

ECONOMIC DEVELOPMENT COMMISSION

MEETING MINUTES

November 16, 2023

8:30 a.m. – 11:00 a.m.

MEETING DATE

November 16, 2023
1600 Broadway, Suite 2500
Denver, CO 80202

MEETING PARTICIPANTS

A. Commission Members

Chris Schiff, Ester Lee Leach, Carl Young, Walker Stapleton, Chris Franz, Andrew Sparrn, David Dragoo, and Simon Tafoya.

B. Guests

Corban Tillemann-Dick, Zachary Yerushalm, Raymond Gonzales, Yuri Gorlov, Wendy Mitchell, John Bristol, Ken Rogers, Michael Project Solitaire, Morgan Alu, David McCormick, Curtis Project Solitaire, Hannah Project Hawk, Ed Sealover, Aldo Svaldi, Ken Amundson, Ted Project Treadstone, Tarah Chiles, Evan Wendlandt, Sara Lobato, Courtney Tribble, Toni Barrett, Ethan Rouse, Laura Lewis Marchino, Shawna Lippert, Mistalynn Meyeraan, Wendy Lea, Emily Fay, Analisa Romano, Karra Walker, Allison Bohling, Rachel Lyons, Donna Sue Torres, and Candace Payne.

C. Staff

Eve Lieberman, Jeff Kraft, Sean Gould, Mike Landes, Sonya Guram, Ashley Mount, Mogan Vankat, Che Sheehan, Keri Ungemah, Alissa Johson, Leslie Hylton-Hinga, Carly Claggett, Elise Hamman, Dana Bakshani, Trey Rogers, Katherine Cantillo, and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the Minutes from the October 19th, 2023, EDC Meeting.
2. The Economic Development Commission approved the following projects/items:

JGITC: United Airlines Application - Extension of Certain Unused Tax Credits, Project Waterfall, Project Treadstone, Project Hawk, Project Earth II, and Project Solitaire.
SF: JT-Town of Oak Creek, South Routt Medical Center, FFF-Elevate Quantum Tech Hub, EZ Strategic Fund Request.
EZ: Mercy Regional Medical Center, RFV Habitat - GWS Confluence Development, San Luis Valley Great Outdoors, Alamosa Senior Center, Adams State University Job Training, The Veterans Center - Capital Campaign, Business Incubator Center, Yampa River Botanical Park, Florence Pioneer Museum Phase II, Pagosa Springs Workforce, Housing, Main Street, Prodigy Coffee House - Apprentice Program, Habitat for Humanity of Gunnison Valley, Aspen House II, Exponential Impact: Entrepreneurial Programs, EZCP Recertification.
RJS: Higher Purpose Homes, Ltd.
AI: FY24-1 Competitive POC and ESCR Grants, and AI FY23 Annual Report.

Meeting Called to Order

Schiff called the meeting to order.

A. Minutes

Schiff called for a motion to approve the minutes from the October 19th, 2023, EDC Meeting.

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

B. Job Growth Incentive Tax Credit (JGITC):

United Airlines Extension of Unused Tax Credits

Gold presented the United Airlines Extension of Unused Tax Credits application. The Extension of Certain Unused Tax credits was created via House Bill 22-1418 and codified under C.R.S. 24-46-107. The act allows a taxpayer who

operates in a strategic industry disproportionately impacted by the COVID-19 pandemic and who experienced significant financial hardship due to the COVID-19 pandemic to apply to the Economic Development Commission for a 5-year extension of the allowable carry-forward period for certain unused Colorado Job Growth Incentive Tax Credits and/or Enterprise Zone Tax Credits that would otherwise expire between January 1, 2021, and December 31, 2025.

OEDIT staff is bringing forward the application from United Airlines for EDC approval. This is the only company that expressed interest in and submitted an application for this program. The applicant has submitted the required documentation. OEDIT staff reviewed the application using a compliance evaluation checklist and has made a determination that the application meets both the statutory requirements and the EDC approved program guidelines.

United Airlines is requesting that the Enterprise Zone Job Training Investment Tax Credits that expire between 1/1/21 - 12/31/25 be granted an extended carry-forward.

Based upon the evaluation of the application, OEDIT staff is recommending approval of the applicant’s requested tax credit extensions as set forth in Table 3 below 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.

Table 3: Carry Forward Extension Recommended for 2023

Credit Type	Year Credit Earned	Credit Amount Certified	Expiration Year	Extension To Tax Year	Credit Amount Approved for Extension
EZ Job Training Tax Credit	2009	\$4,056,708	2021	2026	\$4,056,708
EZ Job Training Tax Credit	2010	\$3,158,391	2022	2027	\$3,158,391
EZ Job Training Tax Credit	2011	\$3,132,751	2023	2028	\$2,784,901
Total					\$10,000,000

2. Earmarking the remaining \$11,495,531 carry forward of credits requested by United (see Table 4), 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.

Table 4: United Airlines Carry Forward Extension Earmark for 2024

Credit Type	Year Credit Earned	Credit Amount Certified	Expiration Year	Extension To Tax Year	Credit Amount Approved for Extension
EZ Job Training Tax Credit	2011	\$3,132,751	2023	2028	\$347,850
EZ Job Training Tax Credit	2012	\$3,565,216	2024	2029	\$3,565,216
EZ Job Training Tax Credit	2013	\$7,582,465	2025	2030	\$7,582,465
Total					\$11,495,531

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.

Staff is requesting a motion to approve United Airlines’ request for the Carry Forward of Certain Unused Tax credits as set forth in Table 3; with the \$10,000,000 statutory allotment for CY 2023 approved immediately and the remaining \$11,495,531 earmarked as outlined in Table 4, which the EDC will formally vote to approve in or about April 2024.

M/S/P – Leach, Tafoya - United Airlines application request for the Carry Forward of Certain Unused Tax Credits, was approved as presented and recommended by staff.

Project Waterfall

Landes presented Project Waterfall. The company behind Project Waterfall is a multinational producer and distributor of consumable products and carrier devices for those products. The company plans to set up a manufacturing facility that will produce one of its consumable products at scale. Its location is intended to be set up in a location close to global distribution networks as this will be the primary worldwide location for the production

of the product in question. Within Colorado, the company is considering Aurora in Adams County. The site in question is located within an Enterprise Zone.

Staff is requesting approval of \$4,553,743 in performance-based Job Growth Incentive Tax Credits over an 8-year period for the creation of up to 500 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 – Stapleton, Leach – Project Waterfall was approved as presented and recommended by staff.

Project Treadstone

Landes presented Project Treadstone. The company behind Project Treadstone is a general contractor with a range of projects including but not limited to construction and renovation of commercial office, airport, distribution and industrial, correctional, institutional and residential facilities. Their HQ is currently located in Greeley, Colorado. Project Treadstone represents the company's significant expansion and consideration of relocating their Headquarters. The project is expected to require 107K sf of new space to accommodate the company's existing employees as well as an additional future 500+ positions.

Staff is requesting approval of \$4,866,978 in performance-based Job Growth Incentive Tax Credits over an 8-year period for the creation of up to 589 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 – Sparn, Franz – Project Treadstone was approved as presented and recommended by staff.

Project Hawk

Landes presented Project Hawk. The company behind Project Hawk is a manufacturer of Lithium Iron Phosphate batteries. The company behind project Hawk wants to establish a cell production facility for their LiFePO4 batteries, catering to the expanding Northern American market by supplying batteries for vehicles and energy storage systems for various applications, such as powering small rural housing settlements.

Staff is requesting approval of \$1,987,193 in performance-based Job Growth Incentive Tax Credits over an 8-year period for the creation of up to 178 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, Dragoo – Project Hawk was approved as presented and recommended by staff.

Project Earth II

Landes presented Project Earth II. The company behind Project Earth II is a sustainable, U.S. based rare-earth magnet manufacturing company focused on onshoring critical component manufacturing and strengthening supply chain resiliency within the aerospace, defense, auto, and energy industries. The company is currently exploring options for where to build their facility and headquarters, which will be initially a 25,000 sq ft pilot plant with room to grow into a 150,000+ square foot operation.

Staff is requesting approval of \$3,917,590 in performance-based Job Growth Incentive Tax Credits over an 8-year period for the creation of up to 250 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, the company must provide proof that they have raised \$3.75M in capital, by the end of 2023 prior to the execution of this JGITC award contract, and the company behind project Earth II must provide sufficient proof of obtaining the financing to complete the capital investment of 71 million dollars to build the project in Colorado before contracting with OEDIT.

M/S/P – Sparn, Stapleton – Project Earth II was approved as presented and recommended by staff.

Project Solitaire

Landes presented Project Solitaire. The company behind Project Solitaire is a producer of tools that are key to creating components in the semiconductor supply chain. The company proposing Project Solitaire is a substantial cleanroom and manufacturing expansion of their equipment for semiconductor devices. A modern cleanroom will support the domestic supply chain serving semiconductor manufacturers, national security technology accelerators and research laboratories. Improved metrology and manufacturing capabilities will ensure a domestic supply chain for raw materials and complex semiconductor tool components.

Staff is requesting approval of \$7,607,743 in performance-based Job Growth Incentive Tax Credits over an 8-year period for the creation of up to 631 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, the company must provide proof that they have raised \$27.45M in capital, by the end of 2023 prior to the execution of this JGITC award contract.

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

Update of Approved Projects

Landes provided an update of previously approved projects.

C. Strategic Fund (SF):

EDC Budget Update

Gould provided the EDC Budget update which shows a Long Bill balance of \$2,393,360.

SF Balance Forecast

Gould presented the SF Balance Forecast that shows an approximate, total current available balance of \$12,339,082 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.

Just Transition Award

Hylton-Hinga presented JT award to Town of Oak Creek, South Routt Medical Center (SRMC) request. In the 2022 legislative session, the Colorado General Assembly appropriated \$5M to the Strategic Fund via the Long Bill, to support Just Transition communities in their “economic development activities.” The EDC approved a program manual and budget to administer these funds at the December 2022 meeting.

SRMC is a special health services district community healthcare center in Oak Creek in rural Routt County. As one of Oak Creek’s largest employers, SRMC currently employs 10-15 staff and provides primary care, women’s health, pediatric care, urgent care, immunizations, in-house laboratory testing, oral health services through Northwest Colorado Health (a federally qualified health center), and physical therapy through UHealth. SRMC’s proposed expansion will allow it to better serve the growing community of Oak Creek and Routt County more broadly. The proposal also includes direct and indirect jobs, and while OEDIT does not believe that SRMC’s expansion will lead to significant medical tourism, there may be opportunities for the center to grow their regional patient base in the future.

The OEDIT-OJT funding opportunity for coal transition communities requires that every proposal secure support from 60 percent or more of the designated jurisdictions in the transition community the project is intended to serve. SRMC, which is located in the Yampa Valley coal transition community, achieved support from all nine of its designated jurisdictions.

OEDIT is requesting \$307,000 be approved for SRMC in Oak Creek, Colorado. The requested funding would support the planning phase of SRMC’s proposed expansion. If approved, the Town of Oak Creek will serve as the fiscal agent for this award, meaning that OEDIT would contract with the Town on behalf of SRMC.

M/S/P – Stapleton, Young – SRMC JT Project was approved as presented and recommended by staff.

Federal Fast Forward Elevate Quantum

Tilleman-Dick and Yerushalm presented the Elevate Quantum request. Elevate Quantum is a consortium of organizations dedicated to building the quantum future in Colorado. Elevate Quantum was founded by Corban Tillemann-Dick, a former BCG partner and CEO of Maybell Quantum and is a registered non-profit.

Elevate Quantum's coalition is unmatched and with proper funding and support we have a clear path to win Phase 2. Broadening our consortium to New Mexico makes Colorado more likely to win. More than borders, New Mexico and Colorado share longstanding research ties between key institutions like Sandia, Los Alamos on scientific and workforce collaboration. New Mexico institutions bring world class resources and knowhow, both for science and workforce. EDA strongly rewards inclusion of EPSCoR states in consortia. New Mexico is EPSCoR Designated while Colorado is not. Inclusion in consortia materially increases our chances of a win. The EDA funding split will reflect the larger relative size of Colorado.

Our vision is to secure the Mountain West's position as the global epicenter for QIT development and enhance US economic and strategic security, through:

- Accelerating lab-to-market transitions for cutting edge quantum research
- Facilitating a vibrant startup and scale-up ecosystem
- Improving quantum technology through diversity-fueled innovation while building an inclusive workforce

Staff is requesting a maximum of \$400k from the Federal Fast Forward \$3M Technology Hubs earmark to support Elevate Quantum now through the submission of Phase 2 deadline for the specific uses as set forth in the Budget.

- Elevate Quantum will make best efforts to fulfill a 2:1 match, with the goal of meeting a minimum 1:1 cash match (with the remaining match to be fulfilled by either cash or in-kind sources).
- This award is made with the condition that Elevate Quantum will report back to the EDC following the EDA's announcement of the Phase 2 NOFO winners and report back on the match, including sources of the match and all uses of EDC funds.
- EDC funding would be paid directly to Elevate Quantum preferably on a reimbursement basis though a portion may be advanced if needed.

Tafoya requested the approval include reporting on efforts to ensure geographic, regional, and DEI inclusivity.

M/S/P – Tafoya, Franz – Federal Fast Forward Elevate Quantum request approved as presented with the addition to the reporting as discussed.

EZ Administration Request

Sheehan presented the EZ Administration request. There are 19 administrators responsible for pre-certifications, certifications, marketing, and reporting that will receive grants. Most zones assess a contribution project fee and therefore have additional revenue that will cover program costs. OEDIT staff will continue to encourage zones to create more Contribution Projects that are in line with the goals of each respective Enterprise Zone The expectation is that the local administrative organization can cover administrative costs by spending an amount equal to the strategic fund grant and covering any funding gap with fees the zone administrator receives from contribution project certifications.

EZ administrative costs include personnel, over-head, supplies, meeting, and marketing materials. Urban zones tend to have higher payroll and overhead costs, but often have more organizational funds to support the work. Rural zones typically have high travel and meeting costs because of the large geographic areas they cover, and they generally process a larger number of pre-certifications and certifications while having less organizational funding. We are proposing to keep funding levels the same for the strategic fund allocation for 2023.

Staff is requesting total Strategic Funds of \$399,500 for Enterprise Zone administration for calendar year 2024. This amount is the same as the request granted by the EDC for 2023. The \$399,500 will provide grants for local zone administration and funds to cover travel and costs associated with meetings and trainings for local zone administrators organized by OEDIT. We wish to allocate \$386,500 for administrative grants and \$13,000 for meeting and travel costs. Any funds not utilized will revert to the Strategic Fund.

M/S/P – Young, Stapleton – EZ Administration request 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	Category	Completion Date	Budget	1 yr. Proj. Credits
NW	RFV Habitat - GWS Confluence Development	Workforce Housing	12/31/2028	\$4,412,101	\$137,500.00
SW	Mercy Regional Medical Center	Healthcare	12/31/2028	\$4,300,000	\$300,312.50
SLV	San Luis Valley Great Outdoors 2024-2028	Infrastructure	12/31/2028	\$175,000	\$9,375.00
SLV	Alamosa Senior Center 2024-2028	Community Facility	12/31/2028	\$77,000	\$1,275.00
SLV	Adams State University Job Training 2024-2028	Job Training Program	12/31/2028	\$925,000	\$46,250.00
NW	The Veterans Center - Capital Campaign	Community Facility	12/31/2028	\$3,000,000	\$218,750.00
MEZ	Business Incubator Center 2024-2028	Economic Development Organization	12/31/2028	\$1,200,000	\$10,375.00
NW	Yampa River Botanical Park	Tourist Attraction	12/31/2028	\$465,000	\$97,000.00
CC	FLORENCE PIONEER MUSEUM PHASE II	Tourist Attraction	12/31/2028	\$1,400,000	\$31,250.00
SW	Pagosa Springs Community Development Corp - Workforce, Housing, Main Street	Economic Development Organization	12/31/2028	\$3,000,000	\$15,000.00
DEN	Prodigy Coffee House - Apprentice Program (2024 - 2028)	Job Training Program	12/31/2028	\$1,400,000	\$50,000.00
R10	Habitat for Humanity of Gunnison Valley Wills Way Community Parcels 6-9	Workforce Housing	12/31/2028	\$300,000	\$35,000.00
SW	Aspen House II	Community Facility	12/31/2028	\$2,300,000	\$250,000.00
PP	Exponential Impact: Entrepreneurial Programs	Business Assistance	12/31/2028	\$500,000	\$37,500.00
TOTAL				\$23,454,101	\$1,239,587.50

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

EZ Annual Re-Certification for Calendar Year 2024

Sheehan presented the Annual Re-Certification for Calendar Year 2024 request. An annual review was conducted for each of these projects to evaluate their performance against approved project activities and achievement of economic development objectives. 59 projects will close at year-end because either they reached their project end-date, or the zone administrator did not recommend their continuation.

Staff requests that the EDC re-certify or approve 195 currently active or approved EZ Contribution projects for eligible status in 2024. The statutes governing Enterprise Zone Contribution Projects require annual review and approval, also known as re-certification. This group of projects does not include 61 projects that began in 2023.

M/S/P – Dragoo, Tafoya – EZ Annual Re-Certification for Calendar Year 2024 approved as presented and recommended by staff.

E. Rural Jump-Start (RJS): Morgan Vankat

Higher Purpose Homes, Ltd.

Vankat presented the Higher Purpose Homes, Ltd. business application. Higher Purpose Homes, Ltd. is a manufacturer of modular housing and panelized frames and is the first applicant into the Montezuma RJS and is planning to open a manufacturing facility with the mission of providing affordable, environmentally sustainable homes to its workforce while upskilling and empowering the local community.

The company plans to operate with four main pillars in mind: innovative construction, affordability, sustainability, and community. High Purpose Homes, Ltd. plans to build a 49,000 square foot building in Montezuma County for its modular housing manufacturing facility. Although the company will primarily focus on a standard modular housing solution, it also plans to provide customizable solutions for each project’s specifications to ensure flexibility while maintaining cost-effectiveness.

Higher Purpose Homes, Ltd.’s primary target market will be developers searching for affordable housing solutions for communities. Within Colorado, competitors include Simple Homes in Denver, Fading West in Buena Vista, Phoenix Haus in Grand Junction, and IndieDwell in Pueblo, none of which are located adjacent to Montezuma County.

Overview of Eligibility Criteria:

Metric	OEDIT Opinion
Operation Clause	Pass on this metric. At the time of application Higher Purpose Homes, Ltd. was not operating in Colorado as defined by the RJS program.
Not Moving Jobs	Pass on this metric. Higher Purpose Homes, Ltd. is not moving jobs within Colorado.
Hires at least 5 New Hires	Pass on this metric. Higher Purpose Homes, Ltd. expects to hire 5 New Hires.

Competition Clause	Pass on this metric. OEDIT has not identified a Colorado company that directly competes with Higher Purpose Homes, Ltd. in an adjacent economically distressed county.
Adds to Economic Base and Exports Outside the County	Pass on this metric. Higher Purpose Homes, Ltd. would add to the economic base and export outside of Routt County.
Endorsed by Sponsoring Entity	Pass on this metric. Higher Purpose Homes, Ltd. is endorsed by Region 9 Economic Development District, who has submitted a signed letter of support.

OEDIT has concluded that Higher Purpose Homes, Ltd. passes all metrics for participation in the Rural Jump-Start program, and therefore recommends approving it for acceptance with thirty-eight New Hires.

Staff requests a motion to approve Higher Purpose Homes, Ltd. for participation in the Rural Jump-Start program with 160 New Hires and \$52,500 in grant funding.

M/S/P – Leach, Young – Higher Purpose Homes, Ltd. Application approved as presented and recommended by staff.

F. Advanced Industries

FY24-1 Competitive POC and ESCR Grants

Haris presented the FY24-1 Competitive POC and ESCR Grants for final approval.

M/S/P – Franz, Stapleton - FY24-1 Competitive POC and ESCR Grants approved as presented and recommended by staff.

AI FY23 Annual Report

Haris provided the board with the AI program annual report.

G. Other

Next EDC Meeting

The next EDC meeting will be December 14, 2023.

With all items discussed, the meeting was adjourned.