

## ECONOMIC DEVELOPMENT COMMISSION

### MEETING MINUTES

April 18, 2024

8:30 a.m. – 11:50 a.m.

#### MEETING DATE

April 18, 2024

1600 Broadway, Suite 2500

Denver, CO 80202

#### MEETING PARTICIPANTS

##### **Commission Members**

Carrie Schiff, Chris Franz, Andrew Sparr, David Dragoo, Walker Stapleton, Steven Paletz, Jay Seaton, Jesse Ogas, and Carl Young.

##### **Guests**

Ed Sealover, Analisa Romano, Aldo Svaldi, Matt Bell, Bernadette Berdychowski, Curtis Englehart, Steve Jozefczyk, Katie Plutz, Sara Lobato, Candace Payne, Samantha Kelly, Evan Wendlandt, Donna Sue Torres, Shawna Lippert, Elena Lobato, Courtney Tribble, Ethan Rouse, Tacy Gutierrez, Amanda Corum, Robb Chiles, Kevin McMurrey, Krista Colehower, Sherry Hoffman, Ron Carlson, Jim Marchiori, Jack Fritzinger, Laura Hickernell, Johnna Reeder Kleymeyer, Madaly Robbins, Morgan Alu, Mark Heller, Erin Miller, Ryan Campbell, Dawn Conley. Soeren with Project Saffron, Brian Phetteplace, Keri Cotterman, Lucas High, Ned Harvey, Jason Blevins, Landon Mossburg, Allison Bohling, Tara Chiles, Laura Lewis Marchino, Terry Blair-Burton, and Sarah Stoeber.

##### **Staff**

Eve Lieberman. Jeff Kraft, Sean Gould, Michelle Hadwiger, Keri Ungemah, Alissa Johnson, Carly Clagget, Laura Rodriguez, Ashley Mount, Elise Hamman, Dana Bakshani, Cody Pearson, Trey Anderson, Che Sheehan, Leslie Hylton-Hinga, Morgan Vankat, Arielle Brachfeld, Donald Zuckerman, Makayla O'Malley, Katharina Papenbrock, Nikki Maloney, Matt Nunez, Daniela Santos, Crystal Walsh, and Virginia Davis.

#### DECISION/ACTION ITEMS

1. The Economic Development Commission approved the Minutes from the April 9<sup>th</sup> and March 21<sup>st</sup>, 2024, EDC Meetings.
2. The Economic Development Commission approved the following projects/items:
  - Tax Credit Programs: United Airlines Extension of Certain Unused Tax Credits, Project Saffron, and Project Lightspeed.
  - Strategic Fund: Project Eleven 2024, and CVO Tech Hub Development Grant Awards.
  - Enterprise Zone: Colorado Springs Youth Symphony, and Monte Vista Livability.
  - Rural Jump-Start: Great Wester Tire, Inc., and La Plata County Zone Application.
  - Colorado Office of Film, Television, and Media: Project Shelter.
  - Regional Tourism Act: Revision to the Stanley Film Center Amendment.

#### **A. Meeting Called to Order**

Schiff called the meeting to order.

## **B. Minutes**

Schiff called for a motion to approve the minutes from the April 9<sup>th</sup> and March 21<sup>st</sup>, 2024, EDC Meetings.

M/S/P – Franz, Paletz – Minutes approved as presented.

## **C. Tax Credit Programs (JGITC)**

### **United Airlines Extension of Certain Unused Tax Credits**

Gould presented the United Airlines Extension request. In November 2023, OEDIT staff brought forward the application from United Airlines for EDC approval. This was the only company that expressed interest in and submitted an application for this program in Calendar Year 2023. United Airlines application requested certain Enterprise Zone Job Training Investment Tax Credits that expire between 1/1/21 - 12/31/25 be granted an extended carry-forward.

OEDIT staff recommended approval of the applicant's requested tax credit extensions with the following provisions:

1. Full approval of the CY 2023 Maximum carry forward amount of \$10,000,000. The taxpayer will be able to claim these credits against their state income tax liability as early as tax year 2023.
2. Earmarking the remaining \$11,495,531 carry forward of credits requested by United, which would be earmarked first out of the \$15M limit for 2024 (*this is how OEDIT will implement the "First-come, first-served" section of statute per the program guidelines*). Then, the EDC will vote to formally approve the earmark to become fully enabled for this program and issue the tax credit certificate for this remaining balance at the April 2024 EDC meeting.
3. If OEDIT staff receives an expression of interest from any other taxpayer between March 1 - March 31, 2024, per program guidelines, staff will work with the applicant to submit their application. This taxpayer could apply for up to the remaining \$3,504,469 balance for the CY 2024 and earmarking future Extension of Certain Tax Credits if the need exceeds the CY 2024 remaining balance.

Per the program guidelines, OEDIT staff opened the Expression of Interest window from March 1 - March 31, 2024 and announced this opportunity through the OEDIT Marketing and Communications monthly newsletter. OEDIT staff did not receive any expressions of interest from eligible applicants, and due to lack of demand, will not be bringing forward any other applications to the EDC in calendar year 2024.

Moving forward, OEDIT staff may open and close the Expression of Interest window (required in advance of an application) if there is demand from potential applicants expressed to OEDIT in writing per the directions on the program website. If there is no demand expressed by other applicants, OEDIT does not plan to open this window in 2025, per approved policy guidelines.

OEDIT staff is recommending the approval of the remaining \$11,495,531 earmarked for United Airlines as presented today.

M/S/P – Franz, Sparrn – United Airlines Extension request approved as presented and recommended by staff.

### **Project Saffron**

Hadwiger presented the Project Saffron. The company behind Project Saffron is a Danish company that supplies ready-to-use structural materials and composite parts for wind turbine blades, as well as logistical

and engineering solutions for its clients. The company behind Project Saffron is seeking to open a manufacturing system in the US to enable better and more cost-effective logistics and services for their primary client, a Colorado-based company in the wind energy sector.

Staff is requesting approval of up to \$3,376,808 in performance-based Job Growth Incentive Tax Credits over an 8-year period for the creation of up to 210 net new full-time jobs at an average annual wage equal to or greater than the average annual wage of the county the project chooses to locate. The net-new jobs in Colorado must be maintained for one full year before any credits become vested and the Company must create a minimum of 20 net new full-time jobs before any tax credits are issued.

M/S/P – Paletz, Stapleton – Project Saffron was approved as presented and recommended by staff.

### **Project Lightspeed**

Hadwiger presented the Project Lightspeed. The company behind Project Lightspeed designs and manufactures technology for the communications industry. It has developed and sold solutions to the US military and government, NATO, and domestic and international private and governmental end users. The company has recently partnered with an international company using and manufacturing LiFi (Light Fidelity communication). This project represents the company's effort to start a manufacturing facility in the US to manufacture this technology and develop the support structure of customer service, engineering, and sales.

Staff is requesting approval of up to \$1,010,584 in performance-based Job Growth Incentive Tax Credits over an 8-year period for the creation of up to 120 net new full-time jobs at an average annual wage equal to or greater than the average annual wage of the county the project chooses to locate. The net-new jobs in Colorado must be maintained for one full year before any credits become vested and the Company must create a minimum of 20 net new full-time jobs before any tax credits are issued.

M/S/P – Paletz, Franz – Project Lightspeed was approved as presented and recommended by staff.

### **Project Updates**

Hadwiger provided an update of approved projects.

### **D. Strategic Fund (SF):**

#### **EDC Budget Update**

Gould provided the EDC Budget update which shows a Long Bill balance of \$2,018,228.

#### **SF Balance Forecast**

Gould presented the SF Balance Forecast that shows an approximate, total current available balance of \$7,269,727 in annual Long Bill, CRPS, CHIPS Act, Just Transition & EDO, and RJS Grants funds.

#### **Strategic Fund Red Yellow Green Report**

Gould provided the SF RYG update which shows progress on approved programs/projects.

### **Project Eleven 2024**

Hadwiger presented Project Eleven 2024. The company behind Project Eleven is a manufacturer of sodium-ion battery energy storage systems. Project Eleven is developing a state-of-the-art R&D campus, which will include manufacturing and process development, sodium-ion cell R&D, design & development capabilities, as well as the First Battery Foundry.

Staff is requesting \$1,053,000 in a performance-based Strategic Fund incentive for the creation of 162 net new full-time jobs at \$6,500 per net new job at a minimum average annual wage (AAW) of \$90,888, 130% of the Adams County AAW, or a payout of \$3,000 per net new job, at an average annual wage of \$69,914, 100% of Adams County's AAW, in support of this project. The maintenance of the net new jobs in Colorado for one full year before any grant payments are made. A \$1:\$1 local match of incentives by the City of Commerce City and/or grants from other community partners that match the payout and term structure of the OEDIT incentives and will not result in the possibility of a clawback by the community partners and an undermatch of OEDIT's payouts. The company must provide proof that they have raised \$26,250,000 in capital (75% of the expected \$35M-\$65M round) prior to the execution of this JGITC award contract.

M/S/P – Ogas, Young – Project Eleven 2024 approved as presented and recommended by staff.

### **Tech Hub Development Grant**

Rodriguez and Mount presented the Tech Hub Development Grant request. The EDC approved the \$10M Federal Fast Forward (FFF) Program at the September 21, 2023, EDC meeting. The FFF program supports consortiums in the application and drawdown of federal dollars during a window of unprecedented opportunity through certain EDA and National Science Foundation funding opportunities. The FFF program included a \$2M earmark for Non-EDA Designated Tech Hubs. In January 2024, the EDC approved this \$2M under a new name: "Colorado Technology Hub Development Grant." Written public feedback on the Program Manual and Application was open from December 15, 2023 - January 5th, 2024.

Through this program, OEDIT seeks to align national and state economic development priorities to close ecosystem gaps, support Colorado's knowledge-, and technology-intensive industries, enhance economic diversification and resilience, and promote equity and inclusiveness in under-resourced communities. Eligible Applicants are consortia who participated in the TechHubNow! pitch session in May 2023 that did not receive an Economic Development Administration Federal Tech Hub Designation, a Strategy Development Grant, or both.

OEDIT encourages each Consortium to identify a selected core technology area with a defined market opportunity and for which the Consortium has a clearly articulable competitive advantage. OEDIT will seek to designate regions that have chosen their most significant technological strength from the above list as opposed to more nascent or less resourced technology areas. This Program is not intended to fund basic and fundamental research, nor activities intended to increase capacity to conduct such research. Instead, the Program is intended to advance the capacities of places to commercialize, deploy, and domestically manufacture and deliver these technologies.

The Colorado Technology Hub Development Grant award amounts will be based on the availability of funds and an itemized budget for the Consortium's Grant award. The total amount available for all Applications is \$2 million with a maximum award amount of \$750,000.

The application period was open from February 1 - March 15, 2024. OEDIT received applications from three consortia throughout Colorado. All proposals were evaluated and ranked based on the responses to Application questions. Each consortium gave a 10-minute presentation to the EDC commissioners in attendance, and the Commissioners had the opportunity to ask questions. OEDIT staff has considered EDC feedback along with comments provided by the review committee and has developed the guardrails in the board book for your review today.

Staff is requesting approval to encumbering \$2M previously earmarked of Federal Fast Forward Funds for the Colorado Technology Hub Development Grant Program to be awarded to the following Consortiums:

- RAPIDS Grand Junction Consortium: \$625,000
- Securing Space Colorado Springs Consortium: \$750,000
- Colorado Clean Range Consortium: \$625,000

Seaton and Dragoo said they will recuse themselves from the award amounts for the RAPIDS Consortium.

Schiff asked staff to clarify in the contracting that it will be 15% in aggregate over the course of the award.

M/S/P - Franz, Ogas – Colorado Technology Hub Development Grant were approved as presented and recommended by staff. Seaton and Dragoo recused from the award amounts for the RAPIDS Consortium.

#### **E. Enterprise Zone (EZ):**

##### **Contribution Project Proposals**

Sheehan presented the following EZ Contribution Project Proposals for approval.

- Colorado Springs Youth Symphony Association
- Monte Vista Livability Project

M/S/P – Dragoo, Young – EZ Contribution projects approved as presented and recommended by staff.

#### **F. Rural Jump-Start (RJS):**

##### **Great Western Tire, Inc.**

Vankat presented the Great Western Tire, Inc. application. Great Western Tire, Inc. is a commercial tire retreading company opening its first Colorado location in Logan County. Great Western Tire, Inc. is a family-owned company that started in Kansas in 1972. The company will be opening its Colorado location in Sterling. Currently, the nearest tire retreading facility is located in Weld and Denver Counties. Great Western Tire, Inc. will serve truck drivers, farmers, tire dealers, and other companies depending on commercial tires for machinery in Colorado.

The company has purchased a building in Sterling and plans to employ nine New Hires for manufacturing and sales/delivery in the next four years. Great Western Tire, Inc. is sponsored into the Rural Jump-Start program by Logan County Economic Development Corporation.

OEDIT has concluded that Great Western Tire, Inc. passes all metrics for participation in the Rural Jump-Start program, and therefore recommends approving it for acceptance with nine New Hires.

Great Western Tire, Inc. will qualify for \$32,500 in grant funding: \$20,000 for new operations and \$12,500 for 5 New Hires in 2024/2025. To qualify to be a New Hire in Logan County, the employee will make at least \$48,477 annually, based on recently released 2024 Average Annual Wage calculations.

Staff requests a motion to approve Great Western Tire, Inc. for participation in the Rural Jump-Start program with nine New Hires and \$32,500 in grant funding.

M/S/P – Ogas, Stapleton – Great Western Tire, Inc. was approved as presented and recommended by staff.

### **La Plata County Application to Form a Zone**

Vankat presented the La Plata County Application. La Plata County has passed a resolution to become a Rural Jump-Start Zone. The application is sponsored by the Region 9 Economic Development District and does not include a pipeline of potential companies.

Staff requests a motion to approve the application for La Plata County to become a Rural Jump-Start Zone.

M/S/P – Young, Paletz - La Plata County Application approved as presented and recommended by staff.

### **G. Colorado Office of Film, Television, and Media (COFTM)**

#### **COFTM Tax Credit Incentive Program Update**

Brachfeld provided an update. If the COFTM agenda item today is approved, there would be \$1,717,436 tax credits remaining.

#### **Project Shelter**

Brachfeld presented Project Shelter. Five people suffering from homelessness are seeking comfort and community while finding redemption through a never-imagined heartache. This project will explore the challenges faced by veterans, both in terms of the treatment and services they receive and the enduring psychological scars of war. It will illuminate the hidden, tight-knit communities and bonds formed among homeless individuals and explore the network that spans the streets, shelters, and the diverse professionals who engage with them.

Production is slated to begin in June of 2024 and finish in July of 2024. Postproduction will run through October of 2024. Anticipated locations include Grand Junction, Fruita, and Loma.

Per the applicant's estimations, the Office of Film, Television & Media is anticipating a total of \$1,900,000 in qualified local expenditures and with the multiplier effect, the economic impact could reach up to \$3,416,675.

The project has a total preliminary Colorado budget of \$1,900,000:

- Payroll spend: \$1,500,000
- Vendor spend: \$400,000
- CO Crew hires: 19
- CO Cast hires: 15
- Total CO hires: 34, which equals 56% of the total cast and crew hired for this project.

The estimated qualified local expenditures of the application would result in a tax credit of \$418,000. This will result in a 22% tax credit incentive utilizing the rural uplift.

Staff recommends approval of this project with the noted project conditions.

M/S/P – Ogas, Dragoo – Project Shelter was approved as presented and recommended by staff.

#### **H. Regional Tourism Act (RTA):**

Kraft said staff did review this second amendment to the EDC amended Resolution for the Stanley Film Center (SFC). This amendment does two things. It allows the entity that's been issued bonds for this award, Colorado Educational and Cultural Facilities Authority (CEFCA), to be the near-term owner of the project. CEFCA was always going to be the long-term owner. Once the bonds were paid off, they will use the profits that the hotel generates from cash operations after the bonds are paid off, for philanthropic purposes within Colorado.

The amendment also allows you to further modify and tweak the ownership structure as partnerships and events might unfold.

That's the simple explanation. We will walk you through the changes that are proposed but we would like to go into executive session to give some commercially sensitive information to the board.

Sheehan said, what's nice about this amendment is that it is very simple. Essentially the reason for the change is in our definition section SFC owner was narrowly defined as being this one entity, and as the deals evolve, we wanted to make sure that it allowed for that flexibility. Instead of having this be the third amended resolution number four. We're doing this as the first amendment to the second amended resolution number four to simplify this transaction, and to allow for the Commission to retain that flexibility in determining who the owner is.

Schiff entertained a motion to enter executive session.

Franz moved, pursuant to Colorado Revised Statutes Section 24-6-402(3)(a)(III), I move that we go into executive session for the purpose of discussing documents that contain trade secrets and/or confidential commercial or financial information about the RTA Stanley Film Center Project, which are required to be kept confidential by Colorado Revised Statutes Section 24-72-204(3)(a)(IV). Dragoo seconded the motion. Motion passed unanimously.

The EDC is now in executive session.

With all items discussed, Schiff entertained a motion to exit executive session.

Franz made a motion to exit executive session. Ogas seconded the motion. Motion passed unanimously.

The EDC is now in open session.

Schiff called for a motion to approve the first amendment to the second amended Resolution No. 4.

Ogas moved approval. Young seconded the motion.

M/S/P – Ogas – Young – First Amendment to the Second Amended Resolution No. 4 approved as presented and recommended by staff.

#### **I. Other**

The SB-150 update was removed from the agenda.

**Next EDC Meeting**

The next regularly scheduled EDC meeting will be April 9th. This is a special EDC meeting to hear the Federal Fast Forward application presentations.

The board and staff will be in Walsenburg/Alamosa on the 15<sup>th</sup> and 16<sup>th</sup> of May. The next meeting will be May 16<sup>th</sup> offsite and will begin at 8:00.

**With all items discussed, the meeting was adjourned.**