

ECONOMIC DEVELOPMENT COMMISSION

MEETING MINUTES

August 25, 2022

8:00 a.m. – 11:00 a.m.

MEETING DATE

August 25, 2022

Virtual Meeting

MEETING PARTICIPANTS

A. Commission Members

Carrie Schiff, David Dragoo, Chris Franz, Carl Young, Andrew Sparn, Walker Stapleton, Simon Tafoya, Steven Paletz, Jandel Allen-Davis, and Jay Seaton.

B. Guests

Bob Cope, Cecilia Harry, Pam Shockley, Cecilia Harry, Courtney Rodwell, Candace Payne, Lisa Harper, Stephanie Pitts-Noggle, Meredith with Project Power, Sara Lobato, Kelly Leaverton, Nick with Project Points, Timothy Dutter, Kristi Brownfield, Rachel Lyons, Ryan with Project Dinosaur, Michelle Krug, Reggie with Project Power, Laura Rodriguez, Kevin Leaverton, Tim Dutter, and Jennifer Halford.

C. Staff

Patrick Meyers, Jeff Kraft, Sean Gould, Keri Ungemah, Che Sheehan, Sonya Guram, Donald Zuckerman, Michelle Hadwiger, Leslie Hylton-Hinga, Kayla Shock, Alissa Johnson, Morgan Vankat, Hasti Soltani, Mike Landes, Natriece Bryant, LeeAnn Morrill, Martin Gonzalez, Rama Haris, Kacie Adair, Leah Bean, Nikki Maloney, Ashley Mount, Andres Giraldo, and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the Minutes from the July 27th, 2022, EDC Meeting.
2. The Economic Development Commission approved the following projects/items:

JGITC:	Project Points; and Project Power.
SF:	Project Dinosaur; and SSBCI.
EZ:	Mt. Carmel-Champions Center & Sister Blandina Gardens; Cleo Parker Robinson Dance; STRiVE 2027; Pikes Peak Boundary Amendment; North Metro Boundary Amendment; and Jeffco Boundary Amendment.
RJS:	Philips County ED Sponsoring Entity; Julesburg and Ovid to join Sedgwick County Zone; Road Warrior Driver Training, LLC; Removal of Docupots; Jabil Annual Reports Correction; and Phoenix Haus Extension.
Other:	P3 Subcommittee member confirmation.

Meeting Called to Order

Schiff called the meeting to order.

Shockley presented an overview of the U. S. Olympic and Paralympic Museum.

The board thanked the Colorado Springs contingent for their hospitality.

A. Minutes

Schiff called for a motion to approve the minutes from the July 27th, 2022, EDC Meeting.

Dragoo moved approval of the minutes. Young seconded the motion. Motion passed unanimously.

M/S/P – Dragoo, Young – Minutes approved as presented by staff.

B. Job Growth Incentive Tax Credit (JGITC): Michelle Hadwiger

Project Points

Hadwiger presented Project Points. The company behind Project Points is a new mutual fund administrator. The company behind Project Points has experienced faster than expected client growth and has outgrown its existing office space. They need to expand their footprint for anticipated future hiring. In addition to Colorado, the company is considering the Northern Boston Metro Area. The company believes that Boston has a more established financial ecosystem than Denver and would put the company in closer proximity to the company's current clients. Within Colorado, the company is considering Denver. The main driving factors for this project are cost, access to talent and proximity to a dense financial ecosystem.

Staff is requesting approval of up to \$286,696 in performance-based Job Growth Incentive Tax Credits over an 8-year period for the creation of up to 83 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 Points approved as presented and recommended by staff.

Project Power

Hadwiger presented Project Power. The company behind Project Power provides technical products, solutions and services for secure and resilient communications that improve and protect our way of life. Project Power represents the 2030 strategic growth and product development plan for the company. They have grown from startup to 24 employees in less than 3 years. By 2030, the company will have 410 employees, 372 of which are planned to be in Colorado with tax credit approval.

The company is currently headquartered in Colorado Springs with an office in an enterprise zone in Colorado Springs. They are planning an expansion in the enterprise zone to support new employees and research and development. As they have grown from startup to where they are now, they have hired remote workers in Colorado, primarily in Denver. As part of this project, the company is considering opening a small space in Denver to manage a hub of new employees in the Denver region should they select Colorado for this project. As a government contractor, Project Power will be beholden to the locations where the federal government requires support; Project Power represents the state incentivizing the company to remain headquartered in Colorado despite what may be a concentration of its employees hired to perform specific project work in other states.

Staff is requesting approval of up to \$3,942,340 in performance-based Job Growth Incentive Tax Credits over an 8-year period for the creation of up to 372 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 – Franz, Allen-Davis – Project Power approved as presented and recommended by staff.

Updates

Hadwiger said CHIPS Act Funding Update. Two years ago, we set aside some funding for the CHIPS Act. The Act was signed into law. We are looking to support the semi-conductor industry more broadly here in Colorado. We have seen a lot of interest from Colorado companies. There is still development happening on what that will look like and how it will be matched. Since several Acts were rolled into one package, we are trying to differentiate what each part of the package will include. We do know that \$30 plus billion will go to modernization and reshoring of fabrication facilities. We have several supply chain partners and innovation partners, here in Colorado, working in the semiconductor industry. We are also keeping an eye out for the Inflation Reduction Act and what that means and how it will translate into business opportunities. We are also keeping an eye on the Infrastructure Bill. We are looking at developing some white papers to help people understand the landscape of all those different federal funding opportunities.

C. Strategic Fund

EDC Budget Update

Gould provided the EDC Budget update which shows a Long Bill balance of \$4,432,809. We are still working with accounting on fiscal year end close. We are hoping to have final balances soon.

SF Balance Forecast

Gould presented the SF Balance Forecast that shows a current projected available balance of \$4,432,809 in annual Long Bill funds, \$3,788,000 in CRPS funds, \$6M in Just Transition & EDO, and \$2,033,824 in RJS Grants, and \$500,000 in ARPA Rural.

Strategic Fund Red Yellow Green Report

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

Project Dinosaur

Hadwiger presented Project Dinosaur. The company behind Project Dinosaur is an IT company providing consulting and technology services. It offers enterprise consulting, innovation, lifecycle management, training, security, analytics, and financial services. The company serves enterprises, federal government, state and local government, education, healthcare, and system integrator markets. The company is based in Denver with a significant presence in Colorado Springs.

The company is expanding its core competencies by building a business unit focused on developing Next Generation Mission Architectures serving Space and Command and Control (“SC2”) Programs operated by and on behalf of the U.S. Government. Due to this, they are looking to expand in a location that has a dense aerospace ecosystem.

Staff is requesting approval of up to \$8,650,396 in performance-based Job Growth Incentive Tax Credits over an 8-year period for the creation of up to 304 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.

Additionally, staff is requesting approval of a performance-based SF LONE Worker incentive in the amount of \$57,500 over a five-year period for the creation of 32 net new full-time jobs at \$2,500 per net new job in LONE Worker-eligible communities, with similar corporate positions as the JGITC project. As long as the average annual wage requirement of the total JGITC project has been met, then these LONE Worker net new jobs are eligible for this incentive. The maintenance of the net new jobs in Colorado for one full year before any grant payments are made at the end of the 5-year period, based on the average number of LONE Worker eligible employees over years 2 through 5. Per the LONE Worker incentive, no local match is required for this Strategic Fund incentive.

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

SSBCI

Kraft provided an SSBCI update and presented the proposed plan to designate the funds, hiring of a compliance employee, and provided the draft statement of work agreement.

Staff is requesting approval of the following:

- Approve the division of the first disbursement of SSBCI funds (~\$31.3M) among the program managers (VCA & CHFA) and for OEDIT administrative costs as outlined in this presentation.
 - Changes will be presented to the EDC. The EDC will also approve division of Tranches 2 and 3
- Approve OEDIT to use \$480,000 over three years to support a SSBCI Compliance and Reporting Manager
- Approve OEDIT to finalize and sign contracts on behalf of the EDC with the VCA and CHFA in a similar form and spirit to the draft provided today with reasonable changes based on conversations among the parties and advice from legal and procurement staff

Schiff called for a motion to approve the SSBCI Administrative Funds as presented.

Tafoya moved approval of the SSBCI Administrative Funds. Young seconded the motion. Motion passed unanimously.

M/S/P – Tafoya, Young - SSBCI Administrative Funds approved as presented and recommended by staff.

Schiff called for a motion to approve the SSBCI Allocation of Funds as presented.

Franz moved approval of the SSBCI Allocation of Funds. Allen-Davis seconded the motion. Motion passed unanimously.

M/S/P – Franz, Allen-Davis - SSBCI Allocation of Funds approved as presented and recommended by staff.

Schiff called for a motion to approve OEDIT finalizing the contracts on behalf of the EDC with the perspective parties of the request as noted in the staff summary and as discussed.

Young moved approval of the finalization of contracts on behalf of the EDC. Allen-Davis seconded the motion. Motion passed unanimously.

M/S/P – Tafoya, Allen-Davis, - OEDIT finalizing contracts on behalf of EDC approved as presented and recommended by staff.

D. Enterprise Zone (EZ): Che Sheehan

Contribution Project Proposals

Sheehan presented the following EZ Contribution Project Proposals for approval.

EZ	Project Name	Type	Category	Completion Date	Budget	1 yr. Proj. Credits
SC	Mt. Carmel-Champions Center & Sister Blandina Gardens	Operations	Healthcare	12/31/2027	\$450,000	\$106,250
DEN	Cleo Parker Robinson Dance - Capital Campaign	Capital Campaign	Tourist Attraction	12/31/2027	\$16,000,000	\$93,750
MESA	STRIVE 2027	Operations	Job Training Program	12/31/2027	\$2,200,000	\$25,000
TOTAL					\$18,650,000	\$225,000

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

Pikes Peak Boundary Amendment

Guram presented the Pikes Peak Boundary Amendment. The Pikes Peak EZ is requesting to add economically distressed areas in 4 Block Groups with a total number of 76 census blocks. These areas in El Paso County are eligible for inclusion due to their respective low per capita income and/or high unemployment rates. These sites have an estimated combined population of 2,996 bringing the total population of the Pikes Peak EZ to 94,256.

M/S/P – Franz, Young – Pikes Peak Boundary Amendment approved as presented and recommended by staff.

North Metro Boundary Amendment

Guram presented the North Metro Boundary Amendment. North Metro is requesting to add economically distressed areas in 2 Block Groups in Census Tract 133.02. These areas are eligible for inclusion due to their respective low per capita income and/or high unemployment rates. These sites have an estimated combined population of approximately 3,500 bringing the total population of the Zone to 44,688.

M/S/P – Stapleton, Sparn – North Metro Boundary Amendment approved as presented and recommended by staff.

Jeffco Boundary Amendment

Guram presented the Jeffco Boundary Amendment. The Jeffco EZ is requesting to add economically distressed areas in 3 Block Groups in Census Tracts 104.2, 105.2, and 117.32. These areas in Jeffco are eligible for inclusion due to their respective low per capita income and/or high unemployment rates. These sites have an estimated combined population of 3,118 bringing total population of the Zone to 113,736.

M/S/P – Young, Sparn – Jeffco Boundary Amendment approved as presented and recommended by staff.

E. Rural Jump-Start (RJS): Morgan Vankat, Leslie Hylton-Hinga

Phillips County Economic Development Organization

Vankat presented the Phillips County Economic Development Organization request. The Phillips County Economic Development Organization has applied as a Sponsoring Entity in the Rural Jump Start Program. Per current statute, a Sponsoring Entity can be either a Designated Institute of Higher Education or an Economic Development Organization. The application certifies that the Sponsoring Entity has read the Program Manual, has the resources available to launch and administer the program quickly and vigorously, has a single point of contact, and has the capacity to qualify and review applications for the program.

Staff requests approval of the application of the Phillips County Economic Development Organization as a Sponsoring Entity in the Rural Jump Start program.

M/S/P - Tafoya, Dragoo – Phillips County Economic Development Organization approved as presented and recommended by staff.

Julesburg and Ovid

Vankat presented the Julesburg and Ovid application to join the Sedgwick County Zone. The Town of Julesburg has passed a resolution to become a Rural Jump Start Zone. There is currently one company in Julesburg that has applied for the program. The Town of Ovid has also passed a resolution to become a Rural Jump Start Zone. Currently, there are not any applicants for the program from Ovid.

Staff is requesting approval of the Julesburg and Ovid application to join the Sedgwick County Zone.

M/S/P - Sparrn, Allen-Davis – Julesburg and Ovid application to join the Sedgwick County Zone approved as presented and recommended by staff.

Road Warrior Driver Training, LLC

Vankat presented the Road Warrior Driver Training, LLC application. Road Warrior Driver Training, LLC is a Commercial Driver’s License (CDL) training service provider located in Sedgwick County. CDLs are required to drive commercial motor vehicles such as tractor-trailers, semi-trucks, dump trucks, and passenger buses. Road Warrior Driver Training, LLC will provide training in an on-site classroom, behind the wheel, and at off-site locations, as requested. The on-site classes will take place in Julesburg, while the driving training will be conducted at the Julesburg Municipal Airport and on public roads around Sedgwick County. The company is currently working to identify additional training facilities for mobile training sites and driver testing.

Overview of Eligibility Criteria:

Metric	OEDIT Opinion
Operation Clause	Pass on this metric. At the time of application, Road Warrior Driver Training, LLC was not operating as defined by the RJS program.
Not Moving Jobs	Pass on this metric. Road Warrior Driver Training, LLC is not moving jobs within Colorado.
Hires at least 5 New Hires	Pass on this metric. Road Warrior Driver Training, LLC expects to hire 8 New Hires.
Competition Clause	Pass on this metric. OEDIT has not identified a Colorado company that directly competes with Road Warrior Driver Training, LLC in an adjacent economically distressed county.
Adds to Economic Base and Exports Outside the County	Pass on this metric. Road Warrior Driver Training, LLC would add to the economic base and export outside of Sedgwick County.
Endorsed by Sponsoring Entity	Pass on this metric. Road Warrior Driver Training, LLC is endorsed by Community Economic Development of Sedgwick County, who has submitted a signed letter of support.

OEDIT has concluded that Road Warrior Driver Training, LLC passes all metrics for participation in the Rural Jump-Start program, and therefore recommends approving it for acceptance with 8 New Hires.

Road Warrior Driver Training, LLC will qualify for \$25,000 in grant funding: \$20,000 for new operations and \$5,000 for 2 New Hires in 2023.

To qualify to be a New Hire in Sedgwick County, the employee will make at least \$36,803 annually, based on 2021 Average Annual Wage calculations.

Staff requests a motion to approve Road Warrior Driver Training, LLC for participation in the Rural Jump-Start program with 8 New Hires and \$25,000 in grant funding.

M/S/P – Tafoya, Young – Road Warrior Driver Training, LLC approved as presented and recommended by staff.

Removal of Docupots

Vankat presented the request to remove Docupots from the RJS program. Docupots was approved into the Rural Jump Start program on June 18, 2020. The company manufactures biodegradable pots for commercial and residential use out of recycled wastepaper. After reviewing Docupots' Annual Report, a discussion was initiated regarding the lack of New Hires in the last two years. As of 2021, the company had not hired one employee that either qualified as a New Hire or an employee that did not qualify as a New Hire. The owner does not feel it will be feasible to create five positions at the Logan County average annual wage in his four years of the program. Although the owner has participated in classes, agricultural conferences, and adjusted his strategies regarding sales and pricing, Docupots has not gained the traction initially planned for the business.

Staff is requesting approval to remove Docupots from the RJS program.

M/S/P – Allen-Davis, Tafoya – Docupots removal from the RJS program approved as presented and recommended by staff.

Jabil Annual Report Correction

Vankat presented the corrected Jabil report. At the July 27, 2022, meeting, the EDC approved the 2021 New Hire benefits for Jabil, Inc. with 27 New Hires and a total Wage Exemption of \$1,601,815.00. Due to staff oversight of a spreadsheet formula, the numbers presented were incorrect. To avoid this issue in the future, staff will ensure that formulas throughout the document are up-to-date and require that two people confirm the numbers before presentation.

Staff is requesting approval to issue tax credit certificates to Jabil, Inc. for the corrected total New Hires of 57 and a total Wage Exemption of \$3,310,877.00.

M/S/P – Young, Sparn – Jabil, Inc. tax credit certificate issuance for the corrected New Hire and Wage Exemption amounts approved as presented and recommended by staff.

Phoenix Haus Extension

Vankat presented the Phoenix Haus Extension. Phoenix Haus has applied for an extension of Rural Jump Start program benefits. The EDC first approved the company's application to be a part of the program on December 21, 2017. Colorado Mesa University (CMU) has served as Phoenix Haus' sponsoring entity since its approval into the program, and CMU has endorsed the extension application.

Phoenix Haus manufactures prefabricated, energy-efficient homes and just opened a new building in Grand Junction that will allow the company to increase output by 200%. In its 2021 annual report, Phoenix Haus reported employing 19 people, eight of which qualifying as a New Hire and meeting the statutory requirements.

In the next several years, the company plans to continue increasing the number of employees by hiring front office help with project management, interior architectural design, and 3-D CAD work design resources. In the next two years, the company anticipates having 25 full-time employees on staff. Phoenix Haus works closely with the CMU Hiring Center to post openings, attend job fairs, promote internships, and provide tours for students to showcase opportunities in the construction industry. Phoenix Haus's largest customers have been landowners/developers. In the future, the company will focus on continuing growth so that it can routinely deliver 24 homes a year to families in need of affordable housing. In 2021, the company separated from its parent company and purchased its new headquarters. Phoenix Haus plans to utilize all tax incentives more significantly than the first half of the program due to the growth of the company.

The most recent federal tax filing for Phoenix Haus shows a revenue of \$2,400,000 with a net income of \$362,376. If the business is granted extension, Phoenix Haus estimates a total financial benefit of about \$15,000. With the savings, the company plans to continue its focus on growth by investing in capital needs such as improving its new headquarters, factory equipment, vacant land to store raw and finished materials, and improvements to the front end to train and deliver products.

OEDIT has reviewed this application and recommends approving Phoenix Haus for the four-year extension of tax benefits for the company and its qualified New Hires, with an allocation of 25 New Hires.

M/S/P – Franz, Dragoo – Phoenix Haus extension approved as presented and recommended by staff.

F. Regional Tourism Act

Sheehan said he met with the president of the Stanley Film Center (SFC) this week and they are preparing a good update for their semi-annual update in November. Per last month's meeting, Franz requested staff we add a chart showing the total revenue received by each project of which we have added. Staff will continue to add this chart to the RTA RYG report going forward.

G. Other

P3 Subcommittee Confirmation

Bryant presented the P3 office overview and requested confirmation of the following P3 Subcommittee members: Carrie Schiff, David Dragoo, Simon Tafoya, and Steven Paletz.

M/S/P – Young, Sparn – P3 Subcommittee members confirmed as presented with a majority vote and Schiff, Dragoo, Tafoya, and Paletz recusing themselves from the vote of their appointment only.

Next EDC Meeting

The next EDC meeting will be September 15th, 2022.

With all items discussed, the meeting was adjourned.