

NAIOP SPEECH 3/11/08

THANKS ANN, IT'S A PLEASURE TO BE HERE.

FIRST A DISCLAIMER.

TOM CLARK IS A PROFESSIONAL AT THIS GAME, I AM NOT. HE MAY BE THE BEST IN THE COUNTRY AT THIS. I AM A BEGINNER.

THAT MAKES YOU FEEL PRETTY GOOD, RIGHT?

HAVING GOTTEN THAT OUT OF THE WAY, MY JOB AND THE JOB OF MY DEPARTMENT AT THE STATE LEVEL IS TO WORK WITH TOM AND HIS PEERS AROUND THE STATE. FORTUNATELY, THE OTHERS WHO WORK IN MY DEPARTMENT ARE PROFESSIONALS.

COLLECTIVELY, OUR GOAL IS TO DO WHAT WE CAN TO LEVERAGE ANY ASSET WE CAN FIND TO PROMOTE JOB GROWTH AND WEALTH CREATION IN COLORADO.

THAT IS NOT NEWS.

BUT I'LL GIVE YOU SOME THOUGHTS ON HOW WE ARE TRYING TO ACCOMPLISH THAT-BASED ON MY EXTENSIVE ELEVEN MONTH TENURE, THAT MAY AT LEAST CLARIFY OUR PRIORITIES AND THE BASIS FOR THEM AT THE STATE LEVEL.

FIRST OF ALL, IF YOU BREAK DOWN ALL THE CHARTS AND STATISTICS TOM TALKED ABOUT, I THINK YOU CAN SUMMARIZE OUR KEY STRENGTHS INTO 4 BUCKETS, AND OUR KEY WEAKNESSES INTO 2 OR 3.

STARTING WITH THE STRENGTHS AND THE FIRST OF THOSE IS THE QUALITY OF OUR LABOR FORCE. WE HAVE THE SECOND, THIRD OR FOURTH MOST EDUCATED WORKFORCE IN THE US, AS TOM SAID, AND WE TRADE ON THAT ASSET HEAVILY.

NUMBER TWO, IN MY MIND, IS THE QUALITY OF INTELLECTUAL CAPITAL *CREATION* IN THE STATE. THAT WOULD SEEM TO FLOW FROM NUMBER ONE, BUT FROM WHERE I SIT, I DON'T SEE THAT.

IT HAS MORE TO DO WITH THE REMARKABLE STRENGTH OF THE RESEARCH INSTITUTIONS IN THE STATE, BOTH UNIVERSITIES AND FEDERAL LABS, AS THEY RELATE TO SEVERAL KEY INDUSTRIES AND WITH THE ENTREPRENEURIAL SPIRIT THAT SEEMS TO BE PART OF THE COLORADO DNA.

SO THE I.P. CREATIVITY IN THE STATE IS CONNECTED TO THE QUALITY OF THE WORKFORCE, BUT NOT AS DIRECTLY AS IT MIGHT APPEAR.

THE NUMBER THREE ASSET IS QUALITY OF LIFE. I KNOW THAT APPEARS FAR DOWN ON SOME SITE SELECTORS CRITERIA LIST, BUT IT HAS A LOT TO DO WITH WHY TALENT STAYS IN COLORADO, AND WHY SOME CHOSE TO LOCATE HERE IN THE FIRST PLACE.

PART OF THIS SECTION IS ALSO A COMPETITIVE COST ADVANTAGE WE HAVE VIS A VIS SOME MARKETS ON BOTH COASTS. COMPARED TO THE BAY AREA, SOUTHERN CALIFORNIA, BOSTON OR NEW YORK, WE LOOK PRETTY GOOD.

MY LAST STRENGTH BUCKET MAY BE LESS OBVIOUS, BUT I THINK IT'S GROWING IN IMPACT. COLORADO IS GAINING A REPUTATION FOR A CLEAR AGENDA. I THINK WE ARE BECOMING SUCCESSFUL IN DEFINING WHAT WE BELIEVE WE WANT TO SEE FOR GROWTH IN OUR ECONOMIC BASE AND IN HAVING THAT DEFINITION APPEAL IN KEY SECTORS. CONOCO PHILLIPS, IN MY MIND, IS AT SOME LEVEL A VALIDATION OF THAT AGENDA.

THERE ARE CLEARLY OTHER POSITIVES, AS TOM POINTED OUT, BUT I'LL STOP WITH THOSE FOUR.

ON THE NEGATIVE SIDE, WE ALSO HAVE A NUMBER OF ISSUES, BUT I WOULD REALLY SINGLE OUT THREE FOR CONSISTENT PRESSURE:

THE FIRST IS LACK OF INCENTIVE FUNDING FOR ATTRACTION AND EVEN SOMETIMES RETENTION/EXPANSION EFFORTS.

THE SECOND IS LACK OF FUNDING FOR CRITICAL ECONOMIC INFRASTRUCTURE, MOST NOTICEABLY HIGHER ED AND TRANSPORTATION.

THE THIRD IS MORE SELECTIVE, BUT REAL WHEN IT APPLIES, AND THAT IS A LACK OF CRITICAL MASS, BOTH IN SOME KEY INDUSTRY SECTORS AND IN VENTURE CAPITAL AT SCALE.

MY BELIEF IS THAT ECONOMIC DEVELOPMENT IS LIKE RUNNING ANY OTHER BUSINESS. YOU ANALYZE YOUR COMPETITIVE STRENGTHS AND WEAKNESSES AND LET THAT DEFINE BOTH WHERE YOU CAN COMPETE AND WHERE YOU REALLY CAN'T. YOU SPEND YOUR TIME ON THE SECTORS WHERE YOU'RE COMPETITIVE. YOU DON'T LOSE SLEEP OVER SECTORS WHERE YOU'RE NOT.

WE HAVE DEFINED OUR SECTOR PRIORITIES FROM THE STATE'S PERSPECTIVE. BUT BEFORE I GET TO THE SPECIFIC INDUSTRIES, I'D LIKE TO SAY A WORD ABOUT ECONOMIC GARDENING VERSUS ELEPHANT HUNTING, AND WHICH DESERVES THE MOST ATTENTION.

THE VAST MAJORITY OF JOB CREATION IN OUR MARKET OR ANY OTHER MARKET WILL COME FROM COMPANIES THAT ARE ALREADY HERE, AND NEW, SMALL COMPANY FORMATION. THAT'S A FACT.

ATTRACTING BIG FISH TO COLORADO MAKES HEADLINES, AND ELEPHANT HUNTING FOR US MAY MAKE SENSE IN SECTORS WHERE OUR ADVANTAGES OUTWEIGH OUR DISADVANTAGES IN INCENTIVES, BUT IF WE LOSE FOCUS ON RETENTION, EXPANSION OPPORTUNITIES AND ASSISTING IN NEW COMPANY FORMATION, WE ARE MAKING A HUGE MISTAKE.

OKAY, BY INDUSTRY SECTOR, WHAT ARE THE PRIORITIES? TOM AND MDEC LISTED ELEVEN TARGET INDUSTRIES. I CAN'T DEAL WITH ELEVEN PRIORITIES, SO WE'VE FOCUSED ON FOUR.

YOU MAY WELL HAVE HEARD THIS LIST BEFORE AND IT COMES FROM THE GOVERNOR'S CAMPAIGN PLATFORM THE COLORADO PROMISE. APOLOGIES FOR THE REPETITION.

THE FOUR ARE TOURISM, AEROSPACE, BIOSCIENCE AND ENERGY-AND THAT IS ENERGY WITH A FOCUS ON WHAT MY BOSS CALLS "THE NEW ENERGY ECONOMY" -ENCOMPASSING BOTH TRADITIONAL FOSSIL FUEL ASSETS IN THE STATE AND INDUSTRIES EMERGING IN THE RENEWABLE SECTOR.

THE LAST THREE OF THESE ALL HAVE A CLEAR CONNECTION TO TECHNOLOGY AND RESEARCH HELPING TO DEFINE A "KNOWLEDGE- BASED" ECONOMY THAT HAS TO BE WHERE WE LOOK TO OUR FUTURE ECONOMIC

FOUNDATION IN THE STATE. BUT LET ME SAY A WORD ABOUT EACH OF THE FOUR AND I'LL START WITH TOURISM BECAUSE IT'S SORT OF THE OUTLIER.

TWO YEARS AGO, THE OWEN'S ADMINISTRATION AND THE LEGISLATURE MADE WHAT I BELIEVE WAS A VERY WISE CHOICE. THEY UPPED THE STATE'S TOURISM PROMOTION BUDGET FROM \$5 MILLION TO A LITTLE OVER \$19 MILLION.

MARKET STATISTICS SUGGEST THE RETURN ON THAT INVESTMENT HAS BEEN STRONG.

THAT SAID, I THINK WE CAN BE EVEN MORE EFFECTIVE THAN WE HAVE BEEN IN HOW WE INVEST THOSE MARKETING FUNDS AND WE ARE WELL INTO A PROCESS TO REVIEW AND REDEFINE THAT STRATEGY. (ELABORATE? 1-WEB, 2- PARTNERS, 3- INTERNATIONAL)

ON TO TECHNOLOGY.

THERE WAS A FRONT PAGE STORY IN THE DENVER POST LAST FALL PROCLAIMING THAT COLORADO HAD PASSED TEXAS AND HAD RISEN TO THE SECOND LARGEST STATE POSITION IN THE AEROSPACE INDUSTRY. (SHOULDN'T RUB TEXAS' NOSE IN IT?)

UNTIL THAT STORY RAN, OTHER THAN PEOPLE IN THE AEROSPACE INDUSTRY AND FOLKS LIKE TOM CLARK, I'LL BET LESS THAN ONE IN FIFTY COLORADO CITIZENS KNEW WE WERE EVEN CLOSE TO THAT PERCH.

SO WHAT CAN WE DO AT THE STATE LEVEL TO BUILD ON THAT GIVEN THEY'VE DONE A PRETTY DARNED GOOD JOB WITHOUT MUCH FANFARE OR HELP?

FOR ME, IT'S THE TOUGHEST OF THE FOUR TO DEFINE OUR ROLE IN, IF ANY, BUT WE ARE PURSUING A PTAC FOR THE STATE AND WE'RE LOOKING AT WAYS OF PROMOTING COLORADO'S PROMINENCE IN THE INDUSTRY-NOT ONLY TO SUGGEST WE ARE A GREAT PLACE FOR GROWTH IN THIS CLUSTER, BUT ALSO TO TELL A STORY ABOUT THE GENERAL QUALITY OF THE WORK FORCE AND INTELLECTUAL CAPITAL IN THE STATE.

BIOSCIENCE IS NEXT ON THE LIST.

WE ARE NOT, TODAY, A FIRST TIER CENTER FOR BIOSCIENCE OR LIFE SCIENCES ACROSS A BROAD SPECTRUM OF THE INDUSTRY. WE AREN'T SAN DIEGO, BOSTON, THE BAY AREA OR THE D.C. BELTWAY, AND OUR LACK OF CRITICAL MASS IS AN ISSUE.

THAT SAID, WE DO HAVE SOME 400 LIFE SCIENCE COMPANIES IN COLORADO TODAY. WE ALSO HAVE AREAS OF RESEARCH WHERE WE ARE WORLD CLASS AND WE HAVE A NEW PHYSICAL FACILITY IN ANSCHULTZ/FITZSIMONS THAT IS AS GOOD AS ANY ON THE PLANET.

WE CAN BUILD ON THAT BASE. WE HAVE MANAGED TO GET LEGISLATIVE APPROVAL FOR A BIOSCIENCE LIFE SCIENCE FUND THAT NEXT YEAR WILL BE \$5.5 MILLION. MODEST IF NOT PALTRY BY MASSACHUSETTS STANDARDS, BUT BIG FOR COLORADO AND COMBINED WITH BOTH EDC FUNDS AND OTHER PRIVATE INITIATIVES, IT CAN BE SIGNIFICANT.

WE WILL USE THOSE FUNDS IN 3 WAYS.

WE INTEND TO PROVIDE ADDITIONAL SUPPORT FOR LIFE SCIENCE RESEARCH FUNCTIONS AT OUR UNIVERSITIES. WE WILL HAVE ECONOMIC ASSISTANCE FOR EARLY STAGE COMPANY FORMATIONS STEMMING FROM IDEAS

GENERATED IN THOSE LABS. AND FINALLY, WE WILL WORK WITH FOREST CITY AND UCDHSC TO ACCELERATE ACTIVITY AT ANSCHULTZ/FITZSIMONS.

I REALLY BELIEVE WE CAN MOVE UP THE LADDER IN LIFE SCIENCES AND WE'RE GONNA TRY LIKE HELL TO DO JUST THAT.

SPEAKING OF LADDERS, WE ARE EITHER AT THE TOP OR AS CLOSE AS ANYONE IS IN THE RENEWABLE ENERGY SECTOR.

THE QUALITY OF OUR WORK FORCE IS AN ADVANTAGE HERE- AND PARENTHETICALLY WHEN VESTAS PUT OUT A JOB POSTING FOR 650 POSITIONS A FEW MONTHS AGO, THEY GOT 8,000 APPLICATIONS, SO APPARENTLY OUR WORKERS LIKE THE IDEA AS WELL.

MORE IMPORTANTLY, WE HAVE ALL THE NATURAL RESOURCES YOU NEED. WE'RE NOT THE BEST SUN STATE OR THE BEST WIND STATE, BUT WE'RE CLOSE TO THE TOP IN BOTH AS WE ARE IN GEOTHERMAL-WHATEVER THAT IS.

STILL MORE IMPORTANTLY, RENEWABLE ENERGY HAS CLEARLY BEEN A FOCUS OF THE PEOPLE OF THE STATE, WITH THE FIRST CITIZEN INITIATED RPS, AND A FOCUS OF THE GOVERNMENT AS REALLY THE CENTERPIECE OF THIS ADMINISTRATION'S LEGISLATIVE AGENDA IN ITS FIRST YEAR.

FINALLY AND AT THE TOP OF THE LIST, WE ARE ARGUABLY THE LOCUS OF THE BEST RESEARCH CENTER ON RENEWABLE ENERGY IN NORTH AMERICA IF NOT THE WORLD.

IT STARTED WITH NREL, AND MUCH OF IT STILL FLOWS FROM THERE, BUT IT HAS EXPANDED TO PROGRAMS AT CSU, CU AND THE COLORADO SCHOOL OF MINES TO THE POINT WHERE ALL FOUR NOW FORM A COLLABORATORY WORKING TOGETHER ON WIND, SOLAR AND BIOFUEL RESEARCH AND COMMERCIALIZATION.

WE ARE BUILDING ON THAT. VESTAS WAS THE FIRST BIG FLAG IN THAT GROUND. CONOCO PHILLIPS, WHO CAME HERE WITH THE ABLE ASSISTANCE OF JIM MULLIGAN IN AMAZING ANONYMITY, WAS THE SECOND. THERE WILL BE MORE AND IT SHOULD BE SOON. THIS IS ONE AREA WHERE WE CLEARLY CAN HUNT FOR ELEPHANTS.

WE DO HAVE SOME FUNDING IN THIS SECTOR WITH A CLEAN ENERGY FUND RUN THROUGH GOE AND OEDIT AND WE COMBINE THAT WITH EDC FUNDING. WE WILL USE THAT BOTH FOR EARLY STAGE SUPPORT AS WELL AS ATTRACTION AND EXPANSION INCENTIVES.

BUT FRANKLY, THE MONEY IS ICING ON THE CAKE. THE SECTOR WILL GROW BECAUSE OF THE INHERENT POSITION AND ADVANTAGES OF COLORADO. OUR JOB IS TO ACCELERATE THAT GROWTH.

SPEAKING OF GROWTH, WHERE DO YOU FIT INTO THIS MIX?

WHAT'S YOUR ROLE IN ALL OF THIS?

IF YOU WANT TO HELP, HOW?

PUT ANOTHER WAY, WHAT CAN WE DO TOGETHER?

SHORT TERM, I THINK THERE ARE SEVERAL WAYS WE CAN HELP EACH OTHER-AND HELP COLORADO.

THE FIRST IS COMMUNICATION. LET US KNOW IF WE CAN HELP. I KNOW “HI, I’M FROM THE GOVERNMENT AND I’M HERE TO HELP YOU” IS A JOKE. I LIVE IT.

BUT THERE ARE TIMES WHEN A LETTER, A PHONE CALL OR A VISIT WITH THE GOVERNOR CAN HAVE AN IMPACT. IF YOU ASK, WE WILL DO OUR DAMNDEST TO MAKE THAT HAPPEN.

THERE ARE ALSO TIMES WHEN SOME STATE FUNDING CAN BE APPLIED. ASK. WE WILL FOCUS THAT FUNDING ON OUR PRIORITIES, BUT IF WE CAN HELP, WE WILL.

MY ONLY ADMONITION ON FUNDING IS BE REAL. TABOR, LIKE IT OR NOT, ISN’T GOING ANYWHERE. WE ARE, AND WILL BE FOR A LONG TIME TO COME, FISCALLY CONSTRAINED (TO USE THE POLITE TERM).

IDENTIFY TARGETS. IDENTIFY ISSUES AND WE WILL DO WHAT WE CAN TO HELP.

LONGER TERM, TO THE EXTENT YOU AGREE THAT SOLVING OUR INFRASTRUCTURE INVESTMENT NEEDS IS CRITICAL TO THE ECONOMIC FUTURE OF COLORADO, HELP CARRY THAT MESSAGE.

WE WILL NOT IMPROVE, PERHAPS EVEN MAINTAIN OUR CURRENT TRANSPORTATION BASE WITHOUT INCREASED INVESTMENT.

WE WILL NOT MAINTAIN THE QUALITY OF OUR HIGHER EDUCATION SYSTEM AT CURRENT INVESTMENT LEVELS.

TO MAKE PROGRESS IN BOTH THESE AREAS WILL REQUIRE PAIN. IF YOU BELIEVE IN THE GOAL, HELP BY TAKING A STAND.

LET ME ADDRESS ONE MORE POINT BEFORE I TURN IT BACK TO ANN.

I’VE HEARD SOME QUESTION WHETHER THIS ADMINISTRATION AND GOVERNOR RITTER IN PARTICULAR, IS REALLY “PRO-BUSINESS”. WHETHER THE GOVERNOR “GETS IT”.

I’LL TELL YOU A TRUE STORY. WHEN I WAS BEING INTERVIEWED BY THE GOVERNOR FOR THIS JOB, I ALLOWED AS TO HOW, TRUTHFULLY, I DIDN’T WAKE UP IN THE MORNING THINKING ABOUT ECONOMIC DEVELOPMENT, AT LEAST THEN.

BUT WHAT WAS CLEAR TO ME, EVEN THEN, WAS THAT THE HEALTH OF OUR BUSINESS CLIMATE WOULD BE BY FAR THE MOST IMPORTANT FACTOR IN GIVING US THE RESOURCES WE NEED TO INVEST IN THE FUTURE OF COLORADO.

BILL RITTER MADE IT VERY CLEAR TO ME THAT DAY, THAT HE UNDERSTOOD AND SHARED THAT BELIEF.

YOU MAY NOT, IN FACT, WILL NOT AGREE WITH EVERY DECISION HE MAKES. BUT NEVER DOUBT FOR ONE MINUTE THAT GOVERNOR RITTER DOESN’T VALUE THE NEED FOR A ROBUST BUSINESS CLIMATE, AND FOR THE ECONOMY IT PRODUCES.

HE DOES “GET IT”.

ONE OTHER THING HE UNDERSTANDS AT ITS CORE, AND THAT IS THE ISSUE OF EDUCATION.

IF YOU THINK ABOUT IT, WHAT SINGLE FORCE MORE THAN ANY OTHER WILL DETERMINE THE QUALITY OF LIFE IN COLORADO 20, 30 AND 50 YEARS FROM NOW?

**IT WILL BE THE "QUALITY" OF OUR ECONOMY. GOOD JOBS EQUAL GREAT LIVES, OR THE OPPORTUNITY FOR THEM. IT'S THAT SIMPLE.**

**I AM 100% CERTAIN THAT OUR ABILITY TO MAINTAIN AND IMPROVE THE HEALTH OF OUR ECONOMY IN THIS STATE WILL BE DEPENDENT ON THE QUALITY OF OUR WORK FORCE.**

**MORE THAN ANYTHING ELSE, IN TURN THAT WORK FORCE QUALITY WILL BE DETERMINED BY HOW WE EDUCATE OUR CITIZENS.**

**IF I COULD MAKE BUT ONE POINT IN ALL I HAVE TO SAY, IT WOULD BE THIS LINK.**

**WE WILL BE A SECOND RATE STATE, A SECOND RATE ECONOMY DOWN THE ROAD IF WE DO NOT REFORM OUR P—12 EDUCATION SYSTEM AND IF WE DO NOT IMPROVE OUR INVESTMENT IN HIGHER EDUCATION.**

**WE IS US. AS I SAID OR ASKED BEFORE, IF YOU AGREE WITH THAT, DON'T STAND ASIDE. TAKE A STAND. MAKE YOUR VOICE HEARD. COLORADO'S FUTURE HINGES ON IT.**

**THANK YOU.**