on the site – making it state of the art in energy efficiency.
4. How will the project enhance the property tax base of the area?
The building of a new incubator facility will act as a catalyst to further development in the blighted northern College area. For years the downtown has needed more primary jobs within its boundaries to support further retail spending and local services. The goal of this development is to attract and create high tech, research and development jobs in the North College URA area. Client companies attract multi-million dollar equity investments from private investors and venture capital firms. All of this proposed new development will stimulate further capital projects and refill projects which will enhance the property tax base.

5. How will the project help achieve the goals of the North College Urban Renewal Plan?

Upon review of the URA Policies, this project will help in achieving the following:

- Revitalization of blighted property – This property has been in deterioration for years. The proposed Inverness Innovation Park will bring new research and development businesses to the area and a considerable number of new high paying primary jobs to the NCURA.
- Stimulates private investment – RMI2 client businesses focus on investment and the growth of their companies. It is proven that an incubated company is more likely to stay rooted in the community that assisted them in their growth. Therefore Fort Collins, specifically downtown, will benefit from the incubation of these businesses.
- Attracts jobs – Since 1998, 162 jobs have been added to these startup companies. This facility is tripling the amount of space which will equate to more businesses being assisted and again, more primary jobs downtown.
- New Jobs may stimulate houses/condos being built in the area.
- Infrastructure improvements – this development requires sewer/water/telecommunications and other on and offsite improvements. This facility is near the fiber loop and it is RMI2's hope to bring fiber to the new facility. Therefore this project requires an above normal amount of infrastructure requirements to match the technology needs of the incoming businesses. Having RMI2 pay to bring fiber to the Inverness innovation Park will be an advantage to future businesses coming to this location.
- Boosts property values – In addition to the increase in the property value that RMI2 will build on, our hope is that this project will stimulate many other commercial and light industrial development projects within and surrounding this proposed Innovation Park.
- GOLD LEED certified building with bike racks and showers – stimulating workforce to bike to work and get cars off of the roads. This project was originally planned for SILVER LEED certification. Once the project was proposed to the City council finance committee they stressed the desire to pursue GOLD LEED certification – which has increased the overall cost of the project, but will assist in reaching the URA's policy of energy efficiency in their backed projects.

6. How will the project eliminate blight and slum?

The existing abandoned structures on the property will be demolished and replaced with a modern LEED certified office/lab facility, parking and street improvements. This project is expected to stimulate other development in the area. The DDA has voiced interest in pursuing a pedestrian bridge project connecting the North College area with

downtown if this project goes through. This improvement will add access and safety to the North College area. Community events held at the RMI2 facility will enhance public awareness of the newly renovated area.

7. What is the proposed project timetable?
See Attached specific timetable.

8. What is the financial capacity of the developer to complete the proposed project?
The Fort Collins Urban Renewal Authority is the financing entity for this project. See attached project proforma.

PROPOSED DETAIL URA EXPENDITURES***RMI2 Building Envelope including Facade and Roofing Membrane***

GC Line Item Estimate	Line Item Value	% to facade	Facade Estimate
CMU	\$100,650	100%	\$100,650
LG Framing (exterior framing)	\$112,868	50%	\$56,434
Exterior Rails	\$14,195	100%	\$14,195
Rough Carpentry	\$10,378	25%	\$2,595
Damproofing	\$1,781	0%	\$0
Foundation Insulation	\$1,703	0%	\$0
Thermal Insulation	\$22,413	100%	\$22,413
EIFS	\$99,174	100%	\$99,174
Metal Siding	\$24,275	100%	\$24,275
EPDM Roofing	\$58,379	100%	\$58,379
Flashing & Sheetmetal	\$10,050	100%	\$10,050
Joint Sealants	\$4,000	100%	\$4,000
Alum Entrance Doors	\$18,240	100%	\$18,240
Windows	\$130,139	100%	\$130,139
Ext Sun Control Devices	\$39,375	100%	\$39,375
Gyp Systems (<i>exterior sheathing</i>)	\$44,350	50%	\$22,175
Canopy	\$18,000	100%	\$18,000
Sub-Total			\$620,094
GC markup for GC's, Permits, Cont., Fee, Bonds		20%	\$124,019
Sub-Total			\$744,112
Developer Fee - UDP		5%	\$37,206
<i>Total</i>			\$781,318

GC Markup on Construction Costs

GC Estimate Item	% of Hard Cost
Cleanup / Dumpsters	0.75%
Weather Protection	0.55%
General Conditions	6.20%
Estimating Contingency	4.00%
Building Permits	1.80%
Overhead & Profit	6.00%
Perf & Payment Bonds	0.70%
GC Markup on Hard Cost	20.00%

RMI2 Site Improvements

Site Hard Costs (pro-rated)	\$1,000,000	20%	\$200,000
GC markup for GC's, Permits, Cont., Fee, Bonds		20%	\$40,000
Developer Fee - UDP		5%	\$10,000
<i>Total</i>			\$250,000

RMI2 Site Engineering

Traffic Study	\$7,000	20%	\$1,400
Civil Engineering	\$60,000	20%	\$12,000
Planning / Landscape Design	\$20,000	20%	\$4,000
Testing / Inspections			\$12,360
Fiber Installation - City	\$43,000	25%	\$10,750
Total			\$40,510

Estimate of Additional Cost for LEED Gold

Construction Costs (Add 5%)	\$4,288,163	5.00%	\$214,408
Architecture	\$4,591,971	0.13%	\$5,970
Mechanical Engineering	\$30,000	7.00%	\$2,100
Electrical Engineering	\$30,000	7.00%	\$2,100
Daylighting / Energy Modeling	\$4,591,971	0.50%	\$22,960
Sub-Total			\$247,538
Developer Fee on Constr Costs	\$247,538	5.00%	\$12,377
Commissioning / Verification	\$4,591,971	0.60%	\$27,552
USGBC Registration / Certification			\$12,301
Total			\$299,767

Land Acquisition

Line Item Value

Acquisition - Land	\$466,963	\$466,963
Acquisition - Shared detention	\$52,272	\$52,272
Misc. Closing Costs	\$1,167	\$1,167
Total		\$520,402

Construction Hard Costs

On site Improvements	\$187,200	\$187,200
General Conditions (C&S, TF, wetlab)	\$265,173	\$265,173
Contingency (C&S, TF, wetlab)	\$174,501	\$174,501
Contractor OH & P (C&S, TF)	\$281,127	\$281,128
Total		\$908,002



Rocky Mountain Innovation Initiative

Mission Overview

The **Rocky Mountain Innovation Initiative (RMI²)** is a not-for-profit organization formed in October 2007 to enable and accelerate the success of high growth, high impact innovation-based startup companies and to promote the development of an entrepreneurial culture and infrastructure to sustain and nurture scientific & technology-based industries in the Northern Colorado region. Its key focus areas are:

- Creation of primary jobs in the engineering, scientific, professional and managerial categories to enhance utilization of our highly-educated workforce and positively impact regional wages.
- Advancing our existing and emerging scientific and technology industry clusters.
- Accelerating technology transfer, research commercialization and spinoffs from Colorado State University.

Programs and Services

RMI² achieves its mission by providing programs and services in the following areas:

- **Business Incubation** - Through its **Fort Collins Innovation Center** and future **Loveland Innovation Center**, RMI² identifies and selects high-potential startups to receive customized business consulting and advisory support, professional services, access to shared resources, promotion, and subsidized office/lab space in its Fort Collins facilities over a multiyear program time span. As of the end of 2008, over 30 companies have received assistance, creating 162 primary jobs at an average salary of \$78,000 and attracting over \$63M in equity investment capital.
- **Capital Formation** - Access to seed and growth capital are among the key success factors for technology entrepreneurs in the Northern Colorado region. RMI² is addressing this need through a variety of new and existing programs. The *NoCoAngels.com* is a new program launched by the RMI² in partnership with key leaders of the local financial and university research communities. This program, the first of its kind in Northern Colorado, allows entrepreneurs and private investors to meet through a common website tool. RMI² also co-sponsors the *Angel Capital Summit*, a new annual event which will showcase 20-30 of the best and brightest entrepreneurs in Colorado to an audience of up to 500 investors, entrepreneurs and service providers. In addition to these new programs RMI² continues to host the longstanding *Northern Colorado Rockies Venture Club*, a bi-annual event which brings entrepreneurs in need of funding together with investors and service providers. RMI² is also seeking strategic partnerships with select venture capital firms to further enhance fundraising options for regional entrepreneurs.
- **Advisors Network** - RMI² coordinates a network of successful entrepreneurs, business leaders and technology experts willing to volunteer their time and expertise to help guide others in building and growing their companies. Our *SAGE (Social & Advisory Group for Entrepreneurs)* program is a monthly forum where a group of volunteer advisors meet to network and offer advice and assistance to entrepreneurs at an early stage in the development of their business concept. Advisors also take on roles as board members for client companies and serve on various committees and program activities. RMI² maintains a strategic relationship with the Fitzsimons BioBusiness Incubator in Denver to



provide local bioscience entrepreneurs with access to experienced mentors and investors.

- **Forums and Events** - RMI² sponsors a number of forums and events that promote networking and business connections, educational topics and community involvement. The *Innovation After Hours* is a networking forum featuring a guest speaker each month on a topic of interest to the entrepreneurial and technology communities focused on local, innovative happenings. The *CEO-Tech Roundtable* is a by-invitation weekly forum for founders and CEOs of local technology companies to share ideas, support each other and discuss relevant topics. The Initiative is also partnering with the CSU Center for Entrepreneurship to investigate new programs that will connect future entrepreneurs from the university community with those in the business world today.
- **Industry Cluster Initiatives** - RMI² supports the region's targeted industry cluster initiatives in the information technology, bioscience and clean energy fields. These cluster initiatives bring together business leaders, university researchers and government officials to develop strategies and pursue joint initiatives that stimulate long-term sustained growth of key industry clusters that will be the engine of job creation and economic growth for Northern Colorado in the 21st century. RMI² partners with the Larimer Bioscience Initiative and Northern Colorado Clean Energy Cluster and, in partnership with the *City of Fort Collins*, has recently launched a new Geospatial Information Systems Cluster Initiative.
- **Entrepreneur Resources** - The Initiative's programs and participants form a rich network for the exchange of information among entrepreneurs, investors, community leaders, and service professionals, and its Fort Collins and Loveland *Innovation Centers* serve as community focal points for entrepreneurial activity and information exchange. In addition, RMI² has developed and is growing an *Entrepreneur's Toolkit* on its new web portal (www.rmi2.org) that will contain a rich set of downloadable information and links relevant to starting, financing and growing startup companies in the region.
- **Marketing** - Northern Colorado has tremendous assets to attract and assist entrepreneurs. Two major universities including a top-notch engineering and science research institution, three community colleges, a highly educated workforce, existing world-class technology corporations and supportive community resources all add to the stellar quality of life in making this an attractive place to start, grow or invest in new technology companies. RMI² seeks to build awareness of these assets and showcase regional innovation and entrepreneurial highlights to attract investors, entrepreneurs and support talent to the region. Our marketing program includes a web portal, newsletter and a PR effort to keep the press informed of new developments.

Outcomes

By investing in these programs and initiatives RMI² intends to achieve the following results:

- Accelerate the creation of new innovation-based startup companies and amount of total startup capital raised in Northern Colorado.
- Dramatically increase the probability of long-term success and sustainability of startup companies through our incubator programs.
- Accelerate the creation of jobs in the tech sector at higher than average wages.
- Stimulate community involvement and volunteerism in activities assisting entrepreneurs and innovators.



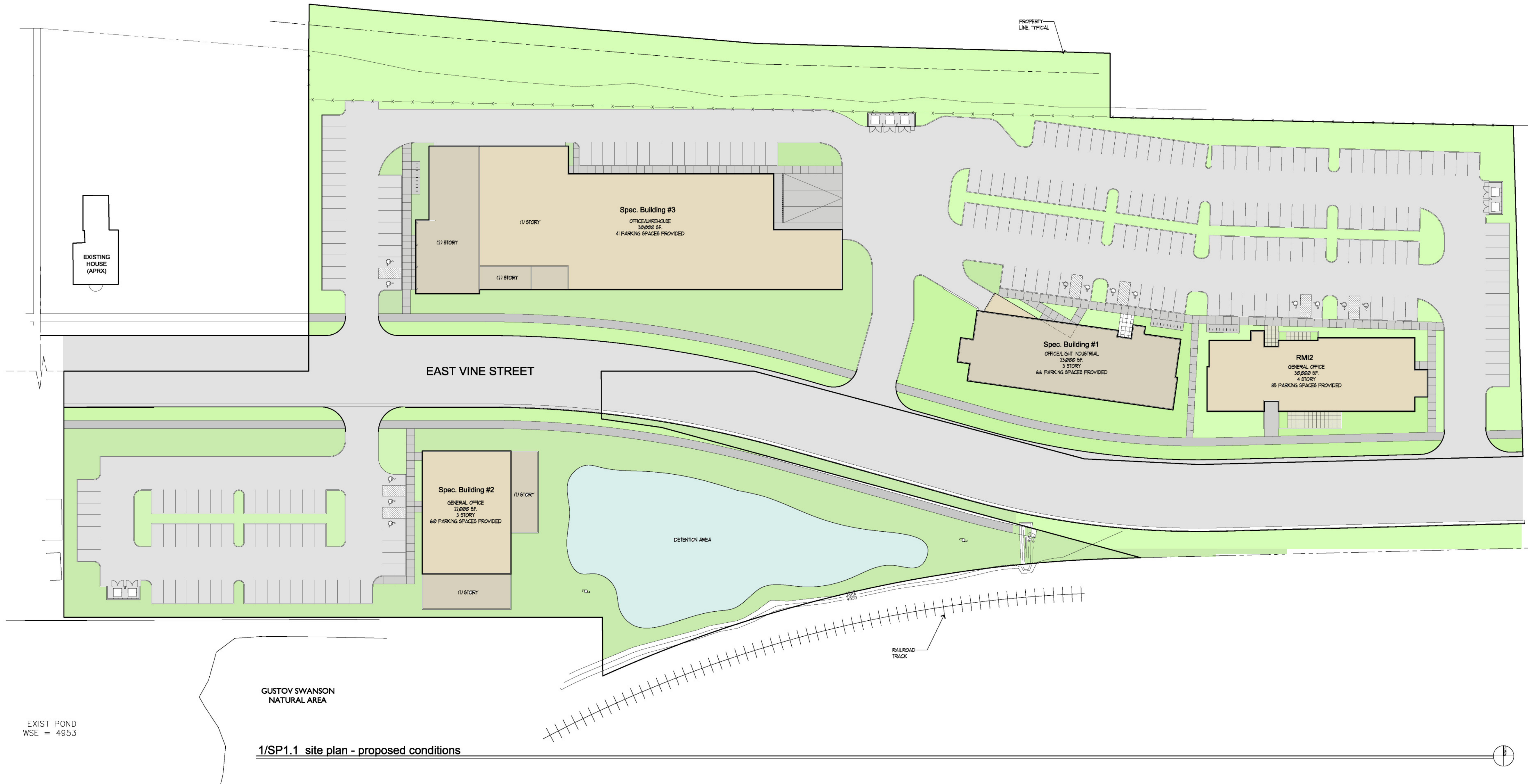
- Increase awareness and 'mindshare' of the region as a hotbed of innovation and entrepreneurship across the community, state and nation.

Organizational Structure and Sponsors

RMI² is a private 501c3 (pending) non-profit organization sponsored by several regional public and private institutions. It evolved from the successful **Fort Collins Technology Incubator** program launched by the *City of Fort Collins* in 1998 and funded over the years by the *City of Fort Collins*, *Colorado State University (CSU)*, *CSU Research Foundation (CSURF)*, *Platte River Power Authority (PRPA)* and the *Northern Colorado Economic Development Corporation (NCEDC)*. These institutions, in addition to funding the FCTI, serve as active partners and advisors in helping the organization achieve its mission. In 2007, at the direction of its funding sponsors, the FCTI entered into a partnership with the *City of Loveland*, *Larimer County* and *City of Greeley* to launch the *Rocky Mountain Innovation Initiative*, which leverages programs developed by the Fort Collins Technology Incubator with an expanded mission and regional focus.

Funding Sources

RMI² intends to leverage funding from regional institutions to secure State of Colorado multiyear economic development grants for seed funding and for startup of a future *Loveland Innovation Center*. The Initiative will also further augment funding from beginning in 2009 by seeking corporate and private donations, sponsorships, memberships and event fees.



Inverness Innovation Park
-proposed site plan-
Fort Collins, Colorado