

**ECONOMIC DEVELOPMENT COMMISSION
MEETING MINUTES**

January 18, 2024
8:30 a.m. – 11:50 a.m.

MEETING DATE

January 18, 2024
1600 Broadway, Suite 2500
Denver, CO 80202

MEETING PARTICIPANTS

A. Commission Members

Chris Franz, Eshter Lee Leach, Andrew Sparn, David Dragoo, Walker Stapleton, Steven Paletz, Simon Tafoya, Jay Seaton, and Carl Young.

B. Guests

Ed Sealover, Analisa Romano, Aldo Svaldi, Wayne Heilman, Matt Bell, Curtis Englehart, Shawn Haliman, Steve Jozefczyk, Patrice Hetteinger, Brian Fulton, Katie Plutz, Sara Lobato, Candace Payne, Samantha Kelly, Evan Wendlandt, Richard Gonzalez, Mike Gedeon, Yuriy Gorlov, Jessica Van Dyne, Rachel Lyons, and Donna Sue Torres.

C. Staff

Jeff Kraft, Sean Gould, Michelle Hadwiger, Keri Ungemah, Alissa Johnson, Carly Clagget, Laura Rodriguez, Dan Salvetti, Ashley Mount, Lu Cordova, Robert Beletic, Elise Hamman, Tristin Watkins, Nikki Maloney, Marisela Parraguez, Dana Bakshani, Cody Pearson, Trey Anderson, Che Sheehan, Leslie Hylton-Hinga, Morgan Vankat, Arielle Brachfeld, One Luv Hull, and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the Minutes from the August 17th, and September 7th, 2023, EDC Meetings.
2. The Economic Development Commission approved the following projects/items:
 - TCP: Project Tabletop, Project Da Vinci, Project Silver Lode, and Project Geese.
 - SF: FFF CO Technology Hub Program Manual and EDC Marketing Top-off.
 - EZ: NoCo Home Builders Association, The Resource Exchange Altitude Attitude Project, Fountain URA Woodman Hall Adaptive Reuse and Renovation, Jefferson County Economic Development Corp., and Adams County EZ Administrator change.
 - RJS: FHE USA, LLC extension of benefits, Removal of SCORD, LLC, and New Hire Calculation addition to the Program Manual.

A. Meeting Called to Order

Franz called the meeting to order.

B. Minutes

Franz called for a motion to approve the minutes from the December 14, 2023, EDC Meeting.

M/S/P – Leach, Sparr – Minutes approved as presented.

C. Tax Credit Programs (TCP)

Project Tabletop

Hadwiger presented the Project Tabletop. The company behind Project Tabletop develops systems for large-scale regenerative agriculture that improves crop quality, yields, and disease and pest resistance while restoring soil health. The company behind Project Tabletop has a small operation in Colorado and is considering expansion of its facility in Aurora; additionally, the company is looking to create its very own Sap Lab in Aurora, CO.

Staff is requesting approval of up to \$380,712 in performance-based Job Growth Incentive Tax Credits over an 8-year period for the creation of up to 43 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 – Leach, Stapleton – Project Tabletop approved as presented and recommended by staff.

Project Da Vinci

Project Da Vinci has been deferred for a future meeting.

Project Silver Lode

Hadwiger presented Project Silver Lode. The company behind Project Silver Lode is a Colorado company that produces materials within the semiconductor supply chain. They have a presence in over 70 countries and over 5,000 employees. This project represents this company's consideration for domestic versus foreign ceramic powder manufacturing. To make manufacturing a reality in CO, the company would invest \$65 million to retrofit and equip two existing facilities.

Staff is requesting approval of up to \$688,760 in performance-based Job Growth Incentive Tax Credits over an 8-year period for the creation of up to 42 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 – Leach, Tafoya – Project Silver Lode approved as presented and recommended by staff.

Project Geese

Hadwiger presented Project Geese. The company behind Project Geese is a Manufacturer of interior storage systems for vehicles. Currently, their niche is the overland and car camping market. The project entails the complete headquarters and manufacturing relocation to another state with better incentives and opportunities.

Staff is requesting approval of up to \$535,844 in performance-based Job Growth Incentive Tax Credits over an 8-year period for the creation of up to 49 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 – Seaton, Dragoo – Project Geese approved as presented and recommended by staff.

CHIPS Update

Hadwiger provided a brief CHIPS update noting the press release on Microchip incentive in Colorado Springs.

Project Updates

Hadwiger said at Project Balloon, presented at the January EDC meeting, was prematurely approved. We were working with the applicant in granting them grace to submit their application materials through our Salesforce portal. We did work with the company to try and secure those documents prior to this meeting so that we could bring you an updated application. Unfortunately, they missed the deadline. So, we are legally not able to offer the incentives that were approved for Project Balloon at the previous EDC meeting. The company could come back to a future meeting if they are still in a competitive position and alters their application plans. They are performing some due diligence on what their operational plan might be.

D. Strategic Fund (SF):

EDC Budget Update

Gould provided the EDC Budget update which shows a Long Bill balance of \$2,472,429.

SF Balance Forecast

Gould presented the SF Balance Forecast that shows an approximate, current available balance of \$1,572,429.

Strategic Fund Red Yellow Green Report

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

GLO Park

GLO Park has been deferred for a future meeting.

Manufacturer's Edge Update

Maloney, and Watkins provided the Manufacturer's Edge SLFRF Funding update. The program contract was fully executed in May of 2023 and the first projects started in August. The goal is to spend all the money by October 31, 2024. We expect to have the 2 years of funding fully spent in just over 1.5 years.

Currently in Progress

- 10 manufacturing companies
 - 8 – urban counties
 - 2 – rural counties
- Projects approved & in progress:
 - 5 – NIST 800-171 / CMMC DoD Assessment - \$75,000 approved (urban)
 - 2 - Financial Training & Decision Making - \$30,000 approved (\$15K urban; \$15K rural)
 - 2 - Search Engine Optimization - \$30,000 approved (\$15K urban; \$15K rural)
 - 1 - ERP Analysis & Systems Selection - \$15,000 approved (urban)

In Approval Mode

- 4 manufacturing companies
 - 3 – urban counties
 - 1 – rural county

Colorado Employee Ownership (CEO) ARPA Funds Update

Watkins provided the CEO update. The original project, Ready for Next Cities, faced several obstacles before implementation. It was replaced by a more scalable program that is more cost effective. We pivoted to create a scalable TA program that incorporates online learning paired with recurring individual consulting sessions and access to critical software packages. It was initially created in collaboration with NW SBDC and has now expanded to all the SBDC locations with specific outreach in conjunction with the ROO teams Rural Road Show with additional outreach in urban/metro areas.

CEO Project Overview

CEO will partner with two organizations, Center for Community Wealth Building (CCWB), and Rocky Mountain Employee Ownership Center (RMEOC), that specialize in outreach, engagement, and conversion of businesses pursuing employee-owned structures. Each organization will offer their services at a discounted rate to businesses, similar to a scholarship model where OEDIT covers a percentage of the typical costs per service. Each organization will have a defined territory split between urban and rural and will match 100% of OEDIT funds.

We anticipate the program to start in early Q1'24. The contracts are nearly completed and undergoing final review by ARPA regulatory experts. Additionally, we expect to encumber the funds by 12/31/24 and have all funds expended by 12/31/26.

Federal Fast Forward – Colorado Technology Hub Development Grant

Rodriguez and Mount presented the Colorado Technology Hub Development Grant Guidelines and Application. Grants support economic development projects where there are highly engaged community efforts within Colorado to advance regional economies. 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. Individual new members to the consortia are allowed.

Written public feedback on the Program Manual and Application was open from December 15, 2023 - January 5th, 2024. OEDIT asked for feedback through the Public Comment Form from eligible consortiums and subscribers to OEDIT's monthly Marketing and Communications newsletter (5,485 emails sent, with 5,407 emails delivered/98.57% delivery rate, and a 51.9% open rate). Written feedback gathered has been included in the Board Book.

Franz asked if there was anyone present or participating virtually that would like to provide public comment.

No one spoke out to provide public comment.

Staff is recommending that the EDC approve the Program Manual and Application, and provide any recommendations or modifications based on the verbal Public Comments heard today or any other recommendations at their discretion.

If approved, OEDIT staff will move forward with the application and review process in anticipation of presenting the review committee award recommendations to the EDC at the April 18th EDC meeting. At that time, the EDC will have the discretion to partially fund any request, and depending on demand, the EDC may exercise its discretion to adjust the total amount available to ensure funds are used to maximum effect.

M/S/P – Leach, Paletz – The Colorado Technology Hub Development Grant Guidelines and Application was approved as presented and recommended by staff.

Franz asked the Commissioners for an EDC volunteer to serve on this program's selection committee.

Dragoo volunteered to represent the EDC on the selection committee.

Community Business Preservation Program (CBPP)

Hylton-Hinga provided a program update. CBPP provides grants, as well as training and consultation support, to groups of geographically proximate and culturally similar businesses that are facing displacement pressures and that hold cultural, social, or historical significance in Colorado.

Initially, OEDIT staff proposed that EC would be tasked with managing the accounting, processing, and distribution processes of CBPP grants, as well as working directly with business awardees to ensure their use of EC's Small Business Resiliency Index (SBRI). After awardees complete the SBRI assessment, the Small Business Development Center (SBDC) Network would design a tailored 6 - 24-month training and consultation pathway for each business awardee utilizing the assessment and scorecard as guidance. Energize would then work with businesses intermittently throughout the life of the award to reassess their position on the SBRI.

While EC will still work with business awardees on the SBRI and in designing a training and consultation pathway, OEDIT will now manage the accounting, processing, and distribution of the grants. In further conversations with the compliance team, staff learned that American Rescue Plan Act-related reporting and financial requirements are easier to process in-house rather than using a fiscal agent.

So originally, today, I was going to come and update you all on a few different areas of support that energize was going to land, including on some are related reporting requirements. However, in just the last 48 hours or so, there have been some internal accounting discussions about potentially changing the source of funds for that program, meaning they wouldn't be such subject to all the ARPA-related requirements. So those conversations haven't been finalized yet. I will plan to come back again, probably in February. Once we have a more solid sense of what those requirements are. And ultimately, the tasks we'd like, Energize CO to support.

That the program applications close tomorrow. We have 9 applications so far, from the eastern plains to the front range and 3 in the western slope. So, a solid geographic diversity, so far. Submissions increased significantly yesterday. I'm hopeful we'll see a bunch more come in today and tomorrow, and we'll be presenting the recommended awardees at the March meeting.

EDC Marketing Top-up

Gould presented the EDC Marketing Top-up request. The EDC Statewide Marketing Initiative supports small-scale marketing, promotional, and business development initiatives (as allowed by EDC's statute) in Colorado. This is an internal project, with funds being used to reimburse purchase orders for marketing expenses which are submitted to OEDIT for payment.

This project will be administered by OEDIT Business Funding & Incentives with project approvals provided by OEDIT's Executive Director without further approval by the commission. Individual projects could be initiated in multiple divisions in OEDIT. The intention is that individual uses of the funds will be for \$20,000 or less with larger requests being taken to the EDC for specific individual approval as a separate strategic initiative.

Staff is requesting an additional \$100,000 in discretionary marketing initiatives available for Calendar Year (CY) 2024 and beyond. This, combined with the remaining \$24,000 uncommitted balance from CY 2023 will make the EDC Marketing Funds unspent balance \$124,000. Therefore, the OEDIT Executive Director will have a total of \$124,000 to spend in CY 2024 and beyond, following the same rules as before.

M/S/P – Seaton, Paletz – EDC Marketing Top-up approved as presented and recommended by staff.

E. Enterprise Zone (EZ):

Contribution Project Proposals

Sheehan presented the following EZ Contribution Project Proposals for approval.

- LAR - NoCo Home Builders Association Workforce Development Program, \$13,750.00
- PP - The Resource Exchange: Altitude Attitude Project, \$131,250.00
- PP - Fountain Urban Renewal Authority: Woodman Hall Adaptive Reuse and Renovation, \$5,312.50
- JC - Jefferson County Economic Development Corp., \$118,562.50
- MC - CEC Capital/Operations '24-'29, \$13,750.00

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

Changing Adams County Enterprise Zone Administrator

Sheehan presented the change request. After discussions with local stakeholders AC-REP the organization currently designated by the Economic Development Commission has indicated that they are no longer able to serve as the Adams County Enterprise Zone Administrator. OEDIT staff have identified Adams County to take on the role going forward. Adams County has expressed strong interest in taking on the role and would be a good strategic partner for the upcoming redesignation process. Additionally, AC-REP will help transition and onboard the new partners to ensure a seamless handoff and limit any impact on external stakeholders looking to participate in the program.

OEDIT staff requests that the Commission designate Adams County to serve as the Adams County Enterprise Zone Administrator effective immediately.

M/S/P – Leach, Sparrn – Change of Adams County Enterprise Zone Administrator approved as presented and recommended by staff.

F. Rural Jump-Start (RJS):

Vankat presented the FHE USA, LLC extension request. On December 15, 2023, FHE 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 September 19, 2019. Colorado Mesa University (CMU) has served as FHE's sponsoring entity since its approval into the program, and CMU has endorsed the extension application.

OEDIT has reviewed this application, and recommends approving FHE USA, LLC for the four-year extension of tax benefits for the company and its qualified New Hires, maintaining an allocation of 13 New Hires.

Staff requests a motion to approve the application for a four-year extension of the Rural Jump Start program for FHE USA, LLC with an allocation of 13 New Hires and \$10,000 in New Hire grants.

M/S/P – Seaton, Dragoo – FHE USA, LLC extension was approved as presented and recommended by staff.

SCORD, LLC

Vankat presented the SCORD, LLC request. SCORD, LLC was approved into the Mesa County RJS Zone on October 21, 2021, with 14 New Hires and was sponsored by CMU. SCORD, LLC qualified for \$20,000 in general operating matching grant dollars and \$17,500 in New Hire grants. The business only received \$20,000, which will free up \$17,500 from the unused New Hire grants.

On December 24, 2023, the business requested to be removed from the program due to the closing of SCORD, LLC this year.

Staff requests a motion to remove SCORD, LLC from the Rural Jump Start program.

M/S/P – Seaton, Dragoo – SCORD, LLC removal request approved as presented and recommended by staff.

RJS Program Manual Addition

Vankat presented the New Hire Requirement clarification. The Program Manual lists qualifications that an employee must meet in order to be designated as a "New Hire", allowing benefits for both the New Business and New Hire to be received. As it pertains to the RJS Program Manual there is no guidance as to what happens if an employee leaves the company, but the position remains within the New Business and is re-filled.

The Strategic Fund has received this inquiry in the past and has addressed the issue in its Program Manual. OEDIT staff recommends clarifying the RJS Program Manual in line with the Strategic Fund Program Manual. The following only applies to New Business hiring requirements and New Hire grants, not New Hire State Income Tax Benefits. In staying consistent with other OEDIT guidance, staff recommends adding the following to the RJS Program Manual:

- "2. Requirement: Six Months of Employment

A New Hire is required to work for six months in the Rural Jump-Start zone for the New Business before they can benefit from the program. During the initial six-month period, the employee is subject to Colorado income tax.

A. Alternative Calculation Methodology for Tracking Positions/Backfills:

The alternative calculation methodology tracks positions, not specific employees. This calculation requires hire/termination dates for each person in the position, as well as their predecessor(s), in

order to combine employees to create a job that has been maintained for six months and is subject to all New Hire qualifications as listed in the Program Manual.

Vacancies are allowed for up to 60 days unless there are extenuating circumstances, such as a lack of skilled workforce in rural areas, resulting in a delay filling the position until a qualified job candidate can be found. Other reasons may be considered on a case-by-case basis. Any exception to the 60 day backfill requirement must have an attestation from a C-Level executive on why the position took so long to backfill.

The position/employees in question must be identified in the Annual Report spreadsheet listing all employees, in consultation with OEDIT staff. This method only applies to New Business hiring requirements and New Hire grants, not New Hire State Income Tax Benefits. Individual New Hires must be with the company for at least six months at the time of the Annual Report to receive New Hire State Income Tax Benefits.”

Staff requests a motion to update the RJS Program Manual to reflect the New Hire requirement clarification as listed.

M/S/P – Paletz, Leach – RJS Program Manual New Hire Requirement clarification approved as presented and recommended by staff.

G. Other

Next EDC Meeting

The EDC will have a special meeting on January 26th. The next regularly scheduled EDC meeting will be February 15, 2024.

With all items discussed, the meeting was adjourned.