

Region 9 Board of Directors Meeting

Thursday, January 25, 2024, 9am-1pm

In-Person – FLC Center of Innovation (2nd Floor of Durango Main Mall)

ZOOM: Meeting ID: 878 5970 5810

Link: <https://us06web.zoom.us/j/87859705810?from=addon>

	Time	Page
A. Call Region 9 EDD Quarterly Meeting to Order - Willy Tookey	9:00 am	
1. Welcome and Introductions		
B. Amendments to the Agenda	9:05 am	
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7. Ed Morlan Econ. Dev. Leader of the Year Presentation		
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3. Region 9 Audit Update (FYI)		
F. Business Loan Fund - Jenny Stollar & Brian Rose	10:00 am	
(Possible Executive Session, C.R.S. Section 24-6-402-(4)(e))		
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4. Resolution #24-04 Statewide EDA Request for Separation (Action Required).....		74
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1. Project and Funding/Grant Updates		
a. Resolution #24-02 USDA RBDG Application (Action Required).....		76
b. Possible workforce application (Action Required)		

c. Grant Navigator update – Tiffany Broderson.....	77
d. Current grants under Region 9 and SWCCOG	
2. Strategic Plan Progress Report (FYI).....	78
3. Board Confidentiality Statement, Code of Ethics and Survey (FYI).....	95
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1. Enterprise Zone - Terry Blair Burton	
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2. Regional Projects - Shak Powers	
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3. Economic Development - Heather Otter	
a. Region 9 Economic Snapshot and County Performance Reports (FYI)	
b. CDAP Approval (FYI)	
c. SWORD Update	
d. Economic Development Updates (FYI)	
II. Adjourn Region 9 Meeting	11:30 am

SWCCOG Board of Directors Meeting

A. Call SWCCOG Meeting to Order	11:15 am
B. Consent Agenda (<i>Action Required</i>)	11:20 am
1. Approval of SWCCOG Meeting Minutes from December 13, 2023 Meeting.....	246
2. Approval of SWCCOG Executive Committee Minutes from December 11, 2023 Meeting.....	250
3. Affirm Policy Revisions per All Hazards Requirements	
C. Decision Items (<i>Action Required</i>)	11:25 am
1. Selection of SWCCOG Officers	
2. Confirmation of SWCCOG check signers	
3. Approval of SWCCOG 2023 Year End Financials	
D. Discussion Items	11:35 am
1. Audit 2023 schedule	
E. Other Business	11:45 am
1. Round Robin Updates	
2. Next Board Meeting: <u>April 25, 2024</u>	
F. Adjourn SWCCOG Meeting	12:00 pm

Region 9 Board Agenda Notes

January 25, 2024

C. Consent Agenda *(Action Required)*

1. **Board of Director's Quarterly Board Meeting Minutes from September 28, 2023.**

In your packet are the minutes from the September 2023 Board meeting for approval.

2. **Executive Committee Meeting Minutes from November 13, 2023 and December 19, 2023.**

In your packet are the minutes from the September Executive Committee meeting for approval.

3. **Quarterly Compliance Audit (2023 Q1-Q2)**

In your packet is a summary letter from Region 9's loan auditor, on the status of Region 9 loan files for the past year. Twenty-two loans were available to be reviewed. A letter summarizing just CDBG funds is sent to La Plata County, the fiscal agent for CDBG funds.

4. **Resolution #24-01 Signature Authority**

In your packet is the annual resolution to allow the Executive Director, Deputy Director and Board Chair to sign documents including loan and grant contracts. The Resolution also includes Shak Powers to be able to sign bids and contracts related to the expected and current broadband projects. There will be oversight and approval by the Executive and Deputy Director.

The recommended action is to approve the Consent agenda items as presented.

D. Business of the Annual Meeting

1. **Election of New and Continuing Board members *(Action Required)***

The following Board members' 2-year terms are expiring at the end of the month: Willy Tookey, Mary Jo Coulehan, Colleen O'Brien, Dan Fernandez, Kelly Koskie, Clyde Church, Chauncey McCarthy, Colton Black, Janice Bryan, Jason Armstrong, Jim Candelaria, Meade Harbison, Nate Peach, Todd Weaver, Veronica Medina and Matt Salka.

All have expressed interest in continuing though Jim Candelaria will be stepping down for Kent Lindsay, his Montezuma County alternate, and Leigh Reeves, the Town of Dolores' representative has resigned her Mayor position due to moving out of the Town. We also have a few new members joining the Board. Paul Rudd, Town of Dolores Manager; and David Harris, Town of Pagosa Springs Manager, We still have a vacancy for the Town of Dove Creek. Just for clarity only government members and their alternates will also be able to vote on any SWCCOG meeting business. **The recommended action is to approve the slate of new and continuing Board members.**

2. **Election of Officers (Action Required)**

Region 9 Board officers have one-year terms. The current officers are Chair – Willy Tookey, San Juan; Vice Chair- Mary Jo Coulehan, Archuleta; Treasurer – Colleen O’Brien, La Plata; and Secretary – Dan Fernandez, Dolores. They have all expressed interest in continuing.

Are there any other nominations from the floor? (This needs to be said three times, as per Robert’s Rules of Order.)

The recommended action is to approve the slate of officers to the Executive Committee.

3. **Election of Executive Committee Members (Action Required)**

In addition to the four officers, the Executive Committee includes three other members. There are four people who have expressed interest in the three positions. Todd Weaver, Archuleta County; Clyde Church, La Plata County; Ashleigh Tarkington, Bayfield; and Kelly Koskie, Cortez are interested in serving on the Executive Committee. ***Are there any other nominations from the floor? (This needs to be said three times, as per Robert’s Rules of Order.)***

A paper ballot will be distributed with the names of all candidates to Region 9 Board members. The ballots will be collected by the Board Secretary, or if the Board Secretary is not available, the Board Vice Chair. Any virtual attending board members will chat their vote to the meeting host. The Region 9 Secretary will tabulate all virtual and in person ballots and announce the results prior to the end of the meeting.

4. **Corporate Annual Report (FYI)**

Staff are working on year-end numbers and putting together Region 9’s Corporate Annual Report. The report will be distributed to the Board when completed. **This is for the Board’s information.**

5. **Annual Loan Portfolio Report (FYI) (redacted)**

In your packet is the list of all current Region 9 loans which are provided annually. An unredacted copy will be available for anyone who has signed a confidentiality agreement. This list is also provided to the Loan Committee. *No personal or payment information regarding loan clients can be asked unless the Board would like to go into Executive Session. This is for the Board’s information.*

6. **Lender of the Year Presentation**

This award was established by Region 9’s Loan Committee which includes 12 members, two from each county and two at-large. The awardee is chosen based on their work with Region 9, their professionalism, community impact, and number of referrals to the Business Loan Fund. Past awardees include Teri Simmons, Jason Portz, Cassie Alexander, Chris Aiken, Eric Jones, Tom White, and our own Brian Rose. This year, the Loan Committee felt that rather than a Loan Officer, there was a partner organization that was deserving of this award. This partner worked with 25% of our new loan clients this past year, and also made several client referrals. This year’s awardee is someone many of you know well. Brian will make the presentation.

7. **Ed Morlan Econ. Dev. Leader of the Year Presentation**

The Ed Morlan Economic Development Leader of the Year award honors an individual each year for their achievement and commitment as a leader in economic and community development efforts. The award was first given in 2001. Previous winners include Joe Keck, retired Southwest

Small Business Development Center Director; John Wolgamott, Stone Age Tools; Region 9 Board members, Dan Fernandez and Mary Jo Coulehan; the late Leonard Burch, Southern Ute Tribal Chairman; and most recently Bernadette Cuthair, Planning Director with the Ute Mt Ute Tribe. This year's awardee has already been frequently recognized for going above and beyond the requirements of the job. This person is known as a team builder and problem solver and most recently took a new key position where he will continue to make an impact in healthcare. **Laura will announce the recipient.**

E. Financial Report – Shirley Jones

1. **Loan Loss Adjustment through December 31, 2023 (Action Required)**

The loan loss adjustment is in your packet and is included in the financial statements listed later in the agenda. The ending loan loss allowance is \$530,832.60 which is an overall increase of \$77,255.29 **The recommended action is to approve the loan loss adjustment as requested.**

2. **Approve Financial Statements through December 31, 2023 (Action Required)**

In your packet are the financial statements from October 1, 2023, through December 31, 2023, which include the Statement of Revenues & Expenditures with a Budget Comparison and the Balance Sheet. The Statement of Revenues & Expenditures shows a year-to-date revenue of \$425,339 and total expenditures of \$597,612 for a net revenue over expenditures of negative (\$172,273). This report also contains the year-to-date Budgeted Revenue & Expenditures, the 2024 total budget, and the percentage used of the total current budget. The Balance Sheet has total assets of \$14,916,088 total liabilities of \$3,103,956 for net assets of \$11,812,132 Shirley will be available to answer questions.

The recommended action is to approve the Financial Statements through 12/31/23 as presented.

3. **Region 9 audit update**

Fieldwork occurred for the Region 9 audit of the fiscal year ending Sept. 30, 2023, in November 2023 and staff are expecting a draft in the next couple of months that will be reviewed by the Executive Committee and brought to the Region 9 Board for approval in April. **This is for the Board's information.**

F. Business Loan Fund

(Possible Executive Session, C.R.S. Section 24-6-402-(4)(e))

1. Portfolio & Delinquency Report (*Confidential*) and New Loans (*FYI*)

In your packet is the loan portfolio and delinquency amounts; redacted for client confidentiality. The portfolio has reached a total of \$11,067,564 and delinquencies have increased to 10% of the total portfolio. There are 8 loans currently over 90 days past due.

Below is a **list of loans** closed since the September Board meeting. New Loans approved include:

a. Cole Glenn Flyfishing, LLC	\$150,000	La Plata
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conduct a study around the timber industry business opportunities in Archuleta, Montezuma and La Plata. The study will inventory and assess our existing assets and promote our region and build this industry including gaps that could be filled by new businesses. Archuleta County was looking at this opportunity separately and having a regional study will meet their needs as well. Veronica Medina, Archuleta County Commissioner has participated in initial meetings. As part of the assessment, our region would receive a rating for business readiness that is promoted nationwide and internationally. Region 9 would be the applicant and we would subcontract with Eco Strat, which also has a grant writing team to take the lead. Tiffany, Laura, and Brian would be involved as needed during the application process. Laura has spoken to Trae Miller in Logan County that participated in this program. He said they got a lot of good information, some business interest, and EcoStrat was good to work with. The negatives are there was a long timeline to study completion. **The recommended action is to approve Resolution #24-02.**

b. Workforce Resiliency Program Grant **(Action Required)**

Region 9s is interested in applying for \$75K in funds available through this program to assist the timber industry with small workforce grants. We are still gathering information on whether we can receive admin money and the program details and thus, did not draft a formal resolution. Brian is available for questions, but we would like approval to pursue this opportunity if we evaluate it will be beneficial and utilized. **The recommended action is to approve a possible application of \$75K to assist area businesses.**

c. Grant Navigator update – Tiffany Broderson, Region 9’s Community Grant Writer and Grant Navigator will be providing information on year-end numbers and her work priorities into 2024. Region 9 will receive \$100K from the State to fund this position through 2024 and into 2025.

d. Current grants under Region 9 and SWCCOG include:

- RCDI – This passthrough grant for the Ute Mt Ute Tribe to develop a Comprehensive Housing and Master Plan is entering its second year.
- New grant – RTAP – This is a \$41K pass through grant to fund a public lands outdoor recreation usage study.
- Continuing and ongoing program (non-loan grants) include: All Hazards 2020, 2021, 2022 SWIMT, TPR Planning, Annual EZ Administration grant, EDA Planning grant, Grant Navigator, and SBA TA. **Staff are available for any questions.**

2. Strategic Plan Progress Report (FYI)

In your packet is Region 9’s strategic plan updated from our Board Strategic Planning meeting with year-end progress included. Heather Otter will be available to answer questions on the plan.

Under the pillar for sustaining the organization, the Executive Committee directed staff to hire an outside consultant to help Region 9 manage its rapid growth. Most of the additional growth is impacting the financial functions and Terry Petersen with CFO Services was hired to make

recommendations on needed staff, and ways to support our continued growth. Her recommendations include outsourcing payroll and utilizing more electronic processes and building a larger financial team. **This is for the Board's information and feedback is requested.**

3. Board Confidentiality Statement, Code of Ethics and Survey (FYI)

As part of our compliance, Region 9 needs to make sure that all new board members fill out a confidentiality statement, SBA 1081, and review the code of ethics (All Hazards grant requirement). Those materials are in your packet and staff will follow up. Also in your packet is a board survey to fill out or use the following link. <https://www.surveymonkey.com/r/GTL5WYB>. Staff seeks Board input on areas for improvement. **This is for the Board's information.**

4. Policy Updates per All Hazards Compliance Audit and updated Policy List (Action Required)

Region 9 submitted a Compliance Plan to the Dept of Homeland Security on adding or updating various policies that they require for the All-Hazards grant that provides emergency management agencies funding for equipment. Vicki Shaffer is the contracted coordinator. She is also Montezuma County's Public Information Officer and oversees the grants and inventory tracking. Below is a list of updated policies that we are bringing to the Board for approval. Because these policies also impact the COG, we will be asking the COG Board to affirm this action.

- Accounting Policies –Additions and changes are in red.
- Accounting Procedures – Additions and proposed changes are in the red.
- PPI Policy- new and drafted by Region 9 attorney, Tyler Denning
- Grant Management Guide –new guiding document incorporating the SWCCOG's Grant Management Guide
- Procurement Policies – Additions and proposed changes are in the red.

The recommended action is to approve all the listed documents with changes to meet recommendations of the Dept of Homeland Security auditors. The Compliance Plan is also included for Board reference.

H. Program Reports

1. Enterprise Zone – Terry Blair Burton

- a. Year End – EZ Annual Report (FYI) - Region 9 is working to compile year-end Enterprise Zone business and Contribution Project tax credit numbers and will be submitting our annual report to the State by the end of February. We will share with the Board when it is complete.
- b. Resolution #23-03 Powerhouse Science Center as EZ Contribution Project (**Action Required**) --In your packet, there is information on the Powerhouse Science Center, which is interested in Enterprise Zone status to help fund their capital campaign. The expansion project will add 4,200 sq ft to the 8,000 sq ft space in the existing historic power plant building. Additionally, they plan to expand and update the outdoor space and exhibits to improve the visitor experience. Lastly, the project includes renovation of the existing education center to reconfigure the building to house a much-needed preschool. Priority access will be given to a employees of a consortium non-profit organizations. The Powerhouse is located within the newly amended EZ boundary in Durango.

2. Regional Projects - Shak Powers

In your packet is a Q4 Report for regional work in Broadband, transportation and housing. Shak is available to answer questions or provide highlights. This is for the Board's information.

a. Broadband White Paper – the Executive Directors of Regions 9, 10 and 12 have been meeting to look at options for long-term operating and management structures for Broadband. The current regional broadband model has had success in improving access to middle mile infrastructure, demonstrated by improved speeds available in the region's operating networks. However, the three COGS have limited capacity (staffing, technical skills, and finances) to efficiently operate the larger networks as they expand beyond the COG regional boundaries. As the networks become, in essence, publicly funded covering much of the Western Slope, with expected connections in more and more counties, greater efficiency and capacity will be required to operate at an efficient level. Connection and coordination of these networks under a combined operational model (as the COGS continue to own the assets) could address needed efficiency and capacity issues. Region 9 contributed \$20K for an initial review of potential network operational models, with our two partners and the white paper of options is attached. We will be asked to narrow down the options to a couple that will be further explored through more specific business plans. These materials will also be provided to our Broadband team leads for input and their recommendations. **This is for the Board's information.**

3. Economic Development - Heather Otter

a. The 2024 Region 9 Economic Snapshot is available [online](#) and printed copies are available to board members and guests at this meeting. This report is published every other year and summarizes demographic and economic information for the region and for each of the individual counties. The purpose of the report is to present some of the significant aspects of the regional economy. Visit www.region9edd.org/economic-snapshot

b. CDAP Approval – Region 9 produces Community Development Action Plans (CDAP) for each county within our region and it is updated every two years as part of the CEDS. This document ranks a list of priority projects addressing various aspects of economic and community development. The CDAPs are useful tools for organizations working with communities and are a central source for understanding the full range of projects that are in process or desired. CDAPs receive input from community stakeholders and are approved by each Board of County Commissioners. The 2024-2026 CDAPs have been approved for San Juan County and Montezuma County. Dolores and Archuleta will be approved in early February. La Plata County is in progress and approval will be later this spring. **This is for the Board's information.**

c. SWORD – The Southwest Opioid Response District (SWORD) is the Regional Council formed as a requirement of the Colorado Opioid Settlement Memorandum of Understanding. The SWORD will administer Opioid funding in the region. All southwest Colorado municipal and county governments signed onto the Colorado MOU to receive settlement funds and as part of the SWORD will determine ways the money will be used to address opioid and other substance misuse and identify viable, sustainable, substance treatment solutions to fill existing gaps in our rural region.

On November 15th, 2023, SWORD approved allocations of \$1,550,954.71 to four categories that will help to build a recovery ready region. The details of how these funds will be distributed to get the work done will evolve through SWORD's implementation phase. SWORD recently hired a project coordinator to assist with implementation. The four categories and fund allocations are as follows:

Enriching the Soil for a Recovery Ready Region \$977k – recovery residence \$155k – regional support \$310k – community choice \$109k – consulting	Recovery Residence A safe, structured, supportive environment where residents can recover up to 24 months.
	Regional Support Evidence-based recovery supports for housing, health, community, and purpose
	Community Choice Local community priorities that meet approved uses
	Consulting Services Operating costs, and due diligence activities

1) Recovery Residence 63%

To provide a generational solution—one that will endure long after our lifetimes—to the impact of opioids within our community, SWORD has decided to invest the bulk of the funds towards building a physical location for individuals in recovery to live for 6 to 24 months while they develop socioeconomically. The goal is to create an immersive recovery ecosystem instead of providing short-term acute services. This facility will provide group therapy for residents as well as workforce development programs—run by current or former residents and peers. This is critical to the rural workforce issues our region faces; we need to cultivate and build a reliable workforce instead of mining from an existing (and overtapped) one. Ultimately, a Recovery Residence will provide those in recovery with a safe place to live where they can easily access pertinent healthcare and develop a sense of community and purpose and will follow guidelines set forth by SAMHSA and the Kentucky Model for Opioid Recovery (with assistance from the Fletcher Group and CARR).

2) Enriching the Soil for a Recovery Ready Region 10%

Individuals in recovery need to be able to access and maintain their basic needs—such as health, housing, purpose, and community—to sustain their recovery independently. This means that Region 17 will need to invest some funds towards strengthening regional infrastructure. Once individuals in recovery are ready to live independently, they should still be able to easily access support systems throughout the region. Ideally, strengthening regional infrastructure will allow rural communities to access more opioid abatement resources than they otherwise would be able to, which in turn may mitigate further abuse. Distributing funds will be determined using an RFP process.

3) Community Choice 20%

Individuals in recovery need to be able to access their basic needs—such as health, housing, purpose, and community—to sustain their recovery independently. While regional programs and support services are key to maintaining sobriety, it is also crucial that rural communities be able to offer some support services closer to home. This portion of funding is like “Enriching the Soil for a Recovery Ready Region”, but at the local level. Using a community grant process, SWORD will distribute funds to local communities to expand and enrich local recovery support needs. The goal is not only to sustain people’s independence, but to provide our rural communities with the individualized agency their remote locations require. Individuals in recovery should be able to sustain their recovery even if they choose to return to their remote community after treatment. This funding option also allows for more immediate use of the opioid abatement funds to make an impact on our local communities now.

4) Regional Consulting Services 7%

This portion of funds will be used to cover Region 17 operating costs, and due diligence activities. This money will be spent on staffing, consulting, travel (site visits to explore evidence-based best practices), and evaluation (tracking our impact).

d. Economic Development Organization Updates – verbal

SWCCOG Board of Directors Meeting Agenda

B. Consent Agenda (Action Required)

1. Approval of SWCCOG Meeting Minutes from December 13, 2023 Meeting

In your packet are the SWCCOG Board meeting minutes. **The recommended action is to approve the minutes as presented.**

2. Approval of SWCCOG Executive Committee Minutes from December 11, 2023 Meeting

In your packet are the SWCCOG Executive Committee meeting minutes. **The recommended action is to approve the minutes as presented.**

3. Affirm Policy Revisions per All Hazards Requirements

Per the list of updated and new policies approved by the Region 9 Board of Directors, **the recommended action is for the SWCCOG Board to affirm approval of those policies.**

The recommendation action is to approve the three consent agenda items as noted above.

C. Decision Items (Action Required)

1. Selection of SWCCOG Officers

Every year, the SWCCOG Board elects officers to manage SWCCOG related business. The current officers are Jennifer Green, Chair; Veronica Medina, Vice Chair; and Mark Garcia,

Secretary/Treasurer. All have expressed interest in continuing in their position, however, we combined Secretary/Treasurer in 2023 but can have additional officer.

Are there any other nominations from the floor? (This needs to be said three times, as per Robert's Rules of Order.)

The recommended action is to elect four government representatives as officers to the SWCCOG Executive Committee.

2. Confirmation of SWCCOG check signers

Current SWCCOG check signers are Laura Lewis Marchino, Mark Garcia, Clyde Church and Willy Tookey. **The recommended action is to affirm the current check signers on the SWCCOG accounts.**

3. Approval of SWCCOG 2023 Year End Financials

In your packet is the year-end 2023 financials for the SWCCOG. This includes a profit/loss and balance sheet. Shirley Jones will be available for questions. **The recommended action is to approve the SWCCOG year-end financials.**

D. Discussion Items

1. Audit 2023 schedule

The SWCCOG fiscal year ended December 31st and a close out of the 2023 books is occurring and will be submitted to our auditors to begin the audit. The audit will be completed by the July 2024 Board meeting for review and approval. **This is for the Board's information.**

Round Robins

The next meeting will be April 25, 2024

Board of Directors Meeting Minutes
Thursday, September 21, 2023, 9-12 pm

Discussion items and meeting notes are in bold/italic.

Board Members		Region 9 Staff	
X	Ashleigh Tarkington	Town of Bayfield	X Brian Rose
X	Cassie Alexander	Montezuma County At-Large	X Heather Otter
X	Chauncey McCarthy	Town of Rico	X Elizabeth Heine
X	Clyde Church	La Plata County	X Jenny Stollar
X	Colleen O'Brien	La Plata County At-Large	X Laura Marchino
X	Colton Black	Southern Ute Tribe	X Shak Powers
	Dan Fernandez	Dolores County At-Large	X Shirley Jones
X	Dayna Kranker	Town of Silverton	Stephani Burditt
X	Drew Sanders	City of Cortez	X Terry Blair-Burton
	Gloria Kaasch-Buerger	Town of Silverton	X Elizabeth Marsh
	Janice Bryan	Town of Mancos	
			Guests
X	Jason Armstrong	Town of Mancos	X John Whitney
X	Jennifer Green	Town of Pagosa Springs	X Joan Fauteax
X	Justin Osborn	La Plata County At-Large	X Patty Brown
X	Katie Sickles	Town of Bayfield	X Bryan Looper
X	Kelly Koskie	City of Cortez	X Morgan Vankat
X	Leigh Reeves	Town of Dolores	X Brenda Macon
X	Mark Garcia	Town of Ignacio	X Lisa Pool
X	Mary Jo Coulehan	Archuleta County At-Large	X Lexie Stetson-Lee
	Matt Salka	La Plata County	X Emily Lashbrooke
X	Meade Harbison	Southern Ute Tribe	X Dr. Rhonda Webb
	Michala Riley	Town of Ignacio	X Nichloe Glash
	Nate Peach	Fort Lewis College	X Savada Leavenworth
X	Robert Whitson	La Plata County At-Large	X Jodi Scarpa
X	Shawn Gregory	Montezuma County At-Large	X Cleave Simpson
X	Steve Garchar	Dolores County	X Ali Karp
X	Todd Weaver	Archuleta County	X Mary Shepherd
X	Tommy Crosby	City of Durango	X Senator Cleave Simpson
X	Veronica Medina	Archuleta County	X Paul Ruud
X	Willy Tookey	San Juan County	
X	Oliver Bosmans	City of Durango	
X	Kent Lindsay	Montezuma County	
X	Charles Alex Lanis	San Juan at large	

Attendance as marked above.

*** Indicates elected at this meeting**

A. Call the Meeting to Order

The meeting was called to order at 9:06 am by Willy Tookey, Board Chair.

B. Amendments to the Agenda

- Added the business loan #4 fund approval Resolution #23-18 EDA-RLF Plan to the agenda.
- Request for executive meeting post board meeting to approve two loans.

C. Board Member Terms

- The Board members listed below have terms expiring in January. Staff will be contacting those with expiring terms to see if they are interested in continuing a two-year term on the Region 9 Board. We will have elections and reappointments at our January meeting, including Region 9 and SWCCOG officers. Those interested in an officer or Executive Committee position should reach out to Laura Lewis-Marchino. Those with expiring terms: Willy Tookey, Mary Jo Coulehan, Colleen O'Brien, Dan Fernandez, Kelly Koskie, Clyde Church, Chauncey McCarthy, Colton Black (filled position), Janice Bryan, Jason Armstrong, Jim Candelaria, Meade Harbison, Nate Peach, Todd Weaver, Veronica Medina (filled position), and Matt Salka (filled position).

D. Consent Agenda

1. Board of Director's Quarterly Meeting Minutes July 27, 2023

- The July 27, 2023 Board Meeting minutes were provided.

2. Executive Committee Meeting Minutes, September 11, 2023

- The September 11 Executive Committee Meeting minutes were provided.

3. Proposed 2024 Board meeting dates

- The proposed dates represent the fourth Thursdays of the months: January 25, April 25, July 25, and September 26, 2024.

4. Resolution #23-18 EDA-RLF Plan Recertification

- This Resolution is an annual requirement of the Economic Development Administration (EDA) that the Board of Directors certify all our EDA-RLF funds are following their RLF Plans. Details were provided in the packet.

Motion from Steve Garcher to approve the consent agenda as presented.

Second: Ashleigh Tarkington; Motion passed unanimously.

E. Financial Report presented by Shirley Jones

1. Approval of Financial Statements through August 31, 2023

Financial statements from October 1, 2022 through August 31, 2023 were provided, which included the Statement of Revenues & Expenditures with a Budget Comparison and the Balance Sheet. The financials reflect what is printed from the Abila Accounting System and not reformatted by our Comptroller. This is a time-saving decision and feedback on these statements is welcome. The Statement of Revenues & Expenditures showed a year-to-date revenue of \$3,504,018, which is 8.99% over budget estimates. Total expenditures were \$1,954,968 or 73.68% of the budget, for a net revenue over expenditures of \$1,549,050. This report also contained the year-to-date Budgeted Revenue & Expenditures, prior Year-

to-Date actuals, and the percentage used of the total current budget. The Balance Sheet featured total assets of \$14,583,019, total liabilities of \$2,563,481, for net assets of \$12,019,538. Items of note: Region 9 interest income was significantly above budget. Several expenses were higher than budgeted including rent of satellite offices (which was expected), internet and software expenses, printing, insurance (which was expected), and travel.

The recommended action is to approve the Financial Statements through 8/31/23 as presented.

Meeting Discussion:

- ***10 million in assets is important to build our loan program to make money to be sustainable as a company. Our loans are helping us make money to deliver on our mission statement.***
- ***These financials are through the end of August; the September inner fund transfer will happen later.***
- ***We will be adjusting our loan loss allowance soon. It won't be too off from what the numbers provided.***
- ***The implementation of our loan software as well as internet charges made us go over budget.***
- ***Commercial real estate insurance is getting more expensive.***
- ***Region 9 is in a fire zone and our property insurance will change soon. The cost is unknown. Noted that new homeowners are struggling to find insurance due to wildfire risk.***
- ***These rises in insurance rates will affect loan clients.***

Motion from Clyde Church to approve the Financial Statements through August 31, 2023, as presented.

Second: Shawn Gregory; Motion passed unanimously.

2. Adoption of FY 23-24 Budget presented by Shirley Jones

The proposed budget for the 2023-2024 fiscal year was provided with several attachments including: Fund Descriptions, Budget Summary (Exhibit A), Budget Detail (Exhibit B), Governmental Type Budget Items (Exhibit C), Business Type Loan Fund Projections (Exhibit D). Revenue is expected at \$3,003,608 and expenses at \$2,691,740 with net income at \$311,868. Staff will be working towards sustainability by 2030. The Executive Committee reviewed the budget at their September 11th meeting. Loan projections are a bit conservative. Highlights in the budget include:

- Added previous year comparison
- Loan projections are a bit conservative due to high interest rates deterring clients
- Loan loss estimated higher
- Column added for the SWCCOG and expenses for broadband mapping software, and some program money new
- Includes personnel costs for our new position (accountant to be hired after assessment of financial department procedures and processes)

- Includes higher retirement reimbursement from 3% to 5%
- Includes a COLA bonus and 2% merit increase

The Executive Committee recommended approval of the budget.

Meeting Discussion:

- *With a government shutdown, we may see late grant reimbursements. We will be ok with our credit line with Dolores State Bank. If we must tap into that, there is concern with the interest rates we would be charged. However, we have a significant amount of money in C-Safe and are in a good position should this happen.*
- *For our loan clients, the goal is to keep them in business, and we have flexibility if needed. We identified loan clients and have adjusted their interest rates to benefit them.*

Motion from Clyde Church to approve the Adoption of FY 23-24 Budget as presented.

Second: Kelly Koskie; Motion passed unanimously.

3. Alignment of SWCCOG and Region 9 fiscal year update

Per direction from the Region 9 Board, Shirley and Laura met with our auditor, Hinton Burdick regarding the different options to align the Region 9 and SWCCOG fiscal year. The auditors strongly recommended that the Region 9 fiscal year not be changed. The reasons revolved around the size and complexity of Region 9, and the cost of staff time to make the change. The auditor was fine with two audits but assuming legal and policy changes are made, the most cost effective and efficient solution is to have SWCCOG as a component under Region 9. The legal and policy changes needed include changing the bylaws and having all governments sign new IGAs. Hinton Burdick is also willing to conduct two audits over the next few fiscal years of both the SWCCOG and Region 9 for the transition. They did confirm that having a combined audit would be more economical as they wouldn't have to do all the standard work around policies, requirements, financials, and planning documents. The Executive Committee recommended that we keep the fiscal years and audits separate for the next year or two and reevaluate. SWCCOG financials will go under Region 9 after the 2022 audit is completed and staff will still explore the idea of the SWCCOG being component unit. There is still every expectation that the SWCCOG financials will remain small and not require a single audit.

F. Business Loan Fund (Possible Executive Session, C.R.S. Section 24-6-402-(4)(e))

1. Portfolio & Delinquency Report (confidential) and New Loans (FYI)

Included in the Board packet was the most recent Loan Portfolio Report. There was a Loan Committee meeting scheduled yesterday and those loans are not reflected. The portfolio has reached a total of \$11,124,510 and delinquencies have decreased slightly to 4% of the total portfolio, although there are 3 loans currently over 90 days past due.

The following are loans approved since the last board meeting.

a. Hanna Wilson Photography, LLC \$5,000

Durango

Hanna Wilson has owned her photography business for 9 years and moved to Durango a year and a half ago from North Carolina. Recently she has branched out from photography into

videography. This loan will be reimbursed by the Durango Lodger's Tax Grant Program.

b. Rodeo Odyssey, LLC \$24,800

Durango

Rodeo Odyssey, LLC is being created by the borrowers to house a pop-up art gallery in the old Basin Printing building for the month of November. The gallery will be open for a month and feature over 45 artists. This loan will be reimbursed by the Durango Lodger's Tax Grant Program.

c. Fidel's Barbershop, LLC \$60,000

Durango

This loan is for new owners to purchase the barber shop located in the Main Mall in downtown Durango. The shop has been in operation for 30 years. It is scheduled to close in November of this year.

2. Loan Production Spreadsheet

The spreadsheet tracking loan activity was provided including loans approved and closed as compared to Region 9's monthly goals. For Fiscal Year 2023, Region 9 budgeted loan production at \$250,000 closed loans per month, but have been tracking our production based on a stretch goal of \$300,000 per month.

3. Loan Policy Addendum #17

A new Loan Fund that will be added to Region 9's portfolio was provided for board review. The Executive Committee approved Region 9 moving forward to be an "authorized lender" under the Colorado State Forest Service Loan program. Region 9 previously administered this fund when Ed Morlan was director, but it ran out of money. When refunded, the program was administered under the Upper Arkansas Loan Fund and most recently moved to the San Luis Valley Loan Fund due to staffing changes. SLVDRG and UAACOG will also continue to be authorized lenders, but Region 9 was asked to participate and help the CSU Forest team to help get their funds out. This program was included in the budget, our organization gets 15% in admin for each loan closed and can keep any fees and interest that is earned. The current program requires that all principal goes back to CSU annually. There are minimal quarterly reporting requirements, and this keeps the compliance burden low. This program funds loans for companies that participate in the treatment/harvesting of wood products in CO and Region 9 has utilized this program for local businesses through participation loans. An attachment was provided summarizing the requirements for this particular fund and will be added to our loan policy. **The recommended action is to approve Loan Policy Addendum #17.**

Meeting Discussion

- *We cannot refinance these new loan funds.*
- *The Region 9 loan applicants are not eligible for grants, but neighboring regions have had loan applicants who qualify.*
- *There is no exposure for loan loss.*

Motion from Cassie Alexander to approve Loan Policy Addendum #17 as presented.

Second: Steve Garcher; Motion passed unanimously.

G. Executive Director Report

1. Executive Director Evaluation

The compiled results of Laura's 360-degree evaluation from funders, peers, Staff, Board, and Loan Committee was provided. Board Chair, Willy Tookey, provided a brief summary. **The recommended action is to affirm the Executive Committee's decision of a \$6000 salary increase as well as a Cost of Living Adjustment (COLA) bonus of \$2080.**

Meeting Discussion

- ***Noted that Laura hires good staff.***

Motion from Mark Garcia to approve the salary increase for Laura Lewis-Marchino.

Second: Steve Garcher; Motion passed unanimously.

2. Funding and Grant Update

The Board was strongly encouraged to read the recent Executive Committee minutes as several important decisions were made. An updated Employee Manual was approved, the Tax Lien program will not go forward (more below) a consulting contract for making recommendations to support our growing financial workload was approved and two loans were written off. Program updates since the July meeting:

- After gathering more information on the Tax Lien program, it is not as risk free as previously thought. Tyler Denning, Region 9 attorney indicated that title companies are not willing to provide title insurance on properties acquired through the tax lien sale process unless an additional step is taken to go through a quiet title suit. Tyler indicated that a non-contested suit would likely add an additional 6 months to the time frame and \$10,000 in costs. A contested suit could take a year and cost \$25,000. Since Region 9's plan was to transfer ownership of the properties to other entities, the ability to obtain title insurance is critical to obtain financing and or to sell the property in the future. Staff reached out to Scott Bloom, President of Title Durango, to discuss this further. Scott indicated that CO statutes provides a 9 year right of redemption period for disabled persons who lose their property through the tax lien sale process and therefore would not provide title insurance until the end of the redemption period or until a quiet title suit was completed. Due to this additional expense, staff and the Executive Committee agreed that the program will not be the "win" expected, nor allow Region 9 to make some risk-free interest. The decision was to pass along the information to housing organizations that might be more willing to take the risk, but to not move forward.
- Did not receive a CHFA grant of \$17K for regional transit work.
- Tiffany submitted a grant for Agile – Region 9's first "fee for service" grant.
- Region 9 is exploring applying for EDA funds for the Silverton middle mile section. EDA will fund (small amounts) for broadband if denied by NTIA. **Noted that discussion is underway with the potential partners.**
- The feasibility study grant with SAMSHA will close out at the end of September as the substance treatment feasibility study has been completed.
- Region 9's New CDBG Contract request was submitted to OEDIT as approved by all five counties. We are waiting for our current contract close-out and the new CDBG contract, which is taking several months to get through the approval process.
- State Business Loan Fund administrators will be meeting in October during the EDCC Conference. Brian, Laura, and Lizzie plan to attend.

- The Area Agency on Aging meeting was cancelled, and to-date not rescheduled. Admittedly, Laura has not pursued this due to limited staff capacity to consider adding an additional program at this time. We will keep the Executive Committee updated.
- Rural Jumpstart sponsorship- Higher Purpose Homes plans to apply for Rural Jumpstart designation which would provide grant funding as well as tax benefits for being a unique business in the region. Staff met with the business owners and the state and plan to sponsor their application. The criteria for sponsorship are to work with them on their application and their business as a mentor, attest that their business fits an economic priority, and aligns with our mission. We have two other Rural Jumpstart businesses in the region, but both were sponsored by Fort Lewis rather than Region 9. There is no financial or legal obligation for sponsorship.
- Application for an Economic Development Fellow did not make it through the preliminary round, however SCAPE also applied and are in consideration for this opportunity.
- There have been numerous requests for letters of support for CFP broadband and other grants.
- The S. Ute Tribe is working with Neo Connect on a CPF grant to serve the Wildcat Canyon and areas towards Breen. Region 9 is on standby to submit the grant for the Tribe if needed.
- Region 9 signed a contract with CDOT which will allow us access to lease fiber along US 160 when built.

3. Economic Development Leader of the Year Nominations

Every year, Region 9 selects an Economic Development Leader of the Year which is recognized at our annual meeting in January. Last year the award went to Bernadette Cuthair. The recognition is supposed to go to someone who goes above and beyond their paid job to improve their community. Staff brainstormed a few ideas for consideration with the Executive Committee. Several of our county level economic development leaders were suggested, as they are doing a tremendous job, but it is part of what they are paid to do. The Executive Committee thought Joe Theine would be a good candidate. He was the Chair with the La Plata Economic Alliance but just took the CEO job at Southwest Health System in Cortez. He is good at building relationships and a problem solver. He took the San Juan Basin Health position about 15 years ago. He most recently worked Animas Surgical Center as their CEO during expansion. He was also involved in the SWORD formation and several other community groups. **Other ideas and nominations are requested as well as a vote for the Economic Development Leaders of the Year.**

Meeting Discussion

- *Noted that Joe Theine is very proactive and doing wonders with housing. He is also a key player in workplace development with youth.*
- *Noted that Emily Lashbrooke has been doing an excellent job with workforce development, the airport, and so much with Pagosa Springs. Emily did win rookie of the year last year at the state level.*

Motion from Ashliegh Tarkington to nominate Joe Theine as Economic Development Leader of the Year.

Second: Colleen O'Brien ; Motion passed unanimously.

4. Policy updates per all Hazards Audit

Based on the All Hazards audit, several changes to both Region 9 and SWCCOG policies will need to occur, and several new policies added. Recommendations will be provided at the next Board meeting and Region 9 will have to provide a timeline in the Corrective Action Plan that will be prepared for the All Hazards program. More specific information on the audit is on the SWCCOG agenda.

H. Program Reports

1. SCAPE Program Update: Presented by Elizabeth Marsh, Ali Karp, and Morgan Vankat

Region 9 works closely with the SCAPE program and Laura serves on their Board of Directors. Elizabeth Marsh provided an update on the program and new changes to their model based on lessons learned.

Presentation Highlights:

- ***SCAPE is averaging over 50 applications a year.***
- ***This year have pivoted their program so they are more flexible in working with clients year round.***
- ***SCAPE has been making educational videos.***
- ***SCAPE just celebrated their 10-year anniversary over the summer. Over the last 10 years, they have raised over 53 million dollars.***
- ***Ali Karp and Morgan Vankat presented information on OEDIT, Colorado's rural jump-start fund (RJS). OEDIT is a grant and tax credit program for companies that are either starting up or relocating to a rural area.***

2. Enterprise Zone

Staff have been really busy with Enterprise Zone Project applications and presentations. Since the last meeting, Crow Canyon Archaeological Center and Fort Lewis College's (x2) EZ apps have been officially designated by the EDC as EZ Contribution Projects. San Juan Development Association's EZ app is in peer review. Six Enterprise Contribution project applications requested Board approval. Each project provided a 5-minute overview.

a. Resolution #23-13 – Aspen House: Presented by Patty Brown and Bryan Looper

Renewing project, capital campaign - Aspen House is requesting to renew their EZ status. The current project will expire at year end, but because COVID caused delays, they were not able to complete their construction project within the 5-year time frame.

Meeting Discussion

- ***The house will have nine rooms, eight live in apartments, and an outdoor workshop garage. Each apartment will have a bedroom and bathroom. The building will also have an elevator. It will provide a safe place for adults with disabilities and is near the City Market and bus stop. There is a large industrial kitchen and living room area as well. The 9th room is for a live in caretaker.***
- ***The business has a truffle company associated with it and they are very industrious. They work hard to give the people that work with them independence and a sense of accomplishment.***
- ***The services that the adults work on are very important in making this mission successful.***

b. Resolution #23-14 – Pagosa Springs Community Development Corporation: Presented by Emily Lashbrooke

Renewing project, capital campaign/operations - Pagosa Springs Community Development Corp is requesting renewal of their EZ status. The focus of this project will be workforce development, workforce housing, and Main Street improvements.

Meeting Discussion

- *There are currently 5 applicants for housing, and the project still hasn't started yet so the interest is definitely there.*

c. Resolution #23-15 - Mercy Health Foundation: Presented by Lexie Stetson-Lee

Renewing project, capital campaign/operations- Mercy Health Foundation is requesting renewal of their EZ status. The focus of this project is improving technological equipment, development of public spaces, and expansion of healthcare programs.

Meeting Discussion

- *The ambulatory surgery center is to help with outpatient care, but that is not part of the EZ application.*

d. Resolution #23-16 – Pagosa Springs Medical Center Foundation: Presented by Dr. Rhonda Webb

Renewing project, capital campaign/operations – Pagosa Springs Medical Center Foundation is requesting renewal of their EZ status. The focus of this project is the renovation of a newly acquired building, equipment upgrades, and expansion of service lines.

e. Resolution 23-17 Axis Health System: Presented by Savada Leavenworth

New project, capital campaign – Axis Health Systems is requesting EZ status for the renovation of the Mercury Building that was acquired. The new health campus will create new job opportunities and provide dental, behavioral healthcare, primary care, and pharmacy services.

Meeting Discussion

- *Axis is outside of an EZ location, however the state would consider giving EZ benefits to a building since it benefits EZ locations.*
- *The fact that it is an opportunity zone has no impact on application.*
- *The location has public transportation which is a huge deal for their patients.*
- *The amount of space they have to rent out will offset costs. The space is full at this point due to the joining of multiple clinics into the same space.*
- *Noted that the dental space will be expanded.*
- *As Axis grows, it was recommended that they join the Transit group in the 5-county area.*

f. Resolution 23-19 Durango Arts Center: Presented by Brenda Macon

New project, capital campaign – Durango Arts Center is requesting EZ status to raise funds to pay off the mortgage on their building. This would allow DAC to work on their plans to develop new space for the building, and to add additional activities.

Meeting Discussion

- *The DAC would like to pay off their mortgage and to expand the building.*
- *The building's location wasn't previously an enterprise zone, but is now.*
- *The donors would like to get tax credits from EZ. They would get a 25% tax credit off of their donation.*
- *The DAC has received two previous logger's tax grants. One went toward a roof leak, the other went to a HVAC system.*
- *Noted that we have been losing venues in Durango and an expansion of the DAC would be great.*

General discussion: There is no limit on how many projects we can submit to the state. The state prefers Region 9 to vet these prior to going to the state.

Motion from Clyde Church to approve Resolutions #23-13, #23-14, #23-15, #23-16, #23-17, and #23-19 as presented.

Second: Veronica Medina; Motion passed unanimously.

3. Regional Projects

Broadband, Housing and Transportation: Presented by Shak Powers

Detailed reports with photos and highlights of activities since the last board meeting were provided.

Presentation highlights:

- *NTIA did not award the Middle Mile Grant to Region 9. This information led to a follow-up meeting. On August 28th, Laura, Tiffany, Shak, Representatives from Ute Mountain and Southern Ute Tribes, and Eric Hittle from Archuleta County met with the Congresswoman Lauren Boebert's staff to discuss the outcomes and propose some solutions. The Congresswoman's office has taken feedback and is working on proposed legislation to make this happen. It is our hopes that Senators Bennet and Hickenlooper will be able to support this effort.*
- *The SCAN audit is coming along a little more slowly than originally hoped.*
- *CDOT is working to provide fiber over Wolf Creek to Pagosa Springs as part of their plan to have fiber along all highways they oversee to ensure electronic signage and safety measures. Region 9 hopes to secure an Indefeasible Rights of Use (IRUs) to access this and other fiber lines to connect the region.*
- *At the time of the board meeting, the following Region 9 communities have filed commitments to increase their baselines which will make their communities eligible for Proposition 123 funds: Durango, Bayfield, Ignacio, La Plata County, Ute Mountain Tribe.*
- *Representative McLachlan joined Senator Bridges in Mancos, Durango, Silverton, Bayfield and Pagosa Springs. Senator Simpson joined the second day for Silverton, Bayfield and Pagosa Springs. There was good participation at all of the locations. In addition to expressing concern over SB23-213, communities expressed the need to provide meaningful funding for infrastructure and frustrations with working with CDOT.*
- *Dove Creek was awarded funds to replace the pumps and waterlines from the Lower Dolores River to the reservoir in Town. They have 3-5 years to get this finished or they risk losing their water rights on the river. The town is moving slowly on these projects.*

- ***Montezuma County is now providing transportation services to senior citizens of the Town from Rico to the City of Cortez every second (2nd) and fourth (4th) Wednesday for medical appointments and grocery shopping at Walmart and City Market.***

4. Economic Development: Presented by Heather Otter

a. SWORD Council:

Region 9 was awarded \$40k in implementation funds from the EDA and OEDIT to apply to projects related to the CEDS. These funds will be used to hire a part-time contractor who will be responsible for managing priority projects identified and approved by SWORD. The contractor will report to Heather. Region 9 is coordinating a retreat for SWORD's subcommittee to focus on the feasibility study findings and drafting a two-year funding plan for SWORD to vote on this fall. Region 9 is continuing to draw down the congressionally dedicated funding received for the study and fully expend the grant.

b. CDAP two-year updates:

Heather has held meetings in Archuleta, Montezuma, and San Juan counties with town and county administrators and economic development staff to complete initial reviews of the previous CDAPs which addressed priority projects through 2023. The update process is slated to continue through November and be brought to the BOCCs for approval in December.

c. Economic Development Updates:

Region 9 EDD's next Eco Devo Meet Up will take place in the Town of Dolores on October 6th. All the mayors from Montezuma County communities will join us along with Dolores's new town administrator for a meet and greet followed by a discussion on housing development efforts in the Town of Dolores and throughout the County.

San Juan Development Association (SJDA) – The organization recently hired two staff. Anne Chase is the new Community Project & Housing Coordinator and Sarah Moore is the new Grant & Sustainability Coordinator. These roles are supported by the Town of Silverton and SJDA. They will be responsible for advancing several priority projects identified in the 2022 Silverton Master Plan and creating and implementing a financial sustainability model for SJDA.

Dolores County Development Corporation (DCDC) – The intern from CSU's Extension office completed his project for DCDC in July which included developing a Dolores County incentives and asset map for businesses. This document is intended to help elevate awareness of unutilized infrastructure and potential for businesses or developers by quantifying and highlighting buildings that already exist but are not listed for sale or lease.

La Plata Economic Development Alliance (Alliance) – The Alliance and FLC were recently awarded the Opportunity Now seed grant totaling \$1.25M over three years. The objective of the workforce development grant is to address skill gaps that are inhibiting hire and upward mobility within industries that have economic impact in our five-county region. The strategy of the grant is to create micro certifications that are developed around skills identified by their advisory board and are built specifically for industry. These certifications are not for credit or a part of a formal institutional program but rather built by industry for industry. The Alliance is creating a formal advisory board that had its first meeting in August. Region 9

EDD staff serves on this advisory board.

Pagosa Springs Community Development Corporation (CDC) –

The CDC continues to move projects forward in four key areas:

Workforce Development – Fifty-five participants (40 students, 15 adults) completed summer intern programs funded through a Workforce Innovation Grant. A separate EDO Grant is funding the focus groups that help participating organizations and interns come together to assess skillsets and develop plans to build out career pathways for students and adults. The Workforce Innovation Grant totals \$271k over two years and can be used for intern pay, tuition assistance, PPE (computer, tools, etc.) Workforce Housing – The CDC is partnering with the County on the Stronger Communities Grant. The County deeded eight lots to the CDC for workforce housing. This project brings together essential work employers, local government, economic development, builders, and Habitat for Humanity to increase the stock of housing units serving people in the 80-120 AMI range. Eventually, the Career and Technical Education (CTE) program at the high school will be involved through internships with builders of the homes. The preselling of homes is slated for early next year. Broadband – The CDC is finishing the projects associated with their first broadband funding of \$2M to create redundant loop around Pagosa which will be complete before winter. Mainstreet Program – The Main Street Program is applying for the CDOT Revitalization Grant to improve streetside property next to the middle school including murals and sidewalk improvements.

The CDC recently hired Sandra Goodrich as the new executive assistant and Main Street Program Coordinator. Sandra previously worked for the County's Health and Human Services Department.

Montezuma County Economic Development (MCED) – Montezuma County Economic Development was awarded a \$26k EDO Grant which will be used for developing a community prospectus in conjunction with a website including SEO and professional photography and videography for highlighting community assets. This aligns with Montezuma CDAP project #32. The first meeting was held in September and included representatives from economic development, the County, Towns, and Tourism. Work continues on implementing the Resiliency Roadmaps and Montezuma Community Collective projects and the Town of Mancos and City of Cortez economic development partners as well.

Adjourn Region 9

The meeting was adjourned at 11:42 am by Willy Tookey, Board Chair.

SWCOG Board of Directors Meeting

Thursday, January 26, 2023

A. Call SWCCOG meeting to order.

The meeting was called to order at 12:03 pm by Jennifer Green, Board Chair.

B. Amendments to Agenda

C. Financial Report: Presented by Shirley Jones and Laura Lewis-Marchino

1. SWCCOG Financial Statements through Aug. 31, 2023

The SWCCOG financials by class were provided for review. Region 9 is subsidizing the COG with cash flow dollars of \$60K and another \$60K of staff time towards their programs. The staff time was expected. There will be more invoicing after September 30. Per the grant report earlier, several SWCCOG grants are ending including the Carrier Neutral Location grant with DOLA. The balance sheet showed low cash amounts in operating. There are funds that need to be deposited into the Broadband Fund and will be done when some of the payables come in. The SWCCOG line item in Region 9's budget is to account for the transfers and staff time not under SWCCOG required grant programs. This is a transition year with changing auditor, financial software, and accounting processes. An Executive Committee meeting will be scheduled to review the SWCCOG budget for 2024 and financials in depth. Anyone on the Board interested in participating should let staff know so that you can be included. Shirley will be available to answer questions and the **recommended action is to approve the financials as presented.**

Meeting Discussion

- The TPR will run under Region 9 and not the COG moving forward.
- The audit needs to close out before we can create the budget for next year.
- We were out of compliance with our All Hazards audit and we will be in compliance moving forward.
- We will have a draft budget by October 15th.
- The COG is audited as a government.
- Any DOLA funds will go under the COG.
- Region 9 would only apply for grants that we are eligible for the COG and will only apply for grants that the COG is eligible for.
- The audit we are doing on the fiber is different than a financial audit and it won't affect the lease agreement, but in certain jurisdictions it will help us to see where there wasn't good record keeping. It's an audit of fiber lines.
- Noted that the financials for Region 9 and the COG have separate financial fiscal years.

Motion from Mark Garcia to approve the financials as presented.

Second: Veronica Medina; Motion passed unanimously.

2. SWCCOG 2022 audit progress

The SWCCOG audit is behind schedule and staff continue to work with the auditors to get it done in the year. The recent All Hazards audit recommended a list of All Hazards inventory to be compiled and included in the financials. Region 9 also found out that the SWCCOG was supposed to submit a Correction Plan in 2021 for the All Hazards and this did not occur prior to the transition SWCCOG's financial transition and grant compliance. We do expect there will be some findings for the SWCCOG during the transition. Shirley will be available for questions. Both Executive Committees have been kept updated on the progress. Due to all the additional work, Region 9 budgeted to expand our accounting staff to make sure we can manage our growth well.

B. Director's Report: Presented by Laura Lewis-Marchino

1. Update on SWCCOG programs

- Current programs under the SWCCOG include the grant navigator grant, All Hazards and
- SWIMT emergency management grants, the CDL, Carrier Neutral Location, Shared

Services, Broadband, and dark fiber.

- The Shared services program has been reduced and will go away in 2024.
- Dark fiber contracts have been renewed with area governments and vendors due to the change in lease amounts and Region 9 getting added to the contract.
- Carrier Neutral Location (for old Post Office location) is just about completed, and the grant ends Sept. 30th though we requested a 30-day extension as we are waiting for final equipment orders. We will have 8-10 racks and TING will be leasing at least one, with Deeply Digital, Fast Track, Region 10 and the County also interested. We will make some income through the COG for rent but will be paying electric and any generator maintenance, and insurance fees. The goal is to break even.
- The DOLA CDL grant that was under the COG and extended due to a lack of activity has almost expended all funds.
- Audit of SCAN fiber is underway and moving slowly. This is being funded out of the broadband fund to make sure all SCAN fiber is marked throughout the communities.
- The SW Transportation Planning region moved from the SWCCOG to Region 9 on July 1st.

2. SWCCOG All Hazards Audit

Auditors from the State were at Region 9 offices on August 29th for All Hazards grant audit. Region 9 is serving as the fiscal agent and became aware of several recommendations from previous audits that were not implemented. The letter is attached and was sent to the SWCCOG and Region 9 Executive Committees. We are providing them with additional information and will provide a Corrective Action Plan to the agency once we receive an updated letter. The auditors said they would include previous requests for corrective action in the new letter.

3. Intent for new MOU

Region 9 will update the current contract as the integration continues to reflect more of the organizational alignment between the two organizations and how they will work together and less of a contractor scope of work design. **If there is no objection, a draft contract will be provided at the next Board meeting.**

Meeting discussion:

- Discussion around if the COG should do All Hazards and if it is worth our time. Moving forward, it shouldn't be as time consuming.
- No formal letter has been received from the All Hazards auditor just yet.
- Noted that the COG board and Region 9 board are listed as separate boards in the current MOU.
- Noted that the attorney is most likely wanting to see us listed as more connected than the current agreement.

D. Other Business

a. Next Region 9/SWCCOG Board Meeting: January 25, 2024

- i. Noted that we will need additional meeting for 2024 budget.**
- ii. Until meeting is established, we assume the 2023 budget for 2024.**

b. Region 9 Executive/Audit Committee meeting will be scheduled to close out the Region 9 books.

- c. **SWCCOG Executive Committee meeting will be scheduled in fall to approve a draft budget, and the SWCCOG audit.**
- d. **Community and Economic Development Round Robin Updates as time allows**
- i. Archuleta County – Presented by Todd Weaver and Veronica Medina
- Over 40 homes have been donated for work force housing.
 - The County sold the old courthouse and now have 5 years to relocate.
 - A new transit center will begin groundbreaking in the spring. This will help to connect the Bustang to Pagosa.
 - The health department is separating with San Juan Basin, but excited for 1/2/23 and new staff in place. Looking for funding already, things are lined up and ready to go. Excited about staffing – wonderful applicants and great choice of people.
 - The county is in the budgeting process.
 - They are currently wrapping up road projects for the county.
 - The County has recently donated 35 tax lien lots for CC and HFH to push for housing in community. (11 Habitat and remaining 35 to 2 organizations). Goal is to have 10 homes built next year.
 - Prop 123 in under consideration as well.
 - Updating handbook and reviewing MOU with Town in regards to tourism board.
 - Still continuing talks with Southern Ute roads and moving forward.
- ii. Pagosa Springs – Presented by Mary Jo Coulehan and Jennie Green
- Noted that the end of summer has been very good tourism-wise.
 - Hwy 160 is still in the process of getting repaved, but it's only being worked on at night.
 - There was a prescribed burn in Archuleta County.
- iii. Dolores County – Presented by Steve Garchar
- The national conservation area has hit a road bump. At the end of the month, he will have an update on the solar farm.
 - There were fires currently going on in the County – one lightning and other is prescribed burn.
 - Dove Creek is working on new water facilities. Dove Creek has moved into a new town hall.
- iv. Town of Rico - Presented by Chauncey McCarthy

- The Town of Rico is breaking ground on the Public Works facility on October 9th. The last large capital improvement project was over ten years ago.
 - They submitted a grant for improvements in the town park with trails/skate park/ playground and are hoping to get funding. The Town is working on their 2024 budget.
- v. Town of Dolores – Presented by Leigh Reeves
- Dolores has new businesses opening. The new bike hostel is opening this Friday which will tap into the Boggy Draw/ Phil’s World enthusiasts and help economic growth. The Rio Southern was small hotel and is now going to be an Italian restaurant. Opening a ‘Stakeout’ restaurant with steak and brunch. Perhaps a deli is coming in too. Mama Bear Bakery was recently taken over as well and there are a number of commercial buildings for sale right now.
 - They are moving into a new Town Hall in December. Old Town Hall will be taken down to form a town square.
 - The comprehensive plan is being updated as well. They are trying to get GoCo money for funding.
 - Dolores is buying the community center and want to turn it into an event space and develop it more as a business.
 - RFP is out for affordable housing for developers.
- vi. La Plata County – Presented by Clyde Church
- Noted that population distribution is uneven and want to ensure homeowners get insurance.
 - The budget cycle is right now and expecting a scaled down budget for next year.
 - They are looking at a decrease in sales tax revenue.
 - Church attended the Bonita Peak Mining District tour; the final storage facility is large. They are deferring County discussion on short term rentals until next year.
 - They are continuing to monitor West Side Trailer Park relocation. The trailer park will be cleaned up and will have folks moved back in with reasonable renting.
 - Church is taking a look at the living with wildlife advisory from a national impact perspective.
- vii. La Plata County At-Large - Presented by Justin Osborn, Wells Group and Robert Whiston
- Most of the real estate markets are down in volume. Prices are dipping in 2nd homes.
 - Infrastructure is a huge battle with development companies.
 - Nobody is refinancing at this point in time.
 - There is a tight recruiting market out there. Many clients are looking for people for clerical services. Noted that there is a shortage of skilled laborers.

- viii. City of Durango – Presented by Tommy Crosby and Oliver Bosmans
- Durango Mesa Park has opened new trails as of today.
 - There are 120 units that are opening up in Durango for affordable housing.
 - There has been a new partnership with Manna and other entrepreneurs into the area at housing.
 - There has been some progress on the fire station.
 - The financials are really good with Sales tax up 3% from what was originally projected.
 - The Cowboy parade is happening this weekend.
- ix. Bayfield – Presented by Ashleigh Tarkington and Katie Sickles
- Heritage Days fest is this weekend – everyone is invited!
 - Bayfield decided to pull the Lodger's tax off of the ballot.
 - Pine River's miner project is coming up and there is general excitement regarding project and grants that are being sought out.
 - There is a 1% sales tax that will go toward parks culture and recreation to improve parks and trail systems.
 - The Town is working on the budget.
- x. Southern Ute Indian Tribe – Presented by Colton Black
- Economic development plan (CEDS) is updated and on the website.
 - Prop 123 is being considered.
 - The Rock Creek project for Ignacio is approved, waiting on congress to pass bill which would bring more housing.
 - Looking for project coordinator in eco developmental office.
- xi. Town of Ignacio- Presented by Mark Garcia
- Budget work happening.
 - CDOT is finishing a handicap ramps project.
 - The Town has replaced 26 sewer services.
 - Garcia expressed excitement about Rock Creek project coming up which will have 21 single family home ownership lots.
 - The tribe is working on expanding the broadband network through Ignacio. They are currently pursuing grant funds with DOLA funding for a new school.
- xii. San Juan County- Presented by Willy Tookey and Charles Alex Lanis
- Silverton mountain has sold.

- HOV election next week in the Town of Silverton.
 - There is a new Town Clerk.
 - San Juan County now has private healthcare options in town.
 - There is construction going on at the Superfund site, mostly positive. EPA crew are making a positive/neutral effect on economy.
 - The Sales Tax has been strong this summer.
 - Saturday is ribbon cutting for outdoor railroad museum.
- xiii. The City of Cortez - Presented by Drew Sanders
- Broadband buildout is still going on.
 - Working on land use code.
 - Looking at opting into Prop 123.
- xiv. Montezuma County at Large - Presented by Cassie Alexander and Shawn Gregory
- For the local agricultural industry, production is up and livestock have good marketing prices.
 - Bike Park has been proposed for outside of Dolores and has raised \$30,000 to get design done
 - Trying to get new school in Dolores.
 - Finished linking a mountain bike trail from Dolores to Boggy Draw.
 - There is a big 10-year logging project going on currently.
- xv. SBDC center – Presented by Mary Shepherd
- The small business conference is back! There was a huge turnout this year.
 - Mary has been travelling to gain rapport within the 5 county areas.
- xvi. Town of Silverton – Presented by Dayna Kranker
- Kranker is excited for upcoming housing projects.
 - Grant funding is up 4-fold.
 - Sales tax revenue is up as well due to online sales tax collection and seeing healthy local growth. Trying to invest revenue into staff capacity to recruit and retain staff.
 - Opened Anesi Park with the primary purpose for bathrooms for visitors and a new kitchen and commercial space for events and office space for the Town.
 - Bakers Park has a lot of improvement as well – will be a 30-mile bike park above cemetery.
 - The Town awarded a contract for a rewrite for land use.
 - Hosting a Resource Fair on October 29th to provide a family friendly community event and also connect residents to resources in region.

xiv. The State of Colorado – Presented by Senator Simpson

1. There's a 250-year celebration coming up in 2026. His senate district has been redrawn and now Simpson covers Region 9 to the Utah border.

Next Board Meeting

The next meeting will be held on January 25, 2024 in Durango.

I. Adjourn SWCCOG

The meeting was adjourned at 1:41 pm by Veronica Medina, Vice Board Chair.

Minutes provided by Elizabeth Heine

DRAFT

Executive Committee Minutes

Monday, November 13, 2023, 2:00pm-3:36pm

Committee discussion items and notes are in bold/italic.

Board Members		Region 9 Staff	
	Ashleigh Tarkington	Town of Bayfield	X Brian Rose
	Clyde Church	La Plata County	X Shirley Jones
X	Colleen O'Brien	La Plata County At-Large	X Elizabeth Heine
X	Dan Fernandez	Dolores County At-Large	X Laura Marchino
X	Kelly Koskie	City of Cortez	
X	Mary Jo Coulehan	Archuleta County At-Large	
X	Willy Tookey	San Juan County	

A. Call the Meeting to Order

1. The meeting was called to order at 2:04 pm by Willy Tookey, Board Chair.
2. Attendees (As marked above)

B. Financial Report

1. Close out of Sept. 30, 2023 Fiscal Year financials: presented by Shirley Jones. The financials were distributed prior to the meeting for reference.

Shirley's main points:

- ***\$4,429,611.80 – Total Revenue***
- ***\$2,916,715. 27 – Total Expenditures***
- ***\$1,512,860.53 – Net Revenue Over Expenditures***
- ***\$14,441,278.06 – Total Assets***
- ***The money we made from interest was good this year.***
- ***Travel costs were high due to a few unplanned conferences and travel between communities.***
- ***IT costs were high due to the implementation of Margil.***
- ***EZ funds were not able to help offset Fund 100 this year, instead it was the other way around.***

Meeting Discussion

- ***The money we give to the SWCCOG is not being reimbursed back to Region 9.***
- ***Insurance costs are higher, partly due to a change in insurance provider.***
- ***Clarification that the \$360,253.77 in the CO Startup loan fund is what we have left to spend.***
- ***Discussion surrounding loan loss sheet, Fund 200 increased, many of the others stayed the same.***

Motion by Dan Fernandez to approve the 2023 Fiscal Year Financials including the Loan Loss as presented. Second: Kelly Koskie. Motion passed unanimously.

Motion by Dan Fernandez to approve the interfund transfers as presented. Second: Mary Jo Coulehan. Motion passed unanimously.

Motion by Mary Jo Coulehan to approve the amendments as presented. Second: Kelly Koskie Motion passed unanimously.

2. Update on SWCCOG audit and budget

At the time of the meeting, the auditor had received all information needed to complete the SWCCOG audit. Staff met with the All-Hazards compliance team and do not need to track inventory in the SWCCOG financials. A SWCCOG Executive Committee will be scheduled as soon as the audit is completed and brought to the Board for approval on Dec. 13, 2023.

Meeting Discussion

- ***The SWCCOG audit must be done by December 15th.***

C. Director's Report

1. December meeting agenda draft

A draft copy of the December 13, 2023 Board Meeting Agenda was provided prior to meeting; the December meeting will be held on Zoom. Region 9 hopes to address SWCCOG business at quarterly meetings moving forward, though final approval of the SWCCOG budget by the end of each calendar year will be needed.

Meeting Discussion

- ***There was a question of whether or not Shak's salary is being compensated for the additional projects that he's running, and the consensus was that he is and that the funding is coming from membership dues.***
- ***Noted that a bigger concern is that the SWCCOG has no admin funding source to pay for administration support.***

2. Update on All Hazards audit

A follow up call with the All-Hazards auditors was held the last week of October, and our audit letter requesting a Compliance Plan to resolve policy issues arrived November 13th, just prior to this meeting. Of note is that our All-Hazards Coordinator, Vicki Shaffer, said that the two Tribes pulled out of the regional team because of all the compliance required. Our plan is for staff to resolve all concerns, which will include updates to several policies and might even mean bringing back a few COG policies relevant to this program only. Staff will have some recommendations ready for approval at the next two full Board meetings.

One item we already included is raising our depreciation amount from \$1,000 to \$5,000. This will be one of our adjustments approved, Dec. 13th as we are already putting this into practice.

3. Funding & Project Update (FYI)

- The DOLA grant for the Carrier Neutral Location (CNL) was audited and **is** being closed out. This audit was quick and easy.
- Tiffany is coming back from maternity leave, and we will be working with her on follow up with some entities, restarting the Grant Digest and also working to find some more funding for Region 9. Health Otter is looking for funding to support our databases, and work with the regional economic developers. Shak is continuing to look for Broadband funding.
- On November 8th, the SWORD Council approved the allocation of \$1.5M dollars to the region's opioid abatement efforts. The total amount represents years 1 and 2 distributions from the State Opioid Funds to our region. It will be split among four approved areas of use as follows: 63% of available funding to high intensity sustained recovery residential; 10% for Enriching Support for a Recovery Ready Region; 20% for Community Choice; and 7% to Region 17 Consulting Services. Region 9 is working with La Plata County's finance department to submit the funding request to the state by November 15th. La Plata County serves as the fiscal agent for SWORD.

Meeting Discussion

- ***Tiffany is an asset for our grant program. We are looking at funding sources to continue to keep her.***
- ***Confirmed that the \$1.5 million dollars for SWORD is for a two-year time frame.***
- ***SWORD is looking at places to build from scratch for the planned recovery residences.***
- ***Region 9 administers the council for the SWORD per our region's government's request.***
- ***Hired a contractor to help with the implementation workload.***

4. Initial recommendations CFO Services

Terryl Peterson has been conducting employee interviews and looking at our financial policies and processes. She will be meeting with Laura in the next week regarding recommendations and next steps. Her recommendations do include updating policies to reflect more electronic and streamlined processes which will hopefully align with the All-Hazards changes. There is also exploration to outsource payroll. Specific actions include:

- Consultant meets with Executive Director to review initial recommendations
- Recommendations are refined and shared more broadly in the organization
- Consultant, ED, DD, and Comptroller develop an implementation plan with assignments, timelines, and measures of completion
- Consultant meets with team on a regular basis throughout implementation

This is for the Executive Committee's information.

Meeting Discussion

- *Shirley said that having Stephani help her has been helping with her general workload.*
- *Shirley is in favor of keeping our current payroll system, although Terry thinks that it would be really time efficient for us to change.*
- *Additional delegation would be helpful for Shirley's workload as well.*

D. Other Business – CRS Section 24-6-402 () (i)

1. Executive Committee Terms and Officers (FYI)

Region 9 Board members with terms expiring have been asked about their interest in continuing on the Board. Several board members are also on the Executive Committee with expiring terms. Those are Willy Tookey, Mary Jo Coulehan, Colleen O'Brien, Dan Fernandez, and Kelly Koskie. Of the current Executive Committee, all have expressed interest in continuing. Also, three Region 9 Board members have expressed interest in possibly serving on the Executive Committee: Colton Black, Nate Peach, and Todd Weaver.

Meeting Discussion

- *Noted that it's important that all five counties are represented.*
- *Laura will follow up regarding officer positions.*

2. Potential Region 9 Tax Credit Program

A proposed new program idea was presented by Brian Rose. This program would seek to purchase transferable state tax credits from across Colorado and then resell those tax credits to businesses and individuals, primarily located within Region 9. Tax credits are typically sold by non-profits or individuals who are unable to utilize the credits and as a way to convert the credits to cash. The program meets the general mission statement of Region 9 to increase the economic prosperity of the region and would be revenue generator for Region 9. Brian provided information prior to the meeting about the program and is available for further questions.

Brian's Highlighted points

- *Currently, up to \$10Million a year in state tax credits are available through The Preservation of Historic Structures Credit (HPTC)(C.R.S. 39-22-514.5) which is administered by the Colorado Office of Economic Development and International Trade (OEDIT) and History Colorado.*
- *This program will be run until 2029.*

Meeting discussion

- *Brian confirmed that there is a market for buyers for this program. The incentive for buyers would be the general savings they would receive.*
- *It can work for individuals and businesses.*
- *The program can go toward any tax credit that is transferrable.*

Motion by Mary Jo Coulehan to approve Region 9 continuing to explore with the tax program as described above. Second: Kelly Koskie Motion passed unanimously.

E. Adjourn Meeting

The meeting was adjourned at 3:36pm by Willy Tookey, Board Chair.

Minutes provided by Elizabeth Heine

DRAFT

Executive Committee Minutes

Tuesday, December 19 10:30am

Zoom:

Meeting ID: 321 045 5130

Passcode: 531

Committee discussion items and notes are in bold/italic.

Board Members		Region 9 Staff	
X	Ashleigh Tarkington	Town of Bayfield	X Brian Rose
	Clyde Church	La Plata County	Shirley Jones
X	Colleen O'Brien	La Plata County At-Large	X Elizabeth Heine
	Dan Fernandez	Dolores County At-Large	Laura Marchino
	Kelly Koskie	City of Cortez	
X	Mary Jo Coulehan	Archuleta County At-Large	
X	Willy Tookey	San Juan County	

A. Call the Meeting to Order

1. The meeting was called to order at 10:30am by Brian Rose.
2. Attendees (**As marked above**)

B. Loan Presentation

Kenneth Trujillo and Marco Lucero, owners of Durango Hospitality Partners LLC, have requested \$400,000 for the purchase of Happy Pappy Pizza and Wings. The current owner is selling the business to focus on franchising and executing an expansion of the brand into the Florida market. Region 9 helped support the creation of Happy Pappy's in 2020 through 2 loans to Mark Anderson and Anderson 5, LLC. The loan accounts were handled as agreed. Mark has grown the business from \$689k in Gross Revenues in 2021 (first full year) to \$796k in Gross Revenues in 2022 and to an estimated \$846k in 2023. The menu is that of a traditional pizzeria; pizzas, calzones, salads, wings, beer & wine, Zuberfizz sodas, bread sticks, and a variety of desserts. The business is located at 2411 Main Ave, Durango: directly across the street from the high school. There is an inside dining room and a large patio with seating. During the day, the lunch crowd from the high school is a large driver of revenue due to the pizza slice and a soda for \$6 deal that is offered to the students. Mark has focused on connecting to the schools and school groups as a major part of his outreach and business development efforts.

The restaurant is currently employing 11 people. Happy Pappy's has been a staunch supporter of the schools and other charities in the area. In 2022, Donations from the restaurant were \$25,450 and discounts of \$37,994 were offered to civic and school groups.

The purchasing entity is 100% minority owned. All of the positions in the business are considered low to moderate income.

This loan will be secured by a first lien blanket UCC-1 filing on all of the business assets being purchased. An asset list was prepared for the sale and the equipment had an estimated value of \$160,800. Additionally, Marco's father (Leroy Lucero) has agreed to offer a second deed of trust on his home to help support his son. Zillow suggests a value of \$837,400 and the county's tax assessed value is \$657,000. There

appears to be some deferred maintenance on the property but is located within the grid of Durango. A mid-value of \$725,000 was used for the home. After discounting the collateral values further, there appears to be adequate collateral to cover the proposed loan.

Based on the compliant debt coverage ratios, the six-figure equity injection, and the adequate collateral pledged, the recommendation is the approval of the \$400,000 loan. It will be priced at 8.0% fixed for 5-years, on a 10-year amortization, with a 1.75% origination fee. Region 9 would propose the first payment to be interest only followed by full P&I payments. The Loan Committee approved the proposed loan last week.

Meeting Discussion:

- ***The landlord is Craig Arnwine . The current lease goes through 2026.***
- ***Noted that the car wash next door may turn into additional dining for Happy Pappy's.***
- ***The current owners are moving to Florida and will continue the franchise there. The purchase of Happy Pappy's will include the company name. When franchising starts, it will be optional for Marco to continue with the name or not.***
- ***Noted that Mark has done a great job with his marketing tactics.***
- ***The liquor license is ok to transfer for a period of time per Colorado guidelines.***
- ***Noted that it would be nice for the company to stay local.***

Mary Jo Coulehan approved the loan as recommended above. Seconded by Ashleigh Tarkington. Motion passed unanimously.

There were two email approvals; one from Dan Fernandez and one from Kelly Koskie.

C. Adjourn Meeting

The meeting was adjourned at 10:47am by Brian Rose.

Minutes provided by Elizabeth Heine

January 18, 2024

Laura Lewis Marchino
Executive Director
Region 9 Economic Development District of Southwest Colorado, Inc.
135 Burnett Dr. #1
Durango, CO 81301

RE: 1st & 2nd Quarter 2023 Loan File Compliance Review Findings

Dear Laura,

Per our services contract, I recently performed a quarterly file review; the scope of which covers compliance and proper documentation per requirements of the SBA, CDBG, Colorado Start Up, and EDA loan programs. Region 9 originated 3 SBA loans, 2 CDBG loans, 6 Colorado Start Up loans, and 4 EDA loans. They were: ModStreet, Montezuma Mexican Restaurant, AFV, Gazpachos, TDL Recycling, Durango RV Repair, Southwest Donuts, Chill Out, LJS Dental Lab, Mestas Welding, Texas Ty's BBQ, Right Molecule IV, Durango Printer, Kustom Diesel, and Durango Culinary Concepts, respectively, during the above stated quarters.

There were no major documentation exceptions to note.

As stated in the Q4 2022 audit letter, invoices and/or receipts from borrowers during draw periods were mostly missing for these loans. Staff has made great improvements in gathering these (which this auditor understands are difficult to obtain after disbursement), and I am pleased to see many of these in file for the above mentioned loans.

There were only a few minor documentation exceptions. Region 9 is aware of these and is actively working to resolve them. They are as follows:

- Montezuma Mexican Restaurant
 - Missing invoices/receipts
- TDL Recycling (note, this borrower has been in default since shortly after loan closing and has since ceased communication with staff)
 - Job development statement not signed
 - Missing vehicle title/lien filing on VIN#1M2K189C55MO27272
 - Missing proof of insurance
 - Missing invoices/receipts
- Gazpachos
 - Missing DUNS#
- Mestas Welding
 - Missing property insurance

- Missing Promissory Note addendum

All loans were approved, closed and documented within their program guidelines.

Please let me know if you have any questions regarding this review. I look forward to reviewing the files for the next quarter.

Sincerely,

Elise Savastano
Region 9 Independent Auditor

**REGION 9 ECONOMIC DEVELOPMENT DISTRICT
OF SOUTHWEST COLORADO, INC.**

RESOLUTION #24-01

(This resolution replaces #23-01)

Signature Authority

Resolution to authorize the Executive Director, Deputy Director, and/or the Region 9 Board Chair (and other staff as specified) to sign loan instruments, security agreements, deeds of trust, subordination agreements, warranty deeds and contracts within their capacity of administering loans or grants by the Region 9 Economic Development District and Southwest Colorado Council of Governments.

WHEREAS, one purpose of the Region 9 Economic Development District of Southwest Colorado, Inc. (District) is to provide financial assistance to businesses creating and retaining employment opportunities within the region; and

WHEREAS, while making loans to business and collection activity, the Executive Director, Deputy Director, and/or Board Chair is asked to sign documents such as loan instruments, security agreements, deeds of trust, subordination agreements and, in the case of foreclosures, warranty deeds to transfer property that has been acquired through foreclosure; and

WHEREAS, in the course of business, the Executive Director, Deputy Director, or Board Chair is asked to sign grant contracts; and

WHEREAS, in forwarding the region's Broadband infrastructure, the Regional Projects Manager will be authorized to sign contractor and consultant bids, and work contracts under the oversight of the Executive Director and Deputy Director.

THEREFORE, BE IT RESOLVED, that the Board of Directors authorizes the Executive Director, Deputy Director, the Board Chair, and/or the Regional Project Manager to sign documents in the course of business such as broadband contractor documents, grant applications, loan instruments, security agreements, deeds of trust, subordination agreements and, in the case of foreclosures, warranty deeds to transfer property that has been acquired through foreclosure.

Approved this 25th day of January 2024 by the Board of Directors of the Region 9 Economic Development District of Southwest Colorado, Inc.

William Tookey, Chair

Dan Fernandez, Secretary



Please vote for up to three candidates for the Executive Committee by circling names. Should you have a candidate not listed, please write down their name and circle it.

Ashleigh Tarkington

Clyde Church

Kelly Koskie

Todd Weaver

Annual Portfolio Report 2023

Borrower Business (Company) Name	Borrower Country	Loan Amount	Current Balance as of 12/31/23	Funding Source	Use of Funds	Status	Jobs	Loan Terms
2 Rico, LLC	Dolores	\$75,000	\$71,472.57	CBDG #8	Equipment Working Capital		1	4/20/2025
2 Rico, LLC	Dolores	\$24,000	\$27,830.70	SBA	Euiipment		ent 180 dc	8/20/2027
303 Labs Co.	Montezuma	\$80,000	\$57,875.63	Revolved	Epuipment		8	4/20/2025
640 White Partners, LLC	Mesa	\$150,000	\$143,600.02	Statewide EDA	Equipment/working Capital		2	7/20/2027
5340 Investments, LLC dba Club Hotel	Clear Creek	\$127,500	\$118,506.23	Statewide EDA	Real Estate		9	7/13/2032
ADB Enterprises, LLC	Montezuma	\$125,000	\$125,000.00	IRP #6	Working Capital, Equipment, Construction		2	10/20/2028
ADC Services, LLC	La Plata	\$25,000	\$23,482.42	320 - CO StartUp Fund	Purchase of equipment, debt payment		3	8/20/2028
Advertising Innovations, Inc	La Plata	\$85,000	\$80,617.32	Revolved	Debt Consolidation Working Capital		1.5	10/20/2025
AFV, LLC	La Plata	\$45,000	\$42,069.88	SBA2	Equipment, Builuding Materials		13	6/20/2029
Aldrich Art	La Plata	\$42,000	\$25,959.68	EDA - COVID	COVID19		2	12/20/2025
Alexander Excavation, LLC	Montezuma	\$170,000	\$152,194.15	EDA - COVID, EDA Statewide, Revolved	Eqipment		2	9/20/2026
Alpine Aerial Acrobatics	La Plata	\$5,500	\$721.75	DALP Loan	COVID19		1	5/20/2024
Alpine Mobile Crete, LLC	La Plata	\$170,000	\$121,413.81	SBA	Eqipment		1	2/20/2028
Anderson 5 Enterprises / Happy Pappy Pizza N Wings	La Plata	\$96,000	\$61,043.57	IRP #1, CDBG #8	Acquisition, Equipment, Working Capital		11	5/20/2025
Antedotum, Inc.	Pitkin	\$250,000	\$199,256.14	Statewide EDA, 8500 NWLF	Working Capital		5	1/20/2027
Aubuchon Custom Productions, LLC	Montezuma	\$15,000	\$3,893.20	Revolved	Vehicle Trailer Pruchase		2	12/20/2024
Azura Studios Corp.	Delta	\$64,559	\$36,389.28	CoPACE	Working Capital		0	4/30/2028
BACP, LLC dba Ski Barn	La Plata	\$10,000	\$297.03	DALP Loan	COVID19		5	3/20/2024
Baier Essentials, LLC	Montezuma	\$65,000	\$34,507.57	EDA-2	Real Estate		1	7/20/2025
Balcony Bar & Grill, LLC	La Plata	\$60,000	\$11,549.44	Revolved	Buyer Burnout		0	9/20/2024
Banger's Bar & Pizza Place	Dolores	\$81,872	\$63,789.40	Revolved	FF & E Working Capital		7	5/20/2034
Banger's Bar & Pizza Place	Dolores	\$100,000	\$76,988.59	Revolved	Building Purchase		UTO	4/20/2025
Barbara Woolsey dba Ma'Dame Ice	La Plata	\$10,000	\$10,000.00	CP Start Up Fund	Equipment, Inventory, Working Cptial		1	6/20/2028
Baumgartner/Mud Creek Hogan	Montezuma	\$45,298	\$40,842.47	Statewide EDA	Real Estate		2	7/20/2027
Bearded Wonder Services	San Juan	\$50,000	\$40,337.99	Revolved	Repairs, maintenance		1.5	5/20/2025
Beauregard Ent., LLC dba Jitter's Java	La Plata	\$27,000	\$21,246.84	CBDG # 8	Aquisition		1	2/20/2026
Beauregard Ent., LLC dba Jitter's Java	La Plata	\$3,000	\$1,560.93	Revolved	COVID		ent 180 dc	5/20/2024
Bella Dance Studio, Inc.	La Plata	\$135,000	\$109,448.97	CBDG #8, Statewide EDA	Employee Purchase		2	6/20/2027
Bo Deans Towing and Repair, LLC	La Plata	\$100,000	\$82,397.38	EDA Statewide	Acquisition		0	11/22/2026
Bookkeeping Services of Durango, LLC	La Plata	\$100,000	\$82,702.44	COVID EDA, Statewide EDA	Employee Purchase		5	7/20/2027
Boundless Beauty, LLC	Archuleta	\$30,000	\$18,636.63	Revolved	Start Up Costs		1.5	2/20/2026
Brauvalle, LLC dba Cantera	La Plata	\$100,000	\$17,710.23	Revolved	FF / E Improvements / Working Capital		31	8/7/2024
Bykota Love, LLC	Larimer	\$250,000	\$209,674.66	Statewide EDA	Working Capital		77	8/5/2027
C & C Creations, LLC dba April's Garden	La Plata	\$96,925	\$7,559.86	Revolved	Aquisition		1	10/1/2024
Carhart Customs, LLC	Dolores	\$76,258	\$39,135.84	Revolved	Real Estate, Equipment, Inventory, Working Capital		1	11/20/2024
Chavez Tortilleria Factory, LLC	La Plata	\$70,000	\$7,001.41	Revolved	Eqipment		2	6/20/2024
Choice Athletics, LLC	La Plata	\$250,000	\$184,691.73	Revolved	Equipment, Leasehold Improvements, Working Capital		3	1/20/2028
Clayton Archer	Montezuma	\$34,500	\$17,904.88	EDA - COVID	Expansion		4	11/20/2025
Cliffside Ski & Sport, LLC	La Plata	\$6,000	\$697.92	DALP Loan	COVID19		2	4/20/2024
Cole Glenn Fly Fishing dba San Juan Angler	La Plata	\$150,000	\$149,652.71	EDA 2	Purchase of business, inventory		6	11/20/2028
Colorado Norton Works, Inc.	Montezuma	\$130,002	\$94,993.29	Revolved, RMAP 2	Inventory		1	10/20/2024
Countryside Disposal, LLC	Montezuma	\$70,000	\$51,766.49	IRP #1	Eqipment, Working Cptial		2	11/20/2026
Curt Mangan, Inc.	Montezuma	\$200,000	\$114,315.21	Revolved	Equipment, Working Capital		10	5/20/2027
Dancing Raven Stoneworks, LLC	La Plata	\$10,500	\$8,511.46	CBDG #8	Working Capital		2	12/20/2027
Deborah Kelroy Fine Art	La Plata	\$15,000	\$14,196.34	320 CO Start Up Fund	and Display Materials, Travel/Working Capital, Registratio		1	7/20/2028
Denkai Animal Sanctuary	Montezuma	\$35,400	\$31,024.13	Revolved	Real Estate		3	9/20/2025
Dickson Electric, LLC	San Miguel	\$55,000	\$41,381.44	EDA - Statewide, IRP #1	Acquisition, Working Capital		0	4/20/2026
Durango Culinary Concepts, LLC	Montezuma	\$95,102	\$91,975.27	EDA - Statewide	Equipment, Improvements, Working Capital		4	5/20/2028
Durango Insurance Advisors	La Plata	\$65,000	\$23,836.05	IRP #1	Acquisition		2	3/20/2024
Durango Printer, LLC dba Fresh Off the Press	La Plata	\$164,125	\$153,088.19	EDA Statewide	inventory, Equipment		3	1/5/2028
Durango RV Rental, Inc.	La Plata	\$100,000	\$55,000.00	revolved	Employee Purchase		15	1/20/2024
Durango RV Repair, LLC	La Plata	\$125,000	\$121,770.96	CO Start Up	Start Up Costs, Equipment		2	3/20/2028

DurangoSpace, LLC	La Plata	\$6,500	\$1,724.89	DALP Loan	COVID19	1	5/20/2024
Eagle West Cinemas, LLC	Fremont	\$186,000	\$164,095.78	Statewide EDA	Working Capital, Equipment	2	3/20/2027
Eclipse DOT, Inc.	La Plata	\$125,000	\$98,600.54	IRP / Statewide EDA	Working Capital	1	1/20/2027
Elevate'M, LLC	Montezuma	\$30,000	\$22,444.63	RMAP	Working Capital	1	1/20/2027
Elevate'M, LLC	Montezuma	\$35,000	\$12,200.00	CO Start Up Fund	Working Capital	1	12/20/2028
Enrohtgroup Limited Liability Company	Chaffee	\$17,000	\$12,013.04	Statewide EDA	Working Capital	2	2/20/2027
Et Voila Catering, LLC	La Plata	\$50,000	\$25,313.95	SBA	Equipment	1	1/20/2026
Fading West Development Consolidated	Chaffee	\$750,000	\$627,257.08	Statewide EDA	Working Capital	142	7/20/2027
Four Corners Business Solutions, LLC	La Plata	\$16,000	\$13,407.16	CO Start-Up	Working Capital	2	8/20/2027
Franklin Drilling & Blasting, Inc.	La Plata	\$500,000	\$350,583.98	Revolved, Statewide EDA	Employee Purchase	7	2/20/2027
Gate 6 Enterprises, LLC aka Bar-U-Eat	Routt	\$250,000	\$200,556.06	Statewide EDA	Working Capital	5	3/20/2027
Geyser Technologies, LLC	Montrose	\$25,000	\$12,015.03	Revolved	Working Capital, inventory	UTO	12/20/2025
Geyser Technologies, LLC	Montrose	\$125,000	\$28,243.02	Statewide EDA	Working Capital, Inventory	UTO	10/20/2024
Geyser Technologies, LLC	Montrose	\$150,000	\$126,296.52	Statewide EDA	Working Capital, Inventory	UTO	6/20/2027
Grasshoppers Landscaping and Lawn Service, LLC	La Plata	\$65,000	\$14,965.14	IRP #5	Acquisition	5	6/1/2025
Hanna Wilson Photography, LLC	La Plata	\$5,000	\$5,000.00	Revolved	Working Capital repay through Lodger's Tax Grant	1	2/20/2024
Heart Stone Properties	La Plata	\$70,000	\$53,847.94	Revolved	Equipment Working Capital	2	6/20/2028
High Desert Life Outdoors, Ltd.	Montezuma	\$65,000	\$5,524.33	IRP #1	Debt Consolidation, Partner Buyout	1.5	1/20/2024
Ivy League Ventures, LLC dba The Avon	San Juan	\$50,000	\$8,691.23	Revolved	Working Capital	3	8/20/2023
Jennifer Gross dba The Soup Palette	La Plata	\$60,000	\$26,453.75	Revolved	Expansion	2	7/28/2028
Joyful Nook Gallery, LLC	La Plata	\$75,000	\$58,801.05	EDA - COVID, RMAP	Equipment	3	6/20/2026
Jungle Gym DGO, LLC	La Plata	\$31,199	\$17,086.56	CDBG #8, IRP #5	Expansion	5	8/20/2025
Jungle Gym DGO, LLC	La Plata	\$125,000	\$120,150.23	Revolved	Expansion, Equipment	UTO	8/20/2028
Just Click Printing, Inc.	Archuleta	\$190,000	\$169,507.11	Revolved	Equipment	2	8/20/2027
K & J Customs	Montezuma	\$46,370	\$23,068.11	IRP #1, IRP #5	Equipment	2	3/20/2025
Kashmien, LLC dba Lotsa Pasta and That'za Pizza	Montezuma	\$82,000	\$35,271.25	Revolved	Acquisition, Working Capital	12	8/20/2026
KB Insurance Group	Montezuma	\$65,000	\$46,770.12	IRP #1	Working Capital	0	5/20/2026
Kingdom Builder, LLC	La Plata	\$60,000	\$37,963.55	CDBG #8	Debt Consolidation	6	8/20/2025
Kingdom Builder, LLC	La Plata	\$40,000	\$30,638.21	Revolved / Statewide EDA	Working Capital	6	5/20/2027
Kustom Diesel Repair & Towing, LLC	Montezuma	\$119,000	\$119,000.00	Statewide EDA	down payment assistance	8	6/20/2028
Kustom Diesel Repair & Towing, LLC	Montezuma	\$80,000	\$80,000.00	Statewide EDA	equipment	UTO	6/28/2043
La Watha, LLC	Montezuma	\$44,000	\$25,554.04	Revolved	Improvements, Inventory, FF / E, Working Capital	3	3/20/2023
Larry VanBuren dba Eighty Eight Auto Repair	Montezuma	\$40,000	\$26,537.71	EDA 2	Working Capital	0	6/20/2026
LJS Dental Lab, LLC	Montezuma	\$65,000	\$60,758.67	CO Start Up	Employee Purchase	3	3/20/2028
Local NEWS Network	La Plata	\$75,000	\$47,707.48	Statewide EDA	Expansion	6	2/20/2025
Local NEWS Network	La Plata	\$75,000	\$49,599.79	Statewide EDA	Expansion	UTO	7/20/2025
Lowell Village Metropolitan District	Mesa	\$13,770	\$7,556.66	EDA - Statewide	Equipment	5	5/20/2026
Maisel Excavation, LLC	San Juan	\$101,749	\$73,863.20	Revolved / EDA2	Equipment, Working Capital	1	6/20/2027
Mark Morgan	La Plata	\$115,000	\$101,133.75	Revolved	Reaffirmation of Debt	0	5/20/2025
McManamon Holdings, LLC dba Gazpacho New Mexicar	La Plata	\$175,000	\$175,000.00	CDBG #8, CO Start Up	Employee Purchase	20	3/20/2028
Meadow Market, LLC	La Plata	\$200,000	\$195,405.07	Revolved	Start Up Costs	4	6/20/2028
Megan Slater Acupuncture, LLC	La Plata	\$3,000	\$353.23	DALP Loan	COVID19	1	4/20/2024
Mestas Welding, Inc.	Montezuma	\$33,000	\$25,933.47	SBA	Equipment	4	6/20/2028
Mestas Welding, Inc.	Montezuma	\$25,000	\$23,215.89	Start Up Fund	Expansion	3	4/20/2028
Metropole, LLC dba Enterprise Bar & Grill	Dolores	\$10,000	\$4,449.30	Revolved	DALP - COVID	UTO	6/20/2025
Midnight Investments dba Dove Creek Sinclair, LLC	Dolores	\$80,250	\$50,460.70	Revolved /DCDC	Acquisition	7	3/20/2024
Mike's Dispos-All	La Plata	\$20,000	\$12,983.07	Revolved	Trailer Purchase, Working Capital	0	3/20/2026
Mineshaft Inn, LLC	Dolores	\$81,000	\$68,991.92	CDBG #8, Revolved	Real Estate, Improvements	2	1/20/2026
MK High Country Firewood, LLC	Lake	\$125,000	\$125,000.00	EDA Statewide	Expansion, Equipment	6	10/1/2033
Modstreet / MCK Corp	La Plata	\$145,000	\$73,042.36	Revolved / EDA2	Working Capital	7	5/20/2026
Modstreet Company	La Plata	\$46,000	\$41,688.57	SBA 2	Working Capital	UTO	3/20/2029
Modstreet Company	La Plata	\$25,000	\$12,107.14	Revolved	Working Capital	UTO	12/20/2023
Montezuma Mexican Restaurant, LLC	La Plata	\$50,000	\$44,956.82	SBA 2	Start Up	5	4/29/2029
Montezuma Valley Plumbing, LLC	Montezuma	\$50,000	\$35,532.39	IRP #1, Revolved	Equipment, Inventory, Working Capital	2	7/20/2026
Moody Business Services	Rio Blanco	\$50,000	\$27,847.81	Statewide EDA	Equipment	4	2/20/2028
Moses Cooper LLC dba Momentum Tree Experts	La Plata	\$54,081	\$30,488.01	EDA 2	Equipment	1	5/20/2025
Mountain Studies Institute	La Plata	\$160,000	\$148,136.63	Revolved	Working Capital	15	3/20/2028
Nash Trucking, LLC	Montezuma	\$10,000	\$7,738.75	RMAP 2	Equipment	2	4/20/2027
Nash Trucking, LLC	Montezuma	\$195,000	\$178,293.13	Revolved	Truck Trailer Purchase	ent 90-115	8/20/2026
Ohana Physical Therapy	La Plata	\$8,000	\$934.60	DALP Loan	COVID19	6	4/20/2024
Old Tymer's Café, Inc.	La Plata	\$45,000	\$37,406.80	EDA - StatewideCDBG #8	Acquisition	16	12/20/2026
Organic Family Farms, Inc.	Montezuma	\$194,000	\$149,822.29	Revolved / Statewide EDA	Equipment	4	5/20/2023
Pagosa Mountain Sports	Archuleta	\$280,000	\$225,507.34	Revolved / Statewide EDA	Working Capital	4	5/20/2027
Pagosa Peak Open School, Inc.	Archuleta	\$100,000	\$83,925.01	Revolved	Working Capital	1	4/20/2027
Paradox Produce Company	Montrose	\$20,000	\$299.87	Revolved	Equipment	0	5/20/2023

Pause Studio, LLC	La Plata	\$20,000	\$12,872.33	Revolved	Working Capital		4	12/20/2026
Pediatric Associates of Durango, Inc.	La Plata	\$199,900	\$146,339.87	EDA2, EDA COVID, Revolved	Acquisition		9	10/20/2025
Phoenix Physical Therapy, LLC	La Plata	\$50,000	\$50,223.84	RMAP 2 / IRP	Working Capital		2	10/20/2026
PS Chocolates, LLC	Archuleta	\$21,500	\$5,770.42	Revolved	Working Capital		2	9/20/2024
PS Valve Service, LLC	Archuleta	\$175,000	\$137,182.72	CDBG #8, Statewide EDA / Revolved	Working Capital		2	2/20/2027
QuikrStuff, LLC	Mesa	\$150,000	\$137,193.19	Statewide EDA	Working Capital / Equipment		5	10/20/2027
R & D Suspension, LLC	La Plata	\$20,000	\$6,810.54	revolved	Inventory		3	9/20/2023
Red Mesa Rentals, LLC	Montezuma	\$20,000	\$9,646.47	EDA 2	Equipment, Working Capital		1	3/20/2026
Red Mesa Rentals, LLC	Montezuma	\$20,000	\$10,906.16	SBA	Start Up Costs	UTO		7/20/2026
Reflections in Metal, LLC	Montezuma	\$200,000	\$176,711.94	Revolved	Expansion		4	5/20/2026
Reflections in Metal, LLC	Montezuma	\$75,000	\$71,967.81	Revolved	Equipment	UTO		7/20/2028
Remedy Body Center, LLC	La Plata	\$110,437	\$94,451.66	Revolved	Equipment, Working Capital		0	7/20/2025
Remedy Body Center, LLC	La Plata	\$5,000	\$4,064.71	Revolved	COVID	UTO		6/20/2029
Rentz, LLC	Montezuma	\$25,000	\$3,620.57	CO Start-Up	Working Capital		2	8/20/2024
Right Molecule IV Hydration and Concierge, LLC	Archuleta	\$25,000	\$22,091.96	Statewide EDA	Start Up		2	1/20/2028
Rodeo Odyssey, LLC	La Plata	\$24,800	\$18,800.00	Revolved	Start Up		2	2/20/2024
Rowe & Sons Trash Services, LLC	Montezuma	\$50,000	\$17,785.91	CDBG #8	Debt Repayment, Equipment		4.5	10/20/2024
Rust Empire, Ltd.	La Plata	\$145,000	\$122,598.85	Revolved	Working Capital		5	8/20/2027
Rustic Ranch Decor and More, LLC	Montezuma	\$90,000	\$81,400.61	CO Start Up / Statewide EDA	Real Estate		2	10/20/2027
S & S Wallwood, Inc	Montezuma	\$325,000	\$30,926.04	Revolved	Inventory		14	1/20/2024
Safety Connection Consulting & Drone Services, LLC	La Plata	\$15,000	\$13,116.43	CDBG #8	Working Capital		2	3/20/2026
Salon Euphoria	La Plata	\$6,000	\$1,217.60	DALP Loan	COVID 19		1	4/20/2024
San Juan Coffee, Inc.	Montezuma	\$10,000	\$7,778.86	RMAP	Working Capital		2	5/20/2027
San Juan County	San Juan	\$64,430	\$21,639.19	Revolved	Working Capital		0	3/20/2025
San Juan Water Works	La Plata	\$117,375	\$77,288.79	Revolved, RMAP	Real Estate		5	4/20/2023
Sean O'Brien, Inc.	La Plata	\$215,000	\$280,316.25	Revolved	Acquisition		0	8/20/2026
Serious Delights, Inc.	La Plata	\$50,000	\$33,058.28	Revolved	Equipment		7	2/20/2027
Shampoooch Mobile Grooming, LLC	La Plata	\$40,000	\$9,844.06	IRP #1, Revolved	Vehicle Purchase, Working Capital		1.5	7/20/2026
Shiloh's, Inc.	Montezuma	\$60,000	\$50,377.65	CDBG #8	Business Pruchase		15	8/20/2027
Silver Spruce Partners, LLC	Delta	\$60,421	\$34,965.91	CoPace	CoPACE - energy efficiency loan		0	4/30/2028
Southwest Donuts, LLC	Montezuma	\$44,000	\$39,877.56	CO Start Up Fund	Start Up Costs		2	5/20/2028
Specific Corp	La Plata	\$56,250	\$16,709.79	Revolved	Acquisition		2	4/1/2026
Straight Edge Home Inspections, LLC	Montezuma	\$57,000	\$51,180.27	Revolved	Expansion		2	10/20/2027
Sunrise Eats, LLC	Park	\$38,000	\$31,035.05	Statewide EDA	Working Capital		2	5/20/2027
Table to Farm Compost, LLC	La Plata	\$125,000	\$98,562.87	IRP #1, Revolved	Equipment, Working Capital		3.5	3/20/2026
Talos Outdoors, LLC	Montezuma	\$110,000	\$104,090.76	Statewide EDA	Statewide EDA / EDA2		3	5/20/2027
Tandem Hospitality, Inc.	La Plata	\$75,000	\$14,394.10	Revolved	Start Up		31	4/25/2024
Tandem Hospitality, Inc.	La Plata	\$50,000	\$19,459.21	Revolved	Expansion	UTO		5/20/2025
Taste Coffee, LLC	La Plata	\$30,000	\$20,886.40	CBDG #8	Equipment		8	1/20/2027
Taylor Gustafson dba Taylor Gustafson Trucking	Montezuma	\$47,000	\$24,672.81	Revolved	Equipment		1	9/20/2025
TDL Recycling, LLC	La Plata	\$75,000	\$75,000.00	CDBG #8	Equipment		2	4/20/2028
Texas Ty's Smoke Train Barbecue, LLC	La Plata	\$5,000	\$4,491.81	CO Start Up Fund	Start Up Costs		1	6/20/2027
The Nest Preschool	Montezuma	\$165,000	\$156,479.29	Revolved	Real Estate		4.5	8/20/2026
The Vault, LLC	La Plata	\$40,000	\$19,317.21	SBA	Partner Buy Out		0	3/20/2026
Thirsty Bird Energy Services, LLC	Dolores	\$170,000	\$115,082.74	Revolved	Aquisition		10	4/20/2024
Timber Age Systems	La Plata	\$80,000	\$44,565.56	Revolved/ RMAP 2	Equipment		3	6/20/2025
TNT Innovations, LLC	La Plata	\$85,000	\$44,228.75	EDA, COVID	Start Up Costs		10	6/20/2026
TNT Innovations, LLC	La Plata	\$35,000	\$20,026.01	SBA	Start Up Costs	UTO		9/20/2026
Trautner Geotech, LLC / Jason Deem	La Plata	\$50,000	\$38,001.66	Revolved	Acquisition		0	1/5/2031
Two Daughters Ice Cream, LLC	La Plata	\$50,000	\$23,845.39	SBA	Building Purchase		6	3/20/2026
Two Daughters Ice Cream, LLC	La Plata	\$10,000	\$4,986.68	Revolved	Buliding Purchase	UTO		4/20/2026
Underwood Forestry, LLC	Montezuma	\$112,184	\$95,673.19	EDA - Statewide, IRP #1, Revolved	Equipment Working Capital		12	9/20/2026
Venture Snowboards	San Juan	\$101,109	\$18,641.41	IRP #3	Working Capital		3	8/20/2030
Western Equipment, LLC	Montezuma	\$139,000	\$133,966.34	Statewide EDA	Working Capital		5	7/20/2027
Wigglin' Pig, LLC	Montezuma	\$114,000	\$109,800.94	Revolved	Real Estate		5	8/20/2027
Zuma Natural Foods & Deli, LLC	Montezuma	\$50,000	\$36,391.16	SBA 2	Building Expansion		11	6/20/2027
Zuma Natural Foods & Deli, LLC	Montezuma	\$30,500	\$22,198.82	EDA 2	Equipment	UTO		6/20/2027

Region 9 Economic Development
Allowance for Loan Loss
Worksheet
For Quarter Ending
12/31/2023

200 Revolved	Note Receivable	\$ 4,313,704.54	
	Beginning Allowance	\$ 187,813.08	4.35%
	Updated Allowance	\$ 234,517.39	5.44%
	Less CCR Credit	\$ 117,992.23	38.98%
	Ending Allowance	\$ 116,525.16	2.70%
	Change in All	\$ (71,287.92)	-1.65%
260 SBA	Note Receivable	\$ 124,082.50	
	Beginning Allowance	\$ 245.26	0.20%
	Updated Allowance	\$ 1,240.83	1.00%
	Less CCR Credit	\$ 3,394.01	1.12%
	Ending Allowance	\$ (2,153.18)	-1.74%
	Change in All	\$ (2,398.44)	-1.93%
265 SBA 2	Note Receivable	\$ 165,106.43	
	Beginning Allowance	\$ 9,179.25	5.56%
	Updated Allowance	\$ 5,437.35	3.29%
	Less CCR Credit	\$ 4,516.14	1.49%
	Ending Allowance	\$ 921.21	0.56%
	Change in All	\$ (8,258.04)	-5.00%
305 EDA-2	Note Receivable	\$ 574,061.40	
	Beginning Allowance	\$ 15,211.92	2.65%
	Updated Allowance	\$ 55,635.85	9.69%
	Less CCR Credit	\$ 15,702.23	5.19%
	Ending Allowance	\$ 39,933.62	6.96%
	Change in All	\$ 24,721.70	4.31%
310 EDA-COVID	Note Receivable	\$ 323,392.83	
	Beginning Allowance	\$ 28,086.91	8.69%
	Updated Allowance	\$ 33,086.04	10.23%
	Less CCR Credit	\$ 8,845.72	2.92%
	Ending Allowance	\$ 24,240.32	7.50%
	Change in All	\$ (3,846.59)	-1.19%
315 EDA-STW	Note Receivable	\$ 3,446,914.20	
	Beginning Allowance	\$ 83,609.91	2.43%
	Updated Allowance	\$ 272,886.03	7.92%
	Less CCR Credit	\$ 94,283.02	31.14%
	Ending Allowance	\$ 178,603.01	5.18%
	Change in All	\$ 94,993.10	2.76%

320 CO Startup	Note Receivable	\$ 541,609.68	
	Beginning Allowance	\$ 28,932.00	5.34%
	Updated Allowance	\$ 37,959.79	7.01%
	Less CCR Credit	\$ 14,814.58	4.89%
	Ending Allowance	\$ 23,145.21	4.27%
	Change in All	\$ (5,786.79)	-1.07%
580 CDBG #8	Note Receivable	\$ 645,749.77	
	Beginning Allowance	\$ 84,982.61	13.16%
	Updated Allowance	\$ 156,485.88	24.23%
	Less CCR Credit	\$ 17,663.11	5.83%
	Ending Allowance	\$ 138,822.77	21.50%
	Change in All	\$ 53,840.16	8.34%
750 IRP	Note Receivable	\$ 482,142.09	
	Beginning Allowance	\$ 8,538.70	1.77%
	Updated Allowance	\$ 10,004.74	2.08%
	Less CCR Credit	\$ 13,187.97	4.36%
	Ending Allowance	\$ (3,183.23)	-0.66%
	Change in All	\$ (11,721.93)	-2.43%
760 IRP #3	Note Receivable	\$ 18,641.41	
	Beginning Allowance	\$ (318.16)	-1.71%
	Updated Allowance	\$ 186.41	1.00%
	Less CCR Credit	\$ 509.90	0.17%
	Ending Allowance	\$ (323.49)	-1.74%
	Change in All	\$ (5.33)	-0.03%
770 RMAP	Note Receivable	\$ 161,282.48	
	Beginning Allowance	\$ 643.85	0.40%
	Updated Allowance	\$ 4,952.51	3.07%
	Less CCR Credit	\$ 4,411.54	1.46%
	Ending Allowance	\$ 540.97	0.34%
	Change in All	\$ (102.88)	-0.06%
771 RMAP 2	Note Receivable	\$ 128,040.80	
	Beginning Allowance	\$ 5,508.93	4.30%
	Updated Allowance	\$ 8,832.88	6.90%
	Less CCR Credit	\$ 3,502.28	1.16%
	Ending Allowance	\$ 5,330.60	4.16%
	Change in All	\$ (178.33)	-0.14%

775 IRP #5	Note Receivable	\$ 42,835.81	
	Beginning Allowance	\$ 1,143.04	2.67%
	Updated Allowance	\$ 2,336.61	5.45%
	Less CCR Credit	\$ 1,171.68	0.39%
	Ending Allowance	\$ 1,164.93	2.72%
	Change in All	\$ 21.89	0.05%
776 IRP #6	Note Receivable	\$ 100,000.00	
	Beginning Allowance	\$ -	0.00%
	Updated Allowance	\$ 10,000.00	10.00%
	Less CCR Credit	\$ 2,735.29	0.90%
	Ending Allowance	\$ 7,264.71	7.26%
	Change in All	\$ 7,264.71	7.26%
Totals	Note Receivable	\$ 11,067,563.94	
	Beginning Allowance	\$ 453,577.30	4.10%
	Updated Allowance	\$ 833,562.31	7.53%
	Less CCR Credit	\$ 302,729.72	100.00%
	Ending Allowance	\$ 530,832.61	4.80%
	Change in All	\$ 77,255.29	0.70%

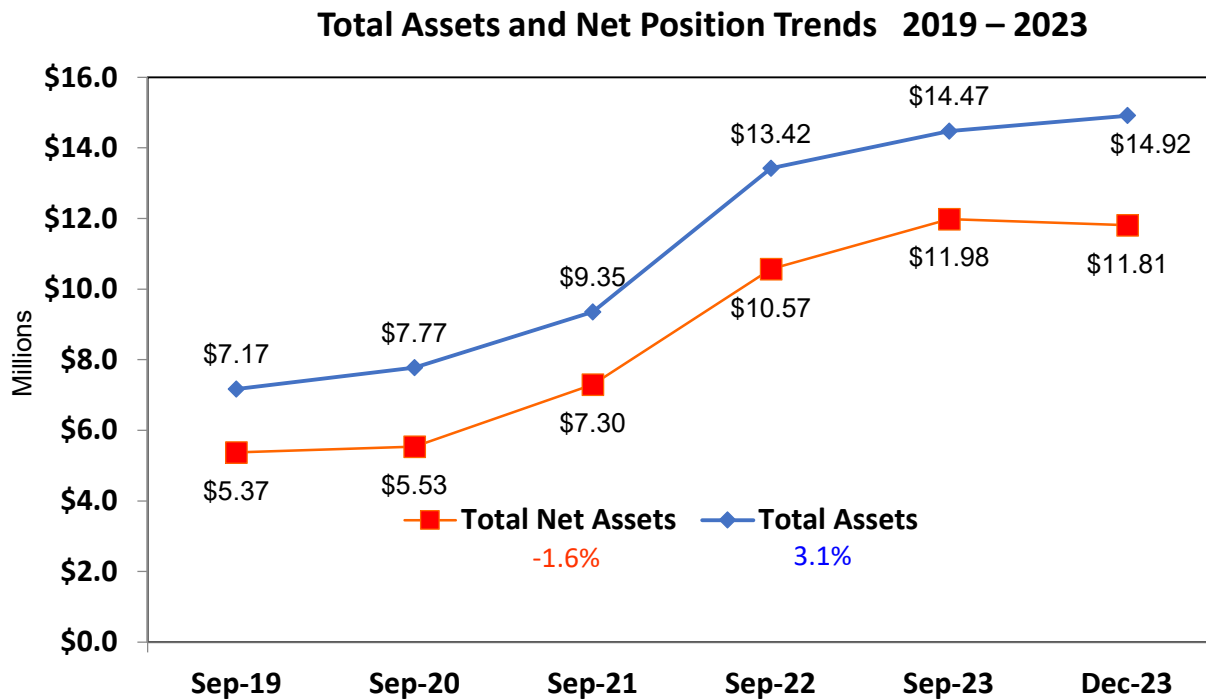
Region 9 EDD Financial Snapshot For Period Ending December 31, 2023

Statement of Revenue and Expenditures

- Total Revenue \$425,339- page 1 line 15
- Total Expenditures \$597,612 - page 2 line 66
- Net Revenues Over Expenditures \$(172,273)- page 2 line 67

Balance Sheet

- Total Assets \$14,916,088 page 18, last column line 23
- Net Assets AKA Net position \$11,812,132- page 18 line 32



Region 9 Economic Development District
Statement of Revenues and Expenditures
From 10/1/2023 Through 12/31/2023

TOTAL

			YTD Actual	YTD Budget	Total Budget	Percent Total Budget Used
Revenue						
1	4010	Grants - Admin	84,937.29	64,784.49	259,138.00	32.77%
2	4020	Grants - Program	60,011.00	264,473.49	1,057,894.00	5.67%
3	4090	Membership Dues	0.00	33,750.00	162,706.00	0.00%
4	4170	Match	0.00	17,499.99	70,000.00	0.00%
5	4175	Technical Assist/Facilitation	0.00	125.01	500.00	0.00%
6	4176	Charges for Services	950.00	4,250.01	17,000.00	5.58%
7	4190	Reimbursed Expenses	53,359.32	50,250.00	201,000.00	26.54%
8	4400	Fee for Service	0.00	1,250.01	5,000.00	0.00%
9	4620	Loan Origination	7,032.45	12,000.03	48,000.00	14.65%
10	4625	Late Fees	375.00	775.20	3,101.00	12.09%
11	4710	Interest-Loans	174,373.40	310,481.51	575,974.00	30.27%
12	4720	Interest-Invested Funds	24,278.44	10,136.97	40,548.00	59.87%
13	4910	Misc. Income	2,520.35	7,500.00	30,000.00	8.40%
14	4950	Interfund Transfer In	17,502.00	120,500.01	482,000.00	3.63%
15	Total Revenue		425,339.25	897,776.72	2,952,861.00	14.40%
Expenditures						
16	5050	Interest Expense	3,232.81	9,549.99	38,200.00	8.46%
17	5101	Allocated salary and burden	(62,895.78)	(39,177.00)	(156,708.00)	40.13%
18	5109	Payroll Expense	0.00	70,480.26	281,921.00	0.00%
19	5110	Wages	245,834.17	166,106.01	661,733.00	37.15%
20	5111	Vacation expense	0.00	6,296.25	27,876.00	0.00%
21	5120	Payroll taxes	20,175.89	12,849.99	51,400.00	39.25%
22	5130	SUTA	0.00	4,036.71	16,147.00	0.00%
23	5135	Retirement Expense	8,953.49	8,754.54	35,018.00	25.56%
24	5140	Workers' Comp Insurance	775.96	1,167.72	4,671.00	16.61%
25	5145	FAMLI	1,139.61	9,029.01	36,116.00	3.15%
26	5150	Health Expense	29,389.03	21,181.59	84,663.79	34.71%
27	5258	Collections	0.00	28.74	115.00	0.00%
28	5260	Loan Loss	77,510.20	46,871.01	187,484.00	41.34%
29	5275	Technical Assistance	0.00	1,250.01	5,000.00	0.00%
30	5335	Grant Expense	63,921.85	17,499.99	70,000.00	91.31%
31	5401	Allocated occupancy	(4,221.77)	(9,787.50)	(39,150.00)	10.78%
32	5405	Property Tax	0.00	1,575.00	6,300.00	0.00%
33	5410	Rent	0.00	1,500.00	6,000.00	0.00%
34	5415	Trash Recycling	45.69	150.00	600.00	7.61%
35	5417	HOA Fees & Utilities	2,337.65	2,562.51	10,250.00	22.80%
36	5425	Repairs & Maintenance	219.37	750.00	3,000.00	7.31%
37	5501	Allocated G & A	(7,196.10)	(21,470.01)	(85,880.00)	8.37%
38	5510	Travel	8,519.58	6,800.01	27,200.00	31.32%
39	5512	Meetings	2,541.73	4,075.02	16,300.00	15.59%
40	5515	Legal Fees	6,816.85	3,625.02	14,500.00	47.01%
41	5520	Advertising	3,931.26	2,018.76	8,075.00	48.68%
42	5525	Audit fees	0.00	5,875.05	23,500.00	0.00%
43	5527	Internet, Computer Expense, & Software	8,726.70	9,675.03	38,700.00	22.54%
44	5530	Telephone	883.68	1,250.01	5,000.00	17.67%

Region 9 Economic Development District
Statement of Revenues and Expenditures
From 10/1/2023 Through 12/31/2023

			<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Total Budget</u>	<u>Percent Total Budget Used</u>
45	5532	Postage and Delivery	167.10	350.04	1,400.00	11.93%
46	5535	Printing and Reproduction	582.55	1,925.01	7,700.00	7.56%
47	5538	Fesibility Study	0.00	87.51	350.00	0.00%
48	5540	Membership/Subs	5,480.31	8,950.02	35,800.00	15.30%
49	5545	Bank Service Charges	328.00	252.51	1,010.00	32.47%
50	5550	Supplies	1,434.52	2,700.00	10,800.00	13.28%
51	5555	Liability Insurance	5,567.75	3,875.01	15,500.00	35.92%
52	5556	Professional Liability	12,107.60	4,187.52	16,750.00	72.28%
53	5560	Miscellaneous	0.00	399.99	1,600.00	0.00%
54	5565	Equipment Rental	334.70	350.01	1,400.00	23.90%
55	5625	Credit/Filings	832.95	2,020.05	8,080.00	10.30%
56	5627	CCR Registration	2,750.00	19,499.97	78,000.00	3.52%
57	5630	Contributions	800.00	15,187.50	60,750.00	1.31%
58	5640	Other consulting fees	63,008.79	62,083.98	248,336.00	25.37%
59	5650	Training/Conf	58.85	4,430.01	17,720.00	0.33%
60	5700	Depreciation	0.00	6,249.99	25,000.00	0.00%
61	5950	Interfund Transfer Out	17,502.00	120,500.01	482,000.00	3.63%
62	5961	Employee/Board Appreciation	1,701.98	650.01	2,600.00	65.46%
63	6010	Allocations - Salary & Burden	62,895.78	38,779.44	155,118.00	40.54%
64	6020	Allocations - Occupancy	4,221.77	9,688.23	38,753.00	10.89%
65	6030	Allocations - G&A	7,196.10	21,252.27	85,009.00	8.46%
66		Total Expenditures	<u>597,612.62</u>	<u>667,942.80</u>	<u>2,671,707.79</u>	<u>22.37%</u>
67		Net Revenue Over Expenditures	<u>(172,273.37)</u>	<u>229,833.92</u>	<u>281,153.21</u>	

Region 9 Economic Development District
Statement of Revenues and Expenditures
From 10/1/2023 Through 12/31/2023

100 - General Operating

			<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Total Budget</u>	<u>Percent Total Budget Used</u>
Revenue						
1	4090	Membership Dues	0.00	0.00	27,706.00	0.00%
2	4175	Technical Assist/Facilitation	0.00	125.01	500.00	0.00%
3	4190	Reimbursed Expenses	0.00	249.99	1,000.00	0.00%
4	4400	Fee for Service	0.00	1,250.01	5,000.00	0.00%
5	4720	Interest-Invested Funds	23,536.69	249.99	1,000.00	2,353.66%
6	4950	Interfund Transfer In	0.00	56,750.01	227,000.00	0.00%
7		Total Revenue	<u>23,536.69</u>	<u>58,625.01</u>	<u>262,206.00</u>	<u>8.98%</u>
Expenditures						
8	5050	Interest Expense	1,884.12	3,000.00	12,000.00	15.70%
9	5101	Allocated salary and burden	(62,895.78)	(39,177.00)	(156,708.00)	40.13%
10	5110	Wages	52,938.40	29,733.00	118,932.00	44.51%
11	5111	Vacation expense	0.00	1,577.25	6,309.00	0.00%
12	5120	Payroll taxes	3,961.42	2,274.51	9,098.00	43.54%
13	5130	SUTA	0.00	89.25	357.00	0.00%
14	5135	Retirement Expense	1,461.05	1,486.74	5,947.00	24.56%
15	5140	Workers' Comp Insurance	120.33	208.26	833.00	14.44%
16	5145	FAMLI	222.43	0.00	0.00	0.00%
17	5150	Health Expense	4,414.58	3,808.26	15,233.00	28.98%
18	5335	Grant Expense	0.00	17,499.99	70,000.00	0.00%
19	5401	Allocated occupancy	(4,221.77)	(9,787.50)	(39,150.00)	10.78%
20	5405	Property Tax	0.00	1,575.00	6,300.00	0.00%
21	5415	Trash Recycling	45.69	150.00	600.00	7.61%
22	5417	HOA Fees & Utilities	2,337.65	2,562.51	10,250.00	22.80%
23	5425	Repairs & Maintenance	219.37	750.00	3,000.00	7.31%
24	5501	Allocated G & A	(7,196.10)	(21,470.01)	(85,880.00)	8.37%
25	5510	Travel	0.00	999.99	4,000.00	0.00%
26	5512	Meetings	150.57	1,625.01	6,500.00	2.31%
27	5515	Legal Fees	704.00	1,250.01	5,000.00	14.08%
28	5520	Advertising	1,232.60	174.99	700.00	176.08%
29	5525	Audit fees	0.00	1,250.01	5,000.00	0.00%
30	5527	Internet, Computer Expense, & Software	1,796.70	5,000.01	20,000.00	8.98%
31	5530	Telephone	883.68	1,250.01	5,000.00	17.67%
32	5532	Postage and Delivery	167.10	150.00	600.00	27.85%
33	5535	Printing and Reproduction	582.55	750.00	3,000.00	19.41%
34	5540	Membership/Subs	0.00	125.01	500.00	0.00%
35	5545	Bank Service Charges	128.00	24.99	100.00	128.00%
36	5550	Supplies	1,358.74	2,124.99	8,500.00	15.98%
37	5555	Liability Insurance	3,492.75	1,749.99	7,000.00	49.89%
38	5556	Professional Liability	4,484.36	1,625.01	6,500.00	68.99%
39	5560	Miscellaneous	0.00	375.00	1,500.00	0.00%
40	5565	Equipment Rental	334.70	350.01	1,400.00	23.90%
41	5625	Credit/Filings	10.00	20.01	80.00	12.50%
42	5630	Contributions	800.00	2,499.99	10,000.00	8.00%

Region 9 Economic Development District
Statement of Revenues and Expenditures
From 10/1/2023 Through 12/31/2023

					Percent Total	
			<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Total Budget</u>	<u>Budget Used</u>
43	5640	Other consulting fees	210.00	1,749.99	7,000.00	3.00%
44	5650	Training/Conf	25.00	125.01	500.00	5.00%
45	5700	Depreciation	0.00	6,249.99	25,000.00	0.00%
46	5950	Interfund Transfer Out	17,502.00	38,750.01	155,000.00	11.29%
47	5961	Employee/Board Appreciation	<u>1,701.98</u>	<u>375.00</u>	<u>1,500.00</u>	<u>113.46%</u>
48		Total Expenditures	<u>28,856.12</u>	<u>62,875.29</u>	<u>251,501.00</u>	<u>11.47%</u>
49		Net Revenue Over Expenditures	<u>(5,319.43)</u>	<u>(4,250.28)</u>	<u>10,705.00</u>	

Region 9 Economic Development District
Statement of Revenues and Expenditures
From 10/1/2023 Through 12/31/2023

200 - Revolving Loan Fund

			<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Total Budget</u>	<u>Percent Total Budget Used</u>
Revenue						
1	4176	Charges for Services	950.00	0.00	0.00	0.00%
2	4190	Reimbursed Expenses	53,359.32	50,000.01	200,000.00	26.67%
3	4620	Loan Origination	1,288.45	3,050.01	12,200.00	10.56%
4	4625	Late Fees	275.00	375.00	1,500.00	18.33%
5	4710	Interest-Loans	<u>74,207.91</u>	<u>221,984.00</u>	<u>221,984.00</u>	<u>33.42%</u>
6		Total Revenue	<u>130,080.68</u>	<u>275,409.02</u>	<u>435,684.00</u>	<u>29.86%</u>
Expenditures						
7	5109	Payroll Expense	0.00	70,480.26	281,921.00	0.00%
8	5110	Wages	77,603.54	0.00	0.00	0.00%
9	5111	Vacation expense	0.00	5,391.75	21,567.00	0.00%
10	5120	Payroll taxes	6,865.70	211.50	846.00	811.54%
11	5130	SUTA	0.00	3,524.01	14,096.00	0.00%
12	5135	Retirement Expense	1,942.42	493.26	1,973.00	98.45%
13	5140	Workers' Comp Insurance	258.21	0.00	0.00	0.00%
14	5145	FAMLI	388.74	9,027.51	36,110.00	1.07%
15	5150	Health Expense	10,229.43	0.00	0.00	0.00%
16	5260	Loan Loss	(71,033.03)	33,477.00	133,908.00	(53.04)%
17	5410	Rent	0.00	1,500.00	6,000.00	0.00%
18	5510	Travel	582.19	624.99	2,500.00	23.28%
19	5512	Meetings	200.00	399.99	1,600.00	12.50%
20	5515	Legal Fees	506.00	2,000.01	8,000.00	6.32%
21	5520	Advertising	979.22	343.74	1,375.00	71.21%
22	5525	Audit fees	0.00	249.99	1,000.00	0.00%
23	5527	Internet, Computer Expense, & Software	180.00	500.01	2,000.00	9.00%
24	5532	Postage and Delivery	0.00	50.01	200.00	0.00%
25	5535	Printing and Reproduction	0.00	125.01	500.00	0.00%
26	5538	Fesibility Study	0.00	87.51	350.00	0.00%
27	5540	Membership/Subs	0.00	75.00	300.00	0.00%
28	5545	Bank Service Charges	0.00	62.49	250.00	0.00%
29	5550	Supplies	0.00	399.99	1,600.00	0.00%
30	5555	Liability Insurance	0.00	2,000.01	8,000.00	0.00%
31	5625	Credit/Filings	434.28	500.01	2,000.00	21.71%
32	5627	CCR Registration	0.00	1,524.99	6,100.00	0.00%
33	5630	Contributions	0.00	12,500.01	50,000.00	0.00%
34	5640	Other consulting fees	2,392.50	999.99	4,000.00	59.81%
35	5650	Training/Conf	0.00	500.01	2,000.00	0.00%
36	5950	Interfund Transfer Out	0.00	80,499.99	322,000.00	0.00%
37	5961	Employee/Board Appreciation	0.00	275.01	1,100.00	0.00%
38	6010	Allocations - Salary & Burden	25,071.03	13,256.25	53,025.00	47.28%
39	6020	Allocations - Occupancy	1,608.49	3,311.76	13,247.00	12.14%
40	6030	Allocations - G&A	<u>2,908.45</u>	<u>7,264.74</u>	<u>29,059.00</u>	<u>10.00%</u>
41		Total Expenditures	<u>61,117.17</u>	<u>251,656.80</u>	<u>1,006,627.00</u>	<u>6.07%</u>
42		Net Revenue Over Expenditures	<u>68,963.51</u>	<u>23,752.22</u>	<u>(570,943.00)</u>	

Region 9 Economic Development District
Statement of Revenues and Expenditures
From 10/1/2023 Through 12/31/2023

SBA 260-265-266

			<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Total Budget</u>	<u>Percent Total Budget Used</u>
Revenue						
1	4020	Grants - Program	3,716.55	9,114.48	36,458.00	10.19%
2	4620	Loan Origination	0.00	950.01	3,800.00	0.00%
3	4625	Late Fees	25.00	12.48	50.00	50.00%
4	4710	Interest-Loans	5,402.04	5,070.00	20,280.00	26.63%
5	4720	Interest-Invested Funds	20.24	187.50	750.00	2.69%
6		Total Revenue	<u>9,163.83</u>	<u>15,334.47</u>	<u>61,338.00</u>	<u>14.94%</u>
Expenditures						
7	5110	Wages	5,265.08	11,368.74	45,475.00	11.57%
8	5120	Payroll taxes	397.30	869.73	3,479.00	11.41%
9	5130	SUTA	0.00	34.23	137.00	0.00%
10	5135	Retirement Expense	233.67	568.26	2,273.00	10.28%
11	5140	Workers' Comp Insurance	14.42	79.50	318.00	4.53%
12	5145	FAMLI	22.50	0.00	0.00	0.00%
13	5150	Health Expense	637.74	1,456.26	5,825.00	10.94%
14	5260	Loan Loss	(10,656.48)	2,070.27	8,281.00	(128.68)%
15	5510	Travel	0.00	500.01	2,000.00	0.00%
16	5520	Advertising	842.00	500.01	2,000.00	42.10%
17	5527	Internet, Computer Expense, & Software	400.00	0.00	0.00	0.00%
18	5540	Membership/Subs	863.18	0.00	0.00	0.00%
19	5550	Supplies	48.76	0.00	0.00	0.00%
20	5556	Professional Liability	0.00	37.50	150.00	0.00%
21	5625	Credit/Filings	0.00	125.01	500.00	0.00%
22	5627	CCR Registration	0.00	474.99	1,900.00	0.00%
23	6010	Allocations - Salary & Burden	1,693.18	2,138.25	8,553.00	19.79%
24	6020	Allocations - Occupancy	121.06	534.24	2,137.00	5.66%
25	6030	Allocations - G&A	191.31	1,171.74	4,687.00	4.08%
26		Total Expenditures	<u>73.72</u>	<u>21,928.74</u>	<u>87,715.00</u>	<u>0.08%</u>
27		Net Revenue Over Expenditures	<u>9,090.11</u>	<u>(6,594.27)</u>	<u>(26,377.00)</u>	

Region 9 Economic Development District
Statement of Revenues and Expenditures
From 10/1/2023 Through 12/31/2023

EDA Loan Funds 305-310-315

			<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Total Budget</u>	<u>Percent Total Budget Used</u>
Revenue						
1	4010	Grants - Admin	57,980.02	0.00	0.00	0.00%
2	4020	Grants - Program	(57,979.02)	0.00	0.00	0.00%
3	4620	Loan Origination	3,000.00	3,495.00	13,980.00	21.45%
4	4625	Late Fees	75.00	124.98	500.00	15.00%
5	4710	Interest-Loans	62,925.18	49,882.74	199,531.00	31.53%
6	4720	Interest-Invested Funds	95.20	2,455.74	9,823.00	0.96%
7		Total Revenue	<u>66,096.38</u>	<u>55,958.46</u>	<u>223,834.00</u>	<u>29.53%</u>
Expenditures						
8	5110	Wages	11,883.47	12,709.26	50,837.00	23.37%
9	5120	Payroll taxes	838.64	972.27	3,889.00	21.56%
10	5130	SUTA	0.00	37.98	152.00	0.00%
11	5135	Retirement Expense	503.56	635.52	2,542.00	19.80%
12	5140	Workers' Comp Insurance	39.72	88.74	355.00	11.18%
13	5145	FAMLI	48.57	0.00	0.00	0.00%
14	5150	Health Expense	1,110.80	1,628.01	6,512.00	17.05%
15	5260	Loan Loss	115,868.21	40,053.00	160,212.00	72.32%
16	5510	Travel	682.64	1,500.00	6,000.00	11.37%
17	5512	Meetings	27.90	0.00	0.00	0.00%
18	5515	Legal Fees	0.00	125.01	500.00	0.00%
19	5525	Audit fees	0.00	1,125.03	4,500.00	0.00%
20	5527	Internet, Computer Expense, & Software	90.00	0.00	0.00	0.00%
21	5556	Professional Liability	2,178.07	1,400.01	5,600.00	38.89%
22	5625	Credit/Filings	12.00	687.51	2,750.00	0.43%
23	5627	CCR Registration	1,750.00	9,247.50	36,990.00	4.73%
24	5650	Training/Conf	0.00	525.00	2,100.00	0.00%
25	6010	Allocations - Salary & Burden	3,837.44	2,390.49	9,562.00	40.13%
26	6020	Allocations - Occupancy	282.58	597.24	2,389.00	11.82%
27	6030	Allocations - G&A	417.61	1,310.01	5,240.00	7.96%
28		Total Expenditures	<u>139,571.21</u>	<u>75,032.58</u>	<u>300,130.00</u>	<u>46.50%</u>
29		Net Revenue Over Expenditures	<u>(73,474.83)</u>	<u>(19,074.12)</u>	<u>(76,296.00)</u>	

Region 9 Economic Development District
Statement of Revenues and Expenditures
From 10/1/2023 Through 12/31/2023

320 - CO Startup Loan Fund

			<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Total Budget</u>	<u>Percent Total Budget Used</u>
Revenue						
1	4010	Grants - Admin	1,860.00	19,583.25	78,333.00	2.37%
2	4020	Grants - Program	37,200.00	125,000.01	500,000.00	7.44%
3	4620	Loan Origination	744.00	1,749.99	7,000.00	10.62%
4	4625	Late Fees	0.00	75.24	301.00	0.00%
5	4710	Interest-Loans	10,275.52	9,333.75	37,335.00	27.52%
6	4720	Interest-Invested Funds	566.29	0.00	0.00	0.00%
7		Total Revenue	<u>50,645.81</u>	<u>155,742.24</u>	<u>622,969.00</u>	<u>8.13%</u>
Expenditures						
8	5110	Wages	13,093.78	20,365.74	81,463.00	16.07%
9	5120	Payroll taxes	1,201.82	1,557.99	6,232.00	19.28%
10	5130	SUTA	0.00	60.99	244.00	0.00%
11	5135	Retirement Expense	714.45	1,018.26	4,073.00	17.54%
12	5140	Workers' Comp Insurance	48.00	142.50	570.00	8.42%
13	5145	FAMLI	67.92	0.00	0.00	0.00%
14	5150	Health Expense	1,981.67	2,608.50	10,434.00	18.99%
15	5260	Loan Loss	(5,786.79)	5,401.74	21,607.00	(26.78)%
16	5510	Travel	203.44	125.01	500.00	40.68%
17	5512	Meetings	0.00	125.01	500.00	0.00%
18	5520	Advertising	611.72	500.01	2,000.00	30.58%
19	5525	Audit fees	0.00	500.01	2,000.00	0.00%
20	5540	Membership/Subs	167.93	0.00	0.00	0.00%
21	5555	Liability Insurance	2,075.00	0.00	0.00	0.00%
22	5556	Professional Liability	1,089.04	0.00	0.00	0.00%
23	5625	Credit/Filings	47.60	0.00	0.00	0.00%
24	5627	CCR Registration	0.00	375.00	1,500.00	0.00%
25	6010	Allocations - Salary & Burden	4,455.92	3,830.49	15,322.00	29.08%
26	6020	Allocations - Occupancy	295.48	957.00	3,828.00	7.71%
27	6030	Allocations - G&A	507.97	2,099.25	8,397.00	6.04%
28		Total Expenditures	<u>20,774.95</u>	<u>39,667.50</u>	<u>158,670.00</u>	<u>13.09%</u>
29		Net Revenue Over Expenditures	<u>29,870.86</u>	<u>116,074.74</u>	<u>464,299.00</u>	

Region 9 Economic Development District
Statement of Revenues and Expenditures
From 10/1/2023 Through 12/31/2023

*350-EDA Planning &
355- Community & Technical Assistance*

			<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Total Budget</u>	<u>Percent Total Budget Used</u>
Revenue						
1	4010	Grants - Admin	17,500.00	19,582.98	78,332.00	22.34%
2	4020	Grants - Program	75,000.00	43,334.01	173,336.00	43.26%
3	4170	Match	0.00	17,499.99	70,000.00	0.00%
4	4176	Charges for Services	0.00	2,750.01	11,000.00	0.00%
5	4720	Interest-Invested Funds	1.28	0.00	0.00	0.00%
6	4950	Interfund Transfer In	17,502.00	38,750.01	155,000.00	11.29%
7		Total Revenue	<u>110,003.28</u>	<u>121,917.00</u>	<u>487,668.00</u>	<u>22.56%</u>
Expenditures						
8	5110	Wages	35,390.13	36,373.02	145,492.00	24.32%
9	5120	Payroll taxes	2,924.89	2,782.50	11,130.00	26.27%
10	5130	SUTA	0.00	108.99	436.00	0.00%
11	5135	Retirement Expense	1,727.89	1,818.75	7,275.00	23.75%
12	5140	Workers' Comp Insurance	119.34	254.73	1,019.00	11.71%
13	5145	FAMLI	165.07	0.00	0.00	0.00%
14	5150	Health Expense	4,404.08	4,658.76	18,635.00	23.63%
15	5335	Grant Expense	63,921.85	0.00	0.00	0.00%
16	5510	Travel	3,762.21	1,250.01	5,000.00	75.24%
17	5512	Meetings	1,381.13	375.00	1,500.00	92.07%
18	5515	Legal Fees	484.00	0.00	0.00	0.00%
19	5525	Audit fees	0.00	375.00	1,500.00	0.00%
20	5527	Internet, Computer Expense, & Software	6,050.00	3,750.00	15,000.00	40.33%
21	5532	Postage and Delivery	0.00	50.01	200.00	0.00%
22	5535	Printing and Reproduction	0.00	750.00	3,000.00	0.00%
23	5540	Membership/Subs	3,999.20	3,750.00	15,000.00	26.66%
24	5545	Bank Service Charges	0.00	10.02	40.00	0.00%
25	5550	Supplies	0.00	125.01	500.00	0.00%
26	5630	Contributions	0.00	187.50	750.00	0.00%
27	5640	Other consulting fees	56,916.39	50,334.00	201,336.00	28.26%
28	5650	Training/Conf	33.85	999.99	4,000.00	0.84%
29	6010	Allocations - Salary & Burden	11,846.79	6,841.23	27,365.00	43.29%
30	6020	Allocations - Occupancy	814.85	1,709.01	6,836.00	11.91%
31	6030	Allocations - G&A	1,318.37	3,749.25	14,997.00	8.79%
32		Total Expenditures	<u>195,260.04</u>	<u>120,252.78</u>	<u>481,011.00</u>	<u>40.59%</u>
33		Net Revenue Over Expenditures	<u>(85,256.76)</u>	<u>1,664.22</u>	<u>6,657.00</u>	

Region 9 Economic Development District
Statement of Revenues and Expenditures
From 10/1/2023 Through 12/31/2023

356 - SWCCOG

			<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Total Budget</u>	<u>Percent Total Budget Used</u>
Revenue						
1	4020	Grants - Program	2,073.47	18,024.99	72,100.00	2.87%
2	4090	Membership Dues	0.00	33,750.00	135,000.00	0.00%
3	4176	Charges for Services	0.00	1,500.00	6,000.00	0.00%
4		Total Revenue	<u>2,073.47</u>	<u>53,274.99</u>	<u>213,100.00</u>	<u>0.97%</u>
Expenditures						
5	5110	Wages	24,790.51	25,180.50	100,722.00	24.61%
6	5120	Payroll taxes	2,248.96	1,926.24	7,705.00	29.18%
7	5130	SUTA	0.00	75.51	302.00	0.00%
8	5135	Retirement Expense	1,341.98	1,259.01	5,036.00	26.64%
9	5140	Workers' Comp Insurance	112.83	176.25	705.00	16.00%
10	5145	FAMLI	126.83	0.00	0.00	0.00%
11	5150	Health Expense	3,435.20	3,225.24	12,901.00	26.62%
12	5510	Travel	2,645.97	0.00	0.00	0.00%
13	5512	Meetings	363.77	0.00	0.00	0.00%
14	5515	Legal Fees	5,122.85	0.00	0.00	0.00%
	5527	Internet, Computer Expense, & Software	210.00	0.00	0.00	0.00%
15						
16	5540	Membership/Subs	450.00	5,000.01	20,000.00	2.25%
17	5545	Bank Service Charges	0.00	5.01	20.00	0.00%
18	5550	Supplies	27.02	0.00	0.00	0.00%
19	5640	Other consulting fees	2,872.40	6,249.99	25,000.00	11.48%
20	5650	Training/Conf	0.00	1,530.00	6,120.00	0.00%
21	6010	Allocations - Salary & Burden	8,367.96	4,736.01	18,944.00	44.17%
22	6020	Allocations - Occupancy	576.06	1,183.26	4,733.00	12.17%
23	6030	Allocations - G&A	943.18	2,595.51	10,382.00	9.08%
24		Total Expenditures	<u>53,635.52</u>	<u>53,142.54</u>	<u>212,570.00</u>	<u>25.23%</u>
25		Net Revenue Over Expenditures	<u>(51,562.05)</u>	<u>132.45</u>	<u>530.00</u>	

Region 9 Economic Development District
Statement of Revenues and Expenditures
From 10/1/2023 Through 12/31/2023

CDBG 580 - 590

			<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Total Budget</u>	<u>Percent Total Budget Used</u>
Revenue						
1	4010	Grants - Admin	0.00	20,000.01	80,000.00	0.00%
2	4020	Grants - Program	0.00	69,000.00	276,000.00	0.00%
3	4620	Loan Origination	0.00	1,380.00	5,520.00	0.00%
4	4625	Late Fees	0.00	99.99	400.00	0.00%
5	4710	Interest-Loans	8,217.16	11,489.76	45,959.00	17.87%
6	4950	Interfund Transfer In	0.00	24,999.99	100,000.00	0.00%
7		Total Revenue	<u>8,217.16</u>	<u>126,969.75</u>	<u>507,879.00</u>	<u>1.62%</u>
Expenditures						
8	5050	Interest Expense	0.00	249.99	1,000.00	0.00%
9	5110	Wages	12,909.61	22,846.26	91,385.00	14.12%
10	5120	Payroll taxes	736.70	1,747.74	6,991.00	10.53%
11	5130	SUTA	0.00	68.49	274.00	0.00%
12	5135	Retirement Expense	451.36	1,142.25	4,569.00	9.87%
13	5140	Workers' Comp Insurance	27.86	159.99	640.00	4.35%
14	5145	FAMLI	41.52	0.00	0.00	0.00%
15	5150	Health Expense	1,421.53	2,926.26	11,705.00	12.14%
16	5260	Loan Loss	53,840.16	(32,107.74)	(128,431.00)	(41.92)%
17	5275	Technical Assistance	0.00	1,250.01	5,000.00	0.00%
18	5510	Travel	577.63	1,500.00	6,000.00	9.62%
19	5512	Meetings	418.36	1,500.00	6,000.00	6.97%
20	5520	Advertising	265.72	500.01	2,000.00	13.28%
21	5525	Audit fees	0.00	2,000.01	8,000.00	0.00%
22	5527	Internet, Computer Expense, & Software	0.00	425.01	1,700.00	0.00%
23	5532	Postage and Delivery	0.00	50.01	200.00	0.00%
24	5535	Printing and Reproduction	0.00	249.99	1,000.00	0.00%
25	5545	Bank Service Charges	200.00	150.00	600.00	33.33%
26	5550	Supplies	0.00	50.01	200.00	0.00%
27	5555	Liability Insurance	0.00	125.01	500.00	0.00%
28	5556	Professional Liability	4,356.13	624.99	2,500.00	174.24%
29	5625	Credit/Filings	294.67	500.01	2,000.00	14.73%
30	5627	CCR Registration	0.00	690.00	2,760.00	0.00%
31	5640	Other consulting fees	0.00	1,500.00	6,000.00	0.00%
32	5650	Training/Conf	0.00	750.00	3,000.00	0.00%
33	6010	Allocations - Salary & Burden	3,675.97	4,296.99	17,188.00	21.38%
34	6020	Allocations - Occupancy	244.87	1,073.49	4,294.00	5.70%
35	6030	Allocations - G&A	458.80	2,354.76	9,419.00	4.87%
36		Total Expenditures	<u>79,920.89</u>	<u>16,623.54</u>	<u>66,494.00</u>	<u>120.19%</u>
37		Net Revenue Over Expenditures	<u>(71,703.73)</u>	<u>110,346.21</u>	<u>441,385.00</u>	

Region 9 Economic Development District
Statement of Revenues and Expenditures
From 10/1/2023 Through 12/31/2023

600 - Enterprise Zone

			<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Total Budget</u>	<u>Percent Total Budget Used</u>
Revenue						
1	4010	Grants - Admin	7,597.27	5,618.25	22,473.00	33.80%
2	4910	Misc. Income	<u>2,520.35</u>	<u>7,500.00</u>	<u>30,000.00</u>	<u>8.40%</u>
3		Total Revenue	<u>10,117.62</u>	<u>13,118.25</u>	<u>52,473.00</u>	<u>19.28%</u>
Expenditures						
4	5110	Wages	9,161.21	5,877.75	23,511.00	38.96%
5	5120	Payroll taxes	792.12	449.76	1,799.00	44.03%
6	5130	SUTA	0.00	17.76	71.00	0.00%
7	5135	Retirement Expense	456.08	294.00	1,176.00	38.78%
8	5140	Workers' Comp Insurance	28.28	41.25	165.00	17.13%
9	5145	FAMLI	44.30	0.00	0.00	0.00%
10	5150	Health Expense	1,454.73	752.76	3,011.00	48.31%
11	5510	Travel	65.50	300.00	1,200.00	5.45%
12	5512	Meetings	0.00	50.01	200.00	0.00%
13	5532	Postage and Delivery	0.00	50.01	200.00	0.00%
14	5535	Printing and Reproduction	0.00	50.01	200.00	0.00%
15	5560	Miscellaneous	0.00	24.99	100.00	0.00%
16	5640	Other consulting fees	617.50	500.01	2,000.00	30.87%
17	5950	Interfund Transfer Out	0.00	1,250.01	5,000.00	0.00%
18	6010	Allocations - Salary & Burden	2,989.82	1,105.50	4,422.00	67.61%
19	6020	Allocations - Occupancy	204.85	276.24	1,105.00	18.53%
20	6030	Allocations - G&A	<u>350.46</u>	<u>605.76</u>	<u>2,423.00</u>	<u>14.46%</u>
21		Total Expenditures	<u>16,164.85</u>	<u>11,645.82</u>	<u>46,583.00</u>	<u>34.70%</u>
22		Net Revenue Over Expenditures	<u>(6,047.23)</u>	<u>1,472.43</u>	<u>5,890.00</u>	

Region 9 Economic Development District
Statement of Revenues and Expenditures
From 10/1/2023 Through 12/31/2023

IRP's / 750 - 755 - 760 - 765 - 775-776

			<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Total Budget</u>	<u>Percent Total Budget Used</u>
Revenue						
1	4620	Loan Origination	2,000.00	1,250.01	5,000.00	40.00%
2	4625	Late Fees	0.00	62.49	250.00	0.00%
3	4710	Interest-Loans	8,573.50	8,550.24	34,201.00	25.06%
4	4720	Interest-Invested Funds	0.69	268.74	1,075.00	0.06%
5		Total Revenue	<u>10,574.19</u>	<u>10,131.48</u>	<u>40,526.00</u>	<u>26.09%</u>
Expenditures						
6	5050	Interest Expense	0.00	3,750.00	15,000.00	0.00%
7	5110	Wages	1,299.98	224.25	897.00	144.92%
8	5120	Payroll taxes	121.25	17.25	69.00	175.72%
9	5130	SUTA	0.00	0.75	3.00	0.00%
10	5135	Retirement Expense	71.44	11.25	45.00	158.75%
11	5140	Workers' Comp Insurance	4.01	1.50	6.00	66.83%
12	5145	FAMLI	6.79	0.00	0.00	0.00%
13	5150	Health Expense	168.67	28.74	115.00	146.66%
14	5260	Loan Loss	(4,440.66)	(1,678.26)	(6,713.00)	66.15%
15	5515	Legal Fees	0.00	249.99	1,000.00	0.00%
16	5556	Professional Liability	0.00	399.99	1,600.00	0.00%
17	5625	Credit/Filings	22.40	187.50	750.00	2.98%
18	5627	CCR Registration	1,000.00	7,125.00	28,500.00	3.50%
19	6010	Allocations - Salary & Burden	469.19	42.24	169.00	277.62%
20	6020	Allocations - Occupancy	34.60	10.50	42.00	82.38%
21	6030	Allocations - G&A	49.68	23.25	93.00	53.41%
22		Total Expenditures	<u>(1,192.65)</u>	<u>10,393.95</u>	<u>41,576.00</u>	<u>(2.87)%</u>
2		Net Revenue Over Expenditures	<u>11,766.84</u>	<u>(262.47)</u>	<u>(1,050.00)</u>	

Region 9 Economic Development District
Statement of Revenues and Expenditures
From 10/1/2023 Through 12/31/2023

RMAP 770-771

			<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Total Budget</u>	<u>Percent Total Budget Used</u>
Revenue						
1	4620	Loan Origination	0.00	125.01	500.00	0.00%
2	4625	Late Fees	0.00	25.02	100.00	0.00%
3	4710	Interest-Loans	4,772.09	4,171.02	16,684.00	28.60%
4	4720	Interest-Invested Funds	58.05	6,975.00	27,900.00	0.20%
5		Total Revenue	<u>4,830.14</u>	<u>11,296.05</u>	<u>45,184.00</u>	<u>10.69%</u>
Expenditures						
6	5050	Interest Expense	1,348.69	2,550.00	10,200.00	13.22%
7	5110	Wages	1,498.46	1,427.49	3,019.00	49.63%
8	5111	Vacation expense	0.00	(672.75)	0.00	0.00%
9	5120	Payroll taxes	87.09	40.50	162.00	53.75%
10	5130	SUTA	0.00	18.75	75.00	0.00%
11	5135	Retirement Expense	49.59	27.24	109.00	45.49%
12	5140	Workers' Comp Insurance	2.96	15.00	60.00	4.93%
13	5145	FAMLI	4.94	1.50	6.00	82.33%
14	5150	Health Expense	130.60	88.80	292.79	44.60%
15	5258	Collections	0.00	28.74	115.00	0.00%
16	5260	Loan Loss	(281.21)	(345.00)	(1,380.00)	20.37%
17	5525	Audit fees	0.00	375.00	1,500.00	0.00%
18	5556	Professional Liability	0.00	100.02	400.00	0.00%
19	5625	Credit/Filings	12.00	0.00	0.00	0.00%
20	5627	CCR Registration	0.00	62.49	250.00	0.00%
21	5640	Other consulting fees	0.00	750.00	3,000.00	0.00%
22	6010	Allocations - Salary & Burden	488.48	141.99	568.00	86.00%
23	6020	Allocations - Occupancy	38.93	35.49	142.00	27.41%
24	6030	Allocations - G&A	50.27	78.00	312.00	16.11%
25		Total Expenditures	<u>3,430.80</u>	<u>4,723.26</u>	<u>18,830.79</u>	<u>18.22%</u>
26		Net Revenue Over Expenditures	<u>1,399.34</u>	<u>6,572.79</u>	<u>26,353.21</u>	

Region 9 Economic Development District

Balance Sheet

As of 12/31/2023

		<i>100-General</i>	<i>200-Revolving Loan Fund</i>	<i>SBA Loan Funds 260-265-266</i>
	<i>Assets</i>			
1	C-Safe Account	2,128,434.60	0.00	0.00
2	TBK-Statewide EDA BLF	0.00	0.00	0.00
3	TBK EDA-BLF	(100,000.00)	0.00	0.00
4	TBK-EDA Planning	0.00	0.00	0.00
5	Alpine Operating Account	543,638.80	0.00	0.00
6	Startup Loan Fund	0.00	0.00	0.00
7	Bank of the San Juans	0.00	0.00	0.00
8	Community Banks of CO-SBA	0.00	0.00	110,824.24
9	Community Banks of CO-SBA Loan	0.00	0.00	82,609.55
10	FSWB RMAP	0.00	0.00	0.00
11	FSWB RMAP Loan Loss	0.00	0.00	0.00
12	Due to/from other funds	(2,853,525.53)	1,021,599.16	(207,712.91)
13	Accounts Receivable	0.00	53,359.32	0.00
14	Miscellaneous Receivable	0.00	0.00	0.00
15	Equity Investments	0.00	0.00	0.00
16	OREO	0.00	0.00	0.00
17	Notes Receivable	0.00	4,313,704.54	289,188.93
18	Loan Loss Allowance	0.00	(116,525.16)	1,231.97
19	Interest Receivable	0.00	21,051.21	767.89
20	Other Assets	28,055.54	76,158.30	0.00
21	Other Investments	0.00	51,980.26	0.00
22	Other	559,689.80	1,260.00	0.00
23	Total Assets	<u>306,293.21</u>	<u>5,422,587.63</u>	<u>276,909.67</u>
	<i>Liabilities</i>			
24	Payroll Liabilities	45,525.56	20,861.42	887.96
25	Accounts Payable	(50.00)	81,699.52	50.00
26	Other Liabilities	255,815.23	0.00	274,999.81
27	Current Portion of Notes	0.00	0.00	0.00
28	RMAP Loan	0.00	0.00	0.00
29	IRP Note	0.00	0.00	0.00
30	Line of Credit	0.00	0.00	0.00
31	Total Liabilities	<u>301,290.79</u>	<u>102,560.94</u>	<u>275,937.77</u>
	<i>Net Assets</i>			
32	Total Net Assets	<u>5,002.42</u>	<u>5,320,026.69</u>	<u>971.90</u>
33	Total Liabilities and Net Assets	<u>306,293.21</u>	<u>5,422,587.63</u>	<u>276,909.67</u>

Region 9 Economic Development District

Balance Sheet

As of 12/31/2023

		<i>EDA Loan Funds / 300-310-315</i>	<i>Colorado Startup Loan Fund</i>	<i>355 Community Technical & Assistance</i>
<i>Assets</i>				
1	C-Safe Account	0.00	0.00	0.00
2	TBK-Statewide EDA BLF	27,422.85	130.00	0.00
3	TBK EDA-BLF	128,864.54	0.00	0.00
4	TBK-EDA Planning	0.00	0.00	5,114.70
5	Alpine Operating Account	0.00	0.00	0.00
6	Startup Loan Fund	0.00	143,914.03	0.00
7	Bank of the San Juans	0.00	0.00	0.00
8	Community Banks of CO-SBA	0.00	0.00	0.00
9	Community Banks of CO-SBA Loan	0.00	0.00	0.00
10	FSWB RMAP	0.00	0.00	0.00
11	FSWB RMAP Loan Loss	0.00	0.00	0.00
12	Due to/from other funds	675,952.52	916,145.52	(89,562.92)
13	Accounts Receivable	0.00	39,060.00	157,200.00
14	Miscellaneous Receivable	0.00	0.00	0.00
15	Equity Investments	0.00	0.00	0.00
16	OREO	0.00	0.00	0.00
17	Notes Receivable	4,344,368.43	541,609.68	0.00
18	Loan Loss Allowance	(242,776.95)	(23,145.21)	0.00
19	Interest Receivable	14,268.20	2,222.12	0.00
20	Other Assets	6,534.18	3,267.09	0.00
21	Other Investments	0.00	0.00	0.00
22	Other	0.00	0.00	0.00
23	Total Assets	<u>4,954,633.77</u>	<u>1,623,203.23</u>	<u>72,751.78</u>
<i>Liabilities</i>				
24	Payroll Liabilities	6,161.31	2,861.65	4,002.61
25	Accounts Payable	0.00	1,092,907.28	30,353.60
26	Other Liabilities	0.00	0.00	0.00
27	Current Portion of Notes	0.00	0.00	0.00
28	RMAP Loan	0.00	0.00	0.00
29	IRP Note	0.00	0.00	0.00
30	Line of Credit	0.00	0.00	0.00
31	Total Liabilities	<u>6,161.31</u>	<u>1,095,768.93</u>	<u>34,356.21</u>
<i>Net Assets</i>				
32	Total Net Assets	<u>4,948,472.46</u>	<u>527,434.30</u>	<u>38,395.57</u>
33	Total Liabilities and Net Assets	<u>4,954,633.77</u>	<u>1,623,203.23</u>	<u>72,751.78</u>

Region 9 Economic Development District

Balance Sheet

As of 12/31/2023

		<i>356 SWCCOG</i>	<i>CDBG 580-590</i>	<i>600 Enterprise Zone</i>
	<i>Assets</i>			
1	C-Safe Account	0.00	0.00	0.00
2	TBK-Statewide EDA BLF	0.00	0.00	0.00
3	TBK EDA-BLF	0.00	0.00	0.00
4	TBK-EDA Planning	0.00	0.00	0.00
5	Alpine Operating Account	0.00	0.00	0.00
6	Startup Loan Fund	0.00	0.00	0.00
7	Bank of the San Juans	0.00	0.00	0.00
8	Community Banks of CO-SBA	0.00	0.00	0.00
9	Community Banks of CO-SBA Loan	0.00	0.00	0.00
10	FSWB RMAP	0.00	0.00	0.00
11	FSWB RMAP Loan Loss	0.00	0.00	0.00
12	Due to/from other funds	(72,491.46)	156,443.22	(20,768.99)
13	Accounts Receivable	82,588.00	0.00	17,653.33
14	Miscellaneous Receivable	0.00	0.00	0.00
15	Equity Investments	0.00	0.00	0.00
16	OREO	0.00	0.00	0.00
17	Notes Receivable	0.00	645,749.77	0.00
18	Loan Loss Allowance	0.00	(138,822.77)	0.00
19	Interest Receivable	0.00	4,772.85	0.00
20	Other Assets	0.00	0.00	0.00
21	Other Investments	0.00	0.00	0.00
22	Other	0.00	0.00	0.00
23	Total Assets	<u>10,096.54</u>	<u>668,143.07</u>	<u>(3,115.66)</u>
	<i>Liabilities</i>			
24	Payroll Liabilities	0.00	6,985.62	1,116.89
25	Accounts Payable	59,833.07	0.00	0.00
26	Other Liabilities	0.00	0.00	0.00
27	Current Portion of Notes	0.00	0.00	0.00
28	RMAP Loan	0.00	0.00	0.00
29	IRP Note	0.00	0.00	0.00
30	Line of Credit	0.00	0.00	0.00
31	Total Liabilities	<u>59,833.07</u>	<u>6,985.62</u>	<u>1,116.89</u>
	<i>Net Assets</i>			
32	Total Net Assets	<u>(49,736.53)</u>	<u>661,157.45</u>	<u>(4,232.55)</u>
33	Total Liabilities and Net Assets	<u>10,096.54</u>	<u>668,143.07</u>	<u>(3,115.66)</u>

Region 9 Economic Development District

Balance Sheet

As of 12/31/2023

	<i>IRP's / 750-755- 760-765-775-776</i>	<i>RMAP's / 770-771</i>	<i>Total</i>
<i>Assets</i>			
1 C-Safe Account	0.00	0.00	2,128,434.60
2 TBK-Statewide EDA BLF	0.00	0.00	27,552.85
3 TBK EDA-BLF	0.00	0.00	28,864.54
4 TBK-EDA Planning	0.00	0.00	5,114.70
5 Alpine Operating Account	0.00	0.00	543,638.80
6 Startup Loan Fund	0.00	0.00	143,914.03
7 Bank of the San Juans	117,374.90	0.00	117,374.90
8 Community Banks of CO-SBA	0.00	0.00	110,824.24
9 Community Banks of CO-SBA Loan	0.00	0.00	82,609.55
10 FSWB RMAP	0.00	41,528.42	41,528.42
11 FSWB RMAP Loan Loss	0.00	27,693.09	27,693.09
12 Due to/from other funds	405,339.68	68,581.71	0.00
13 Accounts Receivable	0.00	0.00	349,860.65
14 Miscellaneous Receivable	0.00	0.00	0.00
15 Equity Investments	0.00	0.00	0.00
16 OREO	0.00	0.00	0.00
17 Notes Receivable	643,619.31	289,323.28	11,067,563.94
18 Loan Loss Allowance	(4,922.92)	(5,871.57)	(530,832.61)
19 Interest Receivable	1,156.14	763.30	45,001.71
20 Other Assets	0.00	0.00	114,015.11
21 Other Investments	0.00	0.00	51,980.26
22 Other	0.00	0.00	560,949.80
23 Total Assets	<u>1,162,567.11</u>	<u>422,018.23</u>	<u>14,916,088.58</u>
<i>Liabilities</i>			
24 Payroll Liabilities	105.70	768.08	89,276.80
25 Accounts Payable	0.00	0.00	1,264,793.47
26 Other Liabilities	5.00	0.00	530,820.04
27 Current Portion of Notes	44,062.24	30,898.74	74,960.98
28 RMAP Loan	0.00	352,003.19	352,003.19
29 IRP Note	792,101.92	0.00	792,101.92
30 Line of Credit	0.00	0.00	0.00
31 Total Liabilities	<u>836,274.86</u>	<u>383,670.01</u>	<u>3,103,956.40</u>
<i>Net Assets</i>			
32 Total Net Assets	<u>326,292.25</u>	<u>38,348.22</u>	<u>11,812,132.18</u>
33 Total Liabilities and Net Assets	<u>1,162,567.11</u>	<u>422,018.23</u>	<u>14,916,088.58</u>

10/01/2023	
Net Assets	11,984,405.55
Net Rev Over Exp	(172,273.37)
12/31/2023 Ending	
Net Assets	11,812,132.18

Region 9 Portfolio & Delinquency Report

12/31/2023

Notes payable	\$ 1,472,014
Assets	\$ 13,058,628
Net Borrowed Funds (not to exceed 30%)	11%

Cummulative Disbursal

Total Closed not Disbursed	\$ -
Approved not Closed	\$ 725,000
Total Obligated	\$ 725,000

Write Offs	Amount	Repaid	Net Write Off
9/30/2023	\$3,669,953	\$961,664	\$2,708,288

	Active Loans	Notes Receivable	Available to Lend	Committed Funds	Net Available to Lend	Cummulative Disbursed	7-Year History Loss
Revolved- 200	89	\$ 4,313,705	\$ 1,261,283	\$ 300,000	\$ 961,283	\$28,110,509	1.42%
EDA- 305	12	\$ 574,061	\$ 100,000	\$ -	\$ 100,000	\$ 3,843,140	0%
EDA COVID- 310	9	\$ 323,393	\$ 100,000	\$ -	\$ 100,000	\$450,310	0.00%
EDA Statewide-315	36	\$ 3,446,914	\$ 638,630	\$ 310,000	\$ 328,630	\$ 4,087,717	0%
Startup Loans- 320	15	\$ 541,610	\$ 404,000		\$ 404,000	\$674,320	0%
CDBG 8-580	17	\$ 645,750	\$ 750,000	\$ 90,000	\$ 660,000	\$ 1,288,409	0%
IRP- 750	19	\$ 643,619	\$ 639,781	\$ -	\$ 639,781	\$3,202,486	0%
RMAP- 770	5	\$ 161,282	\$ 57,964	\$ -	\$ 57,964	\$ 699,362	0%
RMAP 2- 771	5	\$ 128,041	\$ -	\$ -	\$ -	\$454,258	0%
SBA- 260	11	\$ 289,189	\$ 117,865	\$ 25,000	\$ 92,865	\$ 538,525	0%
	218	\$11,067,564	\$4,069,523	\$725,000	\$3,344,523	\$43,349,036	1.42%

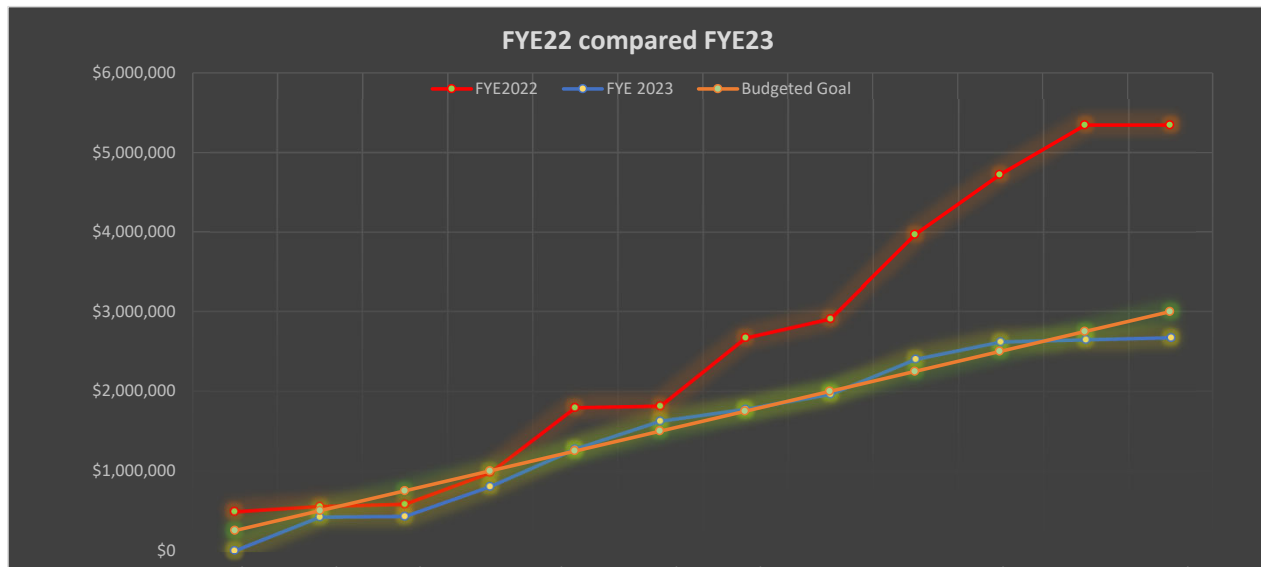
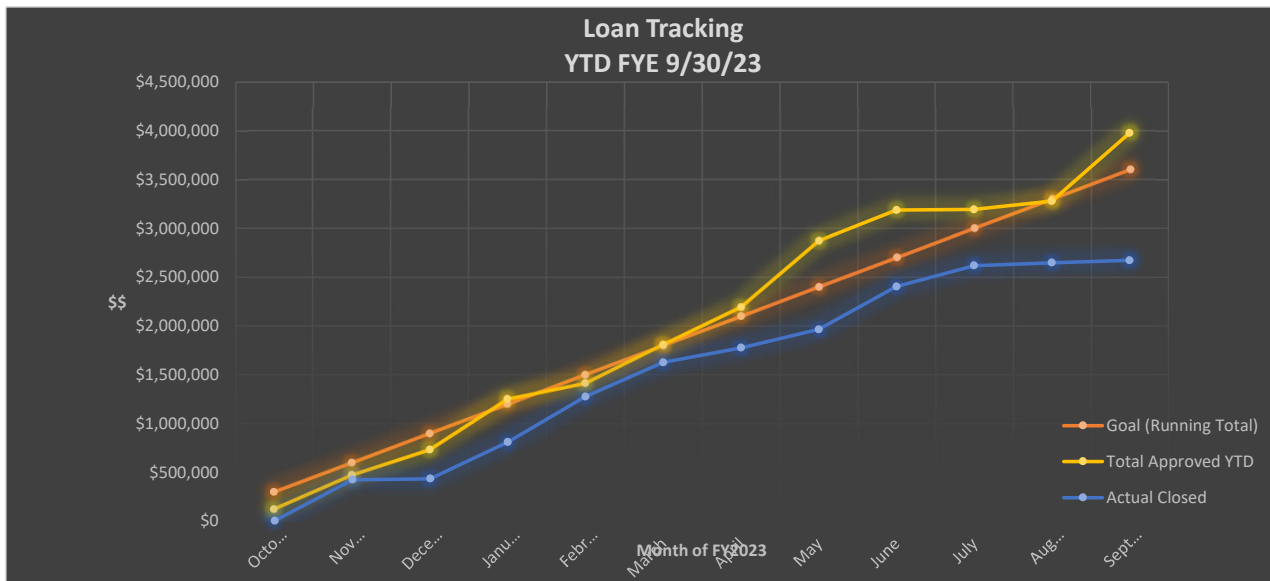
Notes Aging As of 12/31/2023								
Client	0-30	31-60	61-90	91-120	Over 121	Balance	County	Notes
	\$1,847	\$1,847	\$1,847	\$1,847	\$524	\$121,413	La Plata	Paid \$5,000 total Dec
	\$1,378	\$1,378	\$1,378	\$1,378	\$2,756	\$99,880	Dolores	Meeting with Attorney
	\$1,192	\$1,192	\$1,192	\$1,192	\$2,384	\$75,000	La Plata	Sent Demand Letter/Repossession next
	\$4,727	\$4,727	\$4,727	\$800	\$1,600	\$200,944	Pitkin	Meeting with Attorney
	\$203	\$203	\$203	\$203	\$203	\$10,000	La Plata	Sending to collections/no response demand ltr
	\$473	\$473	\$473	\$473	\$345	\$22,389	La Plata	Brought in \$128 in January
	\$2,328	\$2,328	\$2,328			\$186,573	Montezuma	Trying to sell truck for payoff
	\$1,437	\$1,437	\$1,437	\$1,437		\$103,705	Montezuma	Last 4 Payments NSF
	\$650	\$650	\$200	\$200		\$37,995	La Plata	Co-signer will start making payments
	\$1,000	\$1,000				\$17,122	Montezuma	Had hip replacement
	\$1,538	\$1,538				\$56,994	La Plata	Filed Chapter 11 Paid \$45,000
	\$321					\$13,407	La Plata	She says will get back on track Feb
	\$189					\$1,723	La Plata	Running Behind
	\$500					\$18,714	Archuleta	Filed Chapter 7
	\$1,538					\$94,662	Montezuma	Dec payment NSF
Total Past Due	\$19,320	\$16,773	\$13,785	\$7,530	\$7,812	\$1,060,521		
% of Portfolio Delinquent	1%	0%	3%	1%	5%	10%		

Notes Modified		
	For 8.75% interest Rate Ceiling	Various
	Seasonal Payment Structure	San Juan
	Reduced payments for 6 monts	Fremont
	3 Months interest Only	La Plata
	Deferred Jan - March	La Plata

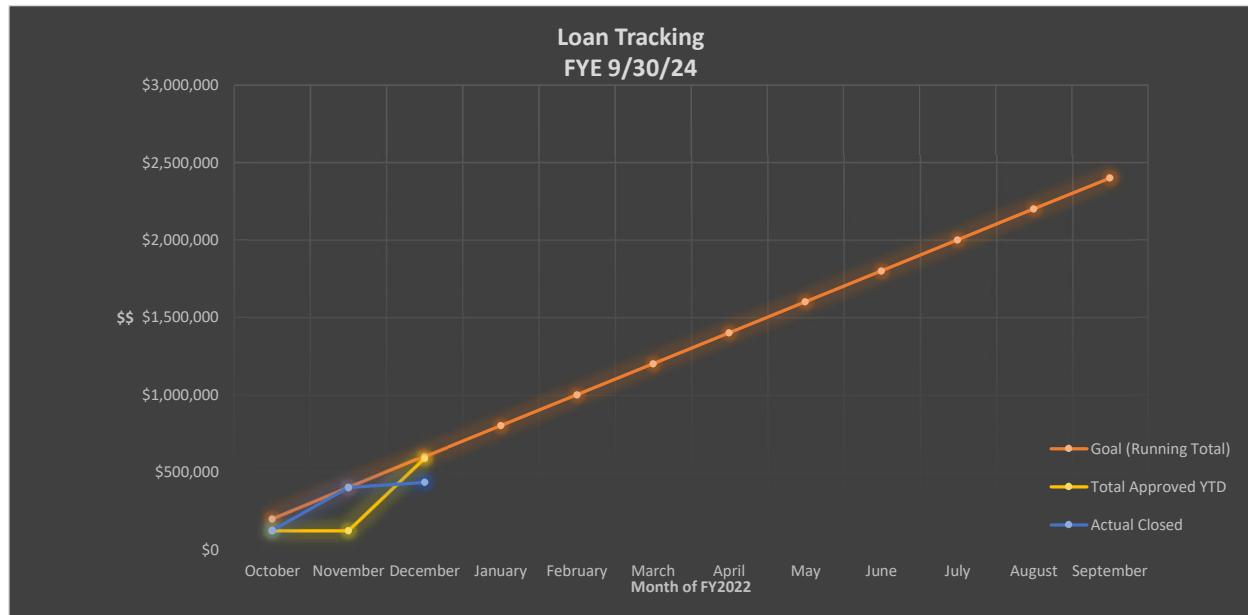
Committed Funds		
Happy Pappy's	315	\$ 310,000
Happy Pappy's	590	\$ 90,000
Wild West X	265	\$ 25,000
Driftwood Dolores	200	\$ 300,000
Total Committed		\$ 725,000

FYE 2023 Loan Production Tracking

	Goal	Goal (Running Total)	Actual Closed	Total Disbursed YTD	Loan \$ Approved	Total Approved YTD	Portfolio Balance
October	\$300,000	\$300,000	\$0	\$0	\$125,000	\$125,000	\$10,524,457
November	\$300,000	\$600,000	\$422,000	\$422,000	\$349,125	\$474,125	\$10,499,774
December	\$300,000	\$900,000	\$10,000	\$432,000	\$260,000	\$734,125	\$10,303,415
January	\$300,000	\$1,200,000	\$375,000	\$807,000	\$519,000	\$1,253,125	\$10,245,988
February	\$300,000	\$1,500,000	\$467,413	\$1,274,413	\$160,000	\$1,413,125	\$10,522,656
March	\$300,000	\$1,800,000	\$350,000	\$1,624,413	\$396,000	\$1,809,125	\$11,127,418
April	\$300,000	\$2,100,000	\$150,000	\$1,774,413	\$383,000	\$2,192,125	\$11,089,782
May	\$300,000	\$2,400,000	\$189,102	\$1,963,515	\$680,000	\$2,872,125	\$11,535,271
June	\$300,000	\$2,700,000	\$439,000	\$2,402,515	\$315,000	\$3,187,125	\$11,577,786
July	\$300,000	\$3,000,000	\$215,000	\$2,617,515	\$7,179	\$3,194,304	\$11,283,169
August	\$300,000	\$3,300,000	\$30,000	\$2,647,515	\$84,800	\$3,279,104	\$11,124,510
September	\$300,000	\$3,600,000	\$24,800	\$2,672,315	\$699,895	\$3,978,999	\$11,249,461
Totals	\$3,600,000		\$2,672,315		\$3,978,999		



FYE 2024 Loan Production Tacking								
	Goal	Goal (Running Total)	Actual Closed	Total Disbursed YTD	Loan \$ Approved	Total Approved YTD	Portfolio Balance	Target
October	\$200,000	\$200,000	\$125,000	\$125,000	\$125,000	\$125,000	\$11,249,461	\$11,400,000
November	\$200,000	\$400,000	\$275,000	\$400,000	\$0	\$125,000	\$11,238,622	\$11,500,000
December	\$200,000	\$600,000	\$35,000	\$435,000	\$460,000	\$585,000	\$11,067,564	\$11,600,000
January	\$200,000	\$800,000	\$0	\$435,000	\$0	\$585,000	\$0	\$11,700,000
February	\$200,000	\$1,000,000	\$0	\$435,000	\$0	\$585,000	\$0	\$11,800,000
March	\$200,000	\$1,200,000	\$0	\$435,000	\$0	\$585,000	\$0	\$11,900,000
April	\$200,000	\$1,400,000	\$0	\$435,000	\$0	\$585,000	\$0	\$12,000,000
May	\$200,000	\$1,600,000	\$0	\$435,000	\$0	\$585,000	\$0	\$12,100,000
June	\$200,000	\$1,800,000	\$0	\$435,000	\$0	\$585,000	\$0	\$12,200,000
July	\$200,000	\$2,000,000	\$0	\$435,000	\$0	\$585,000	\$0	\$12,300,000
August	\$200,000	\$2,200,000	\$0	\$435,000	\$0	\$585,000	\$0	\$12,400,000
September	\$200,000	\$2,400,000	\$0	\$435,000	\$0	\$585,000	\$0	\$12,500,000
Totals	\$2,400,000		\$435,000		\$585,000			



Colorado Tax Credit Sale Program

Region 9's mission statement includes the goal of improving economic prosperity across the region for our stakeholders. The Colorado Tax Credit Sale program aims to improve economic prosperity for individuals and businesses through Region 9's purchase and redistribution of state tax credits to help reduce their state tax burden and retain the savings. Currently, a significant amount of available Colorado state tax credits are being purchased and consumed by out of state businesses.

Legislation has approved up to \$10Million a year in state tax credits through the Preservation of Historic Structures Credit (HPTC)(C.R.S. 39-22-514.5) which is administered by the Colorado Office of Economic Development and International Trade (OEDIT) and History Colorado. The majority of the tax credits are awarded to non-profit entities who are undertaking the preservation and restoration of historic buildings. The non-profit entities who are awarded the tax credits are permitted, per the statutes, to sell the credits as a means to raise capital for the work being performed on the building. Here is a link the HTPC Program details: <https://oedit.colorado.gov/commercial-historic-preservation-tax-credit>

Additionally, the State of Colorado awards up to \$45Million per year in conservation easement tax credits for landowners who place their land under an easement. These tax credits are also transferable and will be included in the tax credits that will be targeted to be purchased. Additional information on conservation easement tax credits can be found here: <https://tax.colorado.gov/gross-conservation-easement>

On average, tax credit brokers are purchasing tax credits for approximately 83% of their value and then sell them to an end user for 90% of the value, keeping the 7% difference as an income stream. To accomplish the desired outcome of increasing prosperity, Region 9 would seek to increase the amount paid to non-profits for the purchase of tax credits (say 84% instead of 83%) and then would seek to sell the tax credits to the end user for a lower percentage than what can be found on the open market (say 89% instead of 90%). The target "markup" range will be 3-5%. Here is an example of a transaction:

Tax Credit Award	\$1,000,000
Percent of Tax Credit Award offered to seller	84%
Tax Credit Purchase Price (to seller)	\$840,000
Percent of Tax credit sales price (to end user)	89%
Sales Price of tax credit	\$890,000
Gross Profit to Region 9	\$50,000

If Region 9 participates, the sale of these tax credits will require outreach and promotion. Outreach will be accomplished as part of existing marketing efforts, community presentations, direct outreach, and through our local partner organizations. While OEDIT is not permitted to make single referrals to one entity, they are willing to share any marketing materials that we provide and have stated that they believe this program would be positively received by the non-profit or individual sellers of the tax credits.

Expected Process

1. A reservation list will be maintained by Region 9 throughout the year that lists the buyer's name, the amount of tax credit they are committed to purchase, and the referring entity.
2. When the time comes to purchase the credits, businesses and individuals on the reservation list will be asked to sign a purchase and transfer agreement and wire their funds to Region 9.
3. Once the funding is received, the tax credits will be purchased. Tax credits will be purchased once or twice a year, approximately 60-days ahead of the standard tax filing deadlines.
4. Region 9 will then fill out the transfer paperwork required by OEDIT to transfer the credits from the seller to Region 9, and then on to the ultimate end user.
5. The end user (buyer of the tax credit from Region 9) then receives a confirmation from OEDIT with a tax credit ID that they file with their tax returns. Per the statutes, the original receiver of the tax credit (seller to Region 9) has 10-years to utilize the tax credit before it expires. Once the credit has transferred from the original receiver, it has no expiration date.
6. If tax credits are unavailable for purchase, the reservation list will continue to be maintained until they become available.

PROS

- We will pay a slightly higher purchase percentage to non-profits than other buyers (1-2%)
- We will sell at slightly lower percentage to end users (1-2%)
- We will not need to commit Region 9 funding as we will only purchase credits that have been paid for in advance.
- New income/revenue stream for Region 9.
- Bringing tax credit opportunities to individuals and businesses in our region that may not otherwise be sought.
- Scalable so long as tax credits are available to purchase.
- Only confirmed, audited tax credits are transferred (no risk of claw back).

CONS

- Availability of tax credits for sale can fluctuate
- Tax brokers participate in this space with a focus on large corporate buyers (IBM, out of state Banks, Apple, etc.)
- HPTC is currently slated to sunset in 2029.
- Tax credits purchased from for-profit entities have some risk of already being claimed and utilized, if they were awarded in earlier years than they are being purchased in.
- Region 9 capacity as workload unknown but believed to be manageable.

Request to Board of Directors

The program was discussed at a recent Executive Committee meeting. Staff would like to request approval to begin to implement, market, and promote the program. Funding is not expected to be needed as tax credits will not be purchased until funds are received from the buyers. Attorney input and review will be required along with staff time ahead of generating revenue but is not expected to exceed \$5,000 to launch the program.

REGION 9 ECONOMIC DEVELOPMENT DISTRICT OF SOUTHWEST COLORADO, INC.

RESOLUTION #24-04

EDA Statewide RLF Separation of Award

WHEREAS, the Region 9 Economic Development District of SW Colorado (District) is providing Revolving Loan Funds from the Economic Development Administration (EDA) to businesses throughout the state of Colorado in partnership with B-Side Capital, Colorado Enterprise Fund (CEF) collectively known as the Statewide-EDA-RLF; and,

WHEREAS, the Statewide-EDA-RLF is entering its revolved stage, and the partners are requesting to divide the grant award 05-79-06060 into the individual partner amounts approved by EDA moving forward; and operate their portion of the divided grant award independently from the other co-grantees on the award; and,

WHEREAS, the three partners have drafted individual State-RLF Plans moving forward that include continued cross referrals and communication, but allows for individual flexibility and autonomy to meet identified community needs; and,

WHEREAS Region 9 believes the separation will allow for positive outcomes including but not limited to:

- Providing more accountability to EDA for reporting individual efforts and more cost effective for organizational annual audits
- Will save administrative time and dependency on other partners
- More cohesive focus of funding and tracking of fund utilization
- Increased ability to manage and grow funds based on individual RLF Plan
- Build long-term relationship with clients
- Easier identification of issues and trends
- Increased individual attention and customer service; and,

WHEREAS, Region 9 has a proven track record of collaboration with Statewide-EDA partners, and each, meets the required criteria and has complied with the terms and conditions of the RLF award.

THEREFORE, BE IT RESOLVED, that the Region 9 Board of Directors recommends requesting EDA to separate the Statewide EDA-RLF loan fund so that there will be three wholly separate grant awards and that the responsibility and management should be divided based on the loans in each portfolio.

Approved this 25th day of January by the Board of Directors of the Region 9 Economic Development District of Southwest Colorado, Inc.

William Tookey, Chair

Dan Fernandez, Secretary

G:\BOARD of Directors\Resolutions\24-04 EDA Statewide separation.docx

RESOLUTION OF MEMBERS OR STOCKHOLDERS

Region 9 Eco. Dev. District of SW CO

(Name of Association)

135 Burnett Dr. Unit 1
Durango, CO 81301

(Address, including Zip Code)

RESOLVED, that the Governing Board of this Association be and it hereby is authorized and empowered to take all action necessary or appropriate —

1. To obtain for and on behalf of the Association through the United States Department of Agriculture (USDA) or any other Governmental agency:
 - (a) A loan in a sum not to exceed \$ 0 ;
 - (b) A grant in a sum not to exceed \$ 100,000 ;to be advanced by the lender or grantor in one or more advances at such time or times as may be agreed upon.
2. In case of a loan or grant or both -
 - (a) For the execution of such application or applications (including exhibits, amendments and/or supplements thereto) as may be required:
 - (b) For the execution and delivery to the lender or grantor of all such written instruments as may be required in regard to or as evidence of such loan or grant; and
 - (c) In its judgment to carry out the terms of this resolution.
3. And in case of a loan -
 - (a) To obligate this Association for the repayment of the loan at such rates of interest and on such other terms and conditions as the Governing Board shall deem proper;
 - (b) To pledge, hypothecate, mortgage, convey, or assign property of this Association of any kind and in any amount now owned or hereafter acquired, as security for any or all obligations (past, present and/or future) of this Association to such lender; and
 - (c) From time to time to pay, extend, or renew any such obligations.

CERTIFICATION

I, the undersigned, as Secretary of the above named Association, hereby
(Secretary) (Acting Secretary)

certify that said Association on the 25th day of January, 2024, had twenty-five
(Number)
members ; that thirteen of these
(members) (stockholders) or (shares of voting stock outstanding)
constituted a quorum; that _____ said members or stockholders or shares of voting stock were present at a meeting
of the members or stockholders duly called and held on the _____ day of December, 2023 ;
that the foregoing resolution was adopted at such meeting by the affirmative vote of _____ said members
or stockholders or shares of voting stock; and that said resolution has not been rescinded or amended in any way.

Dated this day 25th of January, 2024 .

Secretary of Region 9 Eco. Dev. District of SW CO



The goal of Region 9 EDD's Community Grant Writer is to partner with governments and community groups that align with our mission, helping to access funding for projects of economic benefit to a community. This role provides grant services, builds community capacity, and creates resources to benefit Southwest Colorado organizations.

2023 Community Grant Writer Year in Review



Grant Services

Wrote and edited 22 grants, including 9 for the Region, 2 for Archuleta County, 1 for Dolores County, 6 for La Plata County, 2 for Montezuma County, and 2 for San Juan County.

Total funds granted to the region \$3,800,000.



Resources

Provided customized research and consulting addressing the funding needs of local organizations.

- Distributed a monthly Grants Digest to simplify funding information. Increased subscribers from 85 in mid-2022 to 135 in 2023.
- Responded to over 75 grant inquiries from Region 9 communities.
- Facilitated 4 meetings with Montezuma Grant Writers.






Community Capacity

- Co-Chaired SW Rural Philanthropy Days, bringing together over 350 regional organizations and statewide funders.
- Serve as the Regional Grant Navigator connecting organizations to federal funding:
 - Held 32 meetings with municipalities, counties, and special districts to understand project needs and provide technical assistance.
 - Over 10 Infrastructure Investment & Jobs Act grants have been applied for from our region.



Strategic Plan Progress Report

Reporting Period January-December 2023

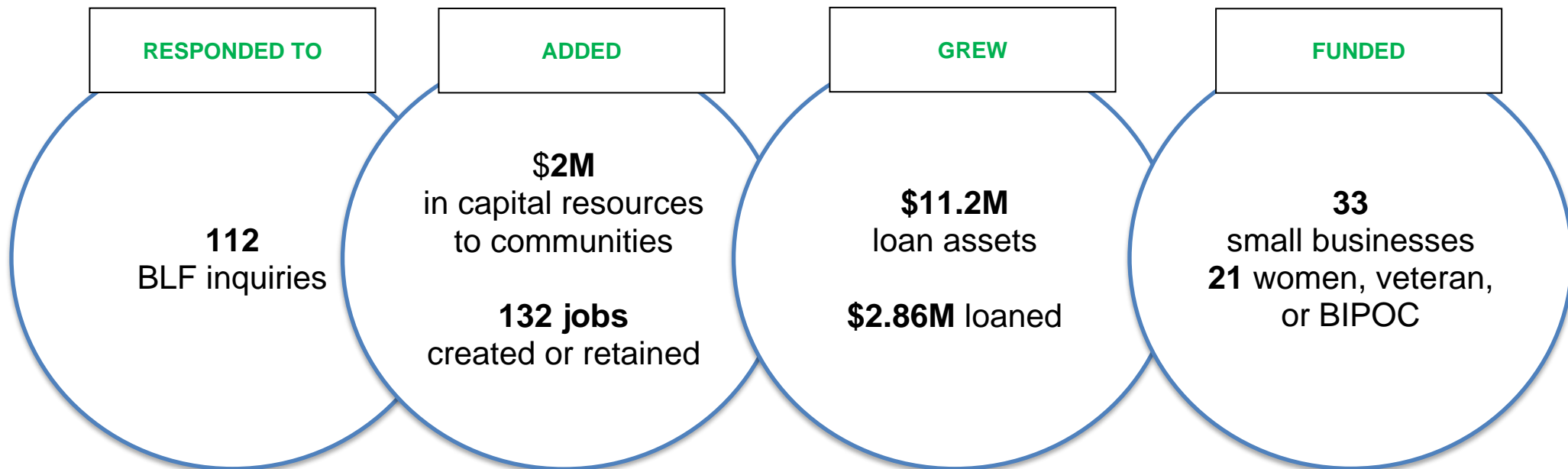
-  Completed / On Track
-  Started / In Progress
-  Not Started / Delayed









Enhance Access to Capital

Goal: Grow and diversify Region 9's financial assets.



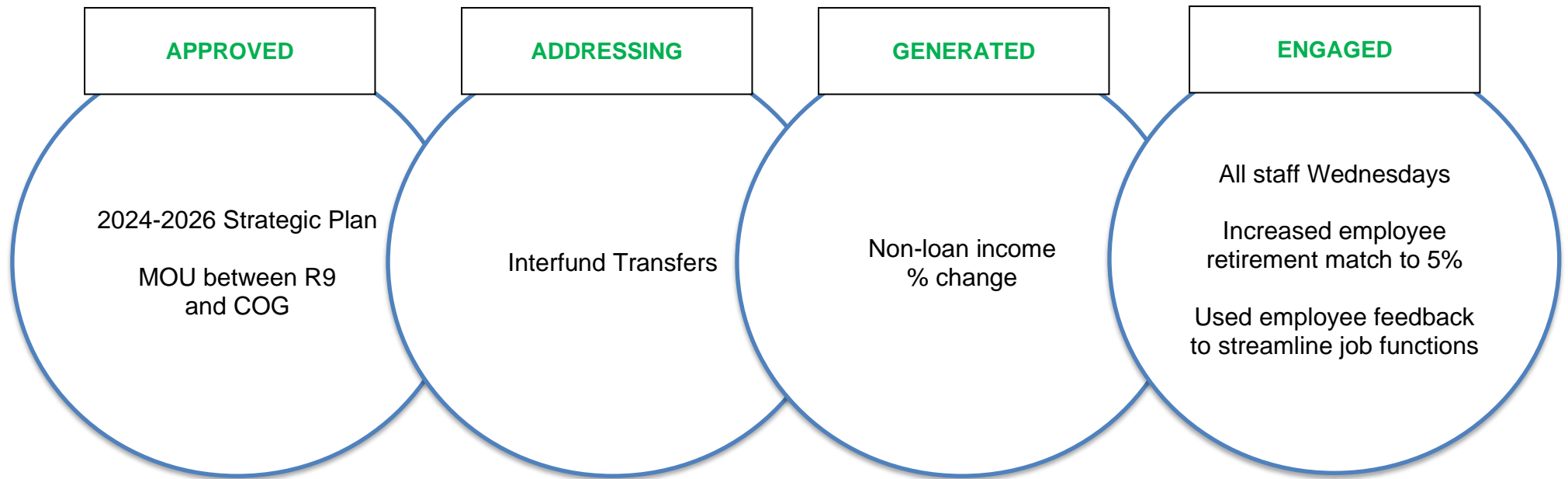
Status	Actions	Metrics						
	Increase referrals from existing and new lending partners for businesses using 2019 as a baseline.		Archuleta	San Juan	La Plata	Montezuma	Dolores	
		2019	18	3	63	30	10	124
		2020	12	19	83	101	9	224
		2021	15	12	103	57	15	202
		2022	18	18	69	43	12	160
		2023	4	10	64	27	7	112
			Bring additional capital resources to communities through the promotion of partnerships, incentives, funding, Grant Navigation, and training programs.	Over \$3M! <ul style="list-style-type: none">• Grant Navigator Funding. \$100k• Forest Service Loan Fund - \$500k• IRP \$500k• CDBG \$870k• Statewide Loan Fund \$1.05M• Admin & Tech Assistance \$127.5k				





	<p>Increase R9's loan assets by \$2M per year, to total \$15M by FYE 2025 by increasing the loan portfolio by \$250k per month.</p>	<ul style="list-style-type: none"> • \$11.2M at year end 2023.
	<p>Track the number of minority business owners served by Region 9 in the loan and other programs as applicable so we can evaluate what we might need to do in the future.</p>	<ul style="list-style-type: none"> • 21 of 33 business loans funded women, veteran, or BIPOC businesses. This increased from 10 of the 34 loans made in 2022.






Sustain & Enhance Region 9 EDD as an Organization

Goal: Manage the organization so that it can sustain growth over time.



Status	Actions	Metrics
	Use the strategic plan as a tool to inform workplans and decision making.	<ul style="list-style-type: none"> • Held R9 Board strategic work session. • Updated Region 9 Strategic Plan for 2024-26. Board approved.
	Build organizational sustainability by \$50K a year minimum measured by the reduction of interfund transfer totals. Achieve sustainability by 2030.	<ul style="list-style-type: none"> • Working to establish baselines for interfund transfers so we can track progress on reductions year over year.
	Secure the financial resources to meet or exceed organizational goals. Identify additional non-loan income generators for R9 to cover administrative costs.	<ul style="list-style-type: none"> • Received \$3,886 for admin of RTAP grant. • Secured \$5k for admin of SWORD contractor. • Earning 15% admin fee on \$500k Forest Service Loan Fund. • Received \$8,332 for admin of RCDI funds. • Received \$36,458 for technical assistance on SBA loans. • Received \$32k dark fiber lease funds- COG / Broadband. • R9 receives 3% of donations made to EZ Contribution Projects. • R9 receives payment for Coordinating San Juan Resource Conservation & Development.
	Meet regulatory and contractual compliance with applicable federal, state, and local partners.	<ul style="list-style-type: none"> • Revised new MOU between R9 and COG. Board approved. • Improved compliance protocols for All Hazards. • Improved processes to increase efficiency and accuracy for tracking and reporting grants.

	<p>Continue to make Region 9 a great place to work.</p>	<ul style="list-style-type: none"> • Conducted exit interview with office manager. • Hired new office manager. • Reviewed and updated employee manual. • Deployed staff survey on Region 9's culture. • Contracted with Terryl Peterson for financial staffing and planning strategy. • Increased retirement match from 3 to 5%. • Initiated all staff Wednesdays and monthly potlucks.
	<p>Recruit and retain board members that are engaged in the promotion and financial success of Region 9 as an organization.</p>	<ul style="list-style-type: none"> • Laura holds individual orientations with new board members and annual check ins with existing board members.
	<p>Provide opportunities for on-going board training, development, and leadership participation.</p>	<ul style="list-style-type: none"> • Conducted two board orientations. • Shawn Gregory participated in the Quarterly Eco Devo Meet Up in October.

Recruit, Retain, Expand & Diversify Businesses

Goals



Support the efforts of local government, county-level economic development, entrepreneurial and small business partners to attract, retain, and grow businesses.



Administer and promote the Enterprise Zone tax credits and projects.

APPROVED

8 NEW EZ
contribution
projects

5 Renewed

ACQUIRED

\$80k to support
opioid
abatement
across Region 9





GENERATED


1 FTE to support
industry sector
partnerships and
workforce
development

ENGAGED



Hosted the
State's annual
EZ meeting in
Silverton




Attract, retain, and grow businesses.

Status	Actions	Metrics
	Engage in regional resiliency efforts to support community priorities and assist governments and businesses in response to adverse economic events.	<ul style="list-style-type: none"> • Served on steering team on Montezuma Dolores Roadmap Program. • Assisted with completion of Roadmaps Plan. • Held community meetings to educate the public about the program. • Participated as team lead Montezuma Community Collective Program. • Partnered with Pagosa Springs Chamber of Commerce and Pagosa Spring Community Development Corp. to acquire a grant and hire an Industry Sector Convener for the region. Facilitated • the process for bringing this role under the Southwest Colorado Education Collaborative (SWEC). • Participated on the Mancos High School Entrepreneur Advisory Committee. • Funded Mancos School District Commercial Driver License Pathway in partnership with Eclipse DOT. • Facilitated the Southwest Opioid Response District (SWORD). • Conducted a feasibility study to determine highest and best use of opioid settlement dollars across Region 9 EDD.
	Use the region's Comprehensive Economic Development Strategy (CEDs) to advance county-level planning funding to accomplish priority projects.	<ul style="list-style-type: none"> • Acquired \$40k grant to support SWORD priorities. • Updated the CDAPs for 2024-2026.
	Work with government partners, organizations, and local area banks to leverage additional resources to the community through incentives, funding, and training programs.	<ul style="list-style-type: none"> • Provided Brownfields Workshop in Durango. • Provided EZ Workshop in Pagosa Springs
	Support efforts to retain primary employers and growth companies that have reached capacity for operating in our region. Prevent relocation.	<ul style="list-style-type: none"> • Consulted with OEDIT on Project Alerts for interested companies. Provided feedback on SW Colorado criteria to help them help us. • Supported Rural Jumpstart business in Montezuma: Higher Purpose Homes.

		More work needed in this area.
	Provide data resources to governments, economic development groups, and the private sector to help track trends and support decision making for economic development.	<ul style="list-style-type: none"> • Hosted 3 regional economic development meet ups and community tours for county level organizations. • Maintained economic data dashboard on Region 9 website and tracked user statistics. • Organized in depth reviews with vendors Local Intel and StateBook (competitor) to ensure best ROI for Region 9. • Contributed an article about our region for the 2024 Colorado Business Economic Outlook publication. • Provided county performance reports to local governments and economic development organizations to illustrate the impact that working together has in communities and across Region 9.

Enterprise Zone

Status	Actions	Metrics
	Increase EZ business participation in each county through outreach, marketing, and education for EZ businesses, partner organizations, and accountants.	<ul style="list-style-type: none"> • Hosted the annual EZ State Meeting in Silverton Co. • Promotion of approved EZ contribution projects through Region 9's newsletters and social media outlets. • Promotion of trainings, and timely information regarding EZ tax credits through Region 9's newsletter list and social media. • Hosted EZ info and boundary amendment sessions Durango, Pagosa Springs, Cortez.
	Increase the number of businesses in which we directly work with through our loan program and partner organizations (SCAPE & SBDC) to claim tax credits (measured by looking at the annual EZ certification list).	<ul style="list-style-type: none"> • Certified businesses decreased slightly from 2022-2023. <ul style="list-style-type: none"> ○ 279 in 2022 to 273 in 2023 • The loan officers will advise potential clients if the business is located within the EZ boundary. • EZ information is shared during the loan closing process. • EZ is promoted during workshops and meet ups. • Annual pre-certifying dates are promoted through Region 9's newsletter and social media outlets. • Direct emailing clients and tax preparers during the annual pre-certifying period.

	Recruit at least two EZ Contribution Projects annually.	<ul style="list-style-type: none"> • The State approved 8 new EZ contributions projects and there were 5 renewing projects – 2 regional, 2 Montezuma, 2 La Plata, Durango, and Dolores County. This increased from 2022 when the State approved 5 new EZ contribution projects – UMUT, Archuleta, Montezuma, La Plata, and San Juan.
	Increase the total number of participating businesses, in each county, particularly in our enhanced counties of Archuleta, Dolores, Montezuma, and San Juan over previous year.	<ul style="list-style-type: none"> • Archuleta County increased by 5 participating businesses. There were 49 in 2022 and 54 in 2023. • Dolores (28/22), Montezuma (165/162), and San Juan (3/2) decreased in 2023.
	Provide an Enterprise Zone information session in each county.	<ul style="list-style-type: none"> • A boundary amendment was approved in what is considered as “mid-town Durango.” • We provided EZ training to businesses in Durango/ La Plata County. • We provided EZ training for businesses in Pagosa Springs/Archuleta County. • We provided EZ training for businesses in Cortez/Montezuma County.

Support Regional Infrastructure

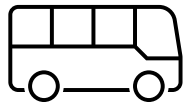
Goals



Support regional infrastructure projects through Grant Navigation services.



Engage with communities and other stakeholders to support housing initiatives in the region



Develop and promote partnerships with transportation agencies and transit service providers to coordinate, enhance and expand travel options and increase mobility in the region.



Create a middle-mile network that generates sufficient revenue to manage the network and help governments and internet service providers expand coverage when it aligns with our efforts to recruit, retain, expand, and diversify businesses.

SECURED

\$3.8M
in GRANT FUNDS
for Region 9

ASSISTED

1 Rural Jumpstart
Business





ADVANCED

Right of way access
for fiber




CNL operations


Funding for priority
routes despite no
NTIA

Grant Navigation



Status	Actions	Metrics
	Secure 1 for every 3 grants written.	<ul style="list-style-type: none"> • Total funds raised \$3.8M, increased from \$1.9M in 2022. • Wrote and edited 22 grants, increased from 10 in 2022.
	Assist area governments to secure funding for needed projects. Communicate with each government contact(s) at least quarterly regarding funding needs and projects.	<ul style="list-style-type: none"> • Provided customized research and consulting addressing the funding needs of local organizations. • Facilitated 4 meetings with Montezuma Grant Writers. • Co-Chaired SW Rural Philanthropy Days, bringing together over 350 regional organizations and statewide funders. • Connected Region 9 organizations to federal funding: <ul style="list-style-type: none"> ○ Held 32 meetings with municipalities, counties, and special districts to understand project needs and provide technical assistance. ○ Over 10 Infrastructure Investment & Jobs Act grants have been applied for from our region.
	Provide monthly grants digest and other resources as needed.	<ul style="list-style-type: none"> • Increased subscribers from 85 to 135.
	Track trends for inquiries, grants written, grants edited, and percentage grants received.	<ul style="list-style-type: none"> • Responded to over 75 grant inquiries, an increase from 50 last year.


Housing

Status	Actions	Metrics
	Provide advocacy around housing policies and funding to assist communities and organizations to build housing.	<ul style="list-style-type: none"> • Advocated to the State to correct inaccurate housing statistics initially put forward as a means for communities to file commitments for Proposition 123. • Drafted legislation to advocate for equitable distribution of State funding for statewide housing issues.
	Work with State and regional policymakers to advocate for policies that promote housing, land use code and comprehensive plan updates, incentives for developers, and equitable allocation of State funds.	<ul style="list-style-type: none"> • Assisted Montezuma County and the City of Cortez with their housing needs assessments and affordable housing policies.
	Support capacity-building efforts within the communities, empowering leaders, and residents to take an active role in housing initiatives. through information sessions about housing policies, financing options, and affordable housing opportunities.	<ul style="list-style-type: none"> • Lead Housing Initiatives Group in the Montezuma Community Collaborative, addressing homelessness for veterans. • Worked with the City of Cortez staff to opt into Proposition 123, which would enable a nonprofit to pursue land banking funds from CHFA. • Discussed potential sites and zoning issues with City of Cortez. • Assisted a developer in Dolores County explore develop a portion of the Dove Creek West subdivision for senior housing. • Assisted the Town of Dove Creek to develop a subdivision and rezoning application. • Addressed pre-housing infrastructure with the Town of Dove Creek on the Big Canyon Waterline, and an additional 99 acre-foot storage reservoir. • Worked with the State to produce webinars and provide technical assistance for Proposition 123. • Worked with State leaders at DOH and DOLA to amend Prop 123 legislation to include the Tribes.




	<p>Organize regular meetings to discuss housing initiatives, share information, and gather feedback. Foster relationships with all partners to align regional housing initiatives with local zoning, development plans and construction projects.</p> <p>Monitor housing needs in the region, including demographic trends, income levels, and affordability gaps. Share data and research findings with stakeholders to inform decision-making and support evidence-based policies.</p>	<ul style="list-style-type: none"> • Assisted Higher Purpose Homes to secure a location to panelize and apply to the State for Rural Jump Start. • Assisted with policies and procedures to move a senior housing development forward in Dove Creek. • Assisted the Trailwood Foundation to promote their Jiffy Block product to local developers.
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Transportation & Transit

Status	Actions	Metrics
	<p>Facilitate the ability to have integrated transit service from one end of the region to the other.</p>	<ul style="list-style-type: none"> • Worked with agencies to collect and publish Geo Transit Feed Specification data.
	<p>Identify and maintain communication with transportation agencies, transit service providers, and other relevant stakeholders to identify areas where coordination and expansion can have the most significant impact.</p>	<ul style="list-style-type: none"> • Facilitated meetings and record keeping for the South-West Transportation Planning Region and Regional Transit Council.

	<p>Coordinate the planning and development of transportation and transit projects that span multiple jurisdictions as equitably as possible</p>	<ul style="list-style-type: none"> • Coordinated with counties to ensure uniformed compliance with HB22-1278: Behavioral Health Transportation. • Coordinated with Dolores County, the Town of Rico, and Montezuma County to launch a pilot program to transport Rico's senior citizens to and from Cortez for groceries and medical visits.
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Broadband

Status	Actions	Metrics
	<p>Collaborate with partner governments to build and connect priority middle mile routes per SW Colorado Broadband plan. Work with regional broadband leaders and consultants to develop infrastructure plans that include network design, equipment procurement, and construction timelines. Update plans periodically.</p>	<ul style="list-style-type: none"> • Completed Regional Broadband Plan. • Began reevaluation of priority routes after not being awarded the NTIA Middle Mile grant.
	<p>Explore and promote opportunities for public-private partnerships with government agencies and internet service providers.</p>	<ul style="list-style-type: none"> • Assisted counties to negotiate with private internet service providers and prepare for Capital Project Funds. 14 applications submitted from 9 areas. • This process will be repeated with BEAD in the near future.
	<p>Explore open access revenue models that include selling access to Internet Service Providers, tiered pricing and/or volume-based pricing to cater to a variety of users.</p>	<ul style="list-style-type: none"> • Not started

	<p>Advocate for policies and regulations that facilitate regional cooperation and integration of broadband services.</p>	<ul style="list-style-type: none"> • Worked with all regional governments to address: <ul style="list-style-type: none"> ○ Letter of Credit Requirements ○ CDOT's proposed ROW Access Fees • Initiated discussions with congressional delegates on potential for repurposing returned RDOF funds to be used for future rounds of middle mile opportunities.
	<p>Continuously assess the demand for co-location space and connectivity services and expand the CNLs and middle mile networks as needed to accommodate growth.</p>	<ul style="list-style-type: none"> • Completed La Plata CNL. • Worked with the technical subcommittee to create SOP, establish standardized tenant agreements with carriers and ISPs interested in co-locating in the CNLs.

Code of Ethics

Given our mission; to be a regional leader, working cooperatively with the private and public sectors to enhance the economic conditions in the area and improve the region's economic prosperity, the Region 9 Economic Development District of Southwest Colorado (Region 9) has adopted a code of ethics to guide its board members, committee members and staff (collectively referred to as Agents) in their conduct when acting on behalf of the organization. This Code contains broad principles reflecting the types of behavior the Region 9 expects towards clients, employees, peers and the public.

These standards are designed to assure the utmost in public trust and confidence in the policies and practices of Region 9. This Code does not embody the totality of Region 9 ethical standards, nor does it answer every ethical question or issue that might arise. Rather, it is one element of a broader effort to create and maintain a quality organization that gives ethical conduct the highest priority.

Agents should:

1. Act at all times in accordance with the highest ethical standards including integrity and impartiality in the best interest of Region 9, its Agents and clients.
2. Always respect the unique identity of each person and refrain from stereotyping on the basis of gender, race, ethnicity, religion, ability, disability or sexual orientation.
3. Ensure public respect by avoiding even the appearance of impropriety.
4. Respect the confidentiality of sensitive information about Region 9, its Agents and clients.
5. Comply with all applicable federal, state and local laws, regulations and fiduciary responsibilities in an effort to create transparency in all of our operations.
6. For the Board of Directors and Committees to provide credible and effective oversight to the organization's work without personal bias.
7. Not solicit commissions, gifts, payments, loans, and promises of future benefits or other items of value from anyone who has or may seek some benefit from Region 9.
8. Abide by all the governing documents and policies of Region 9 which include confidentiality, conflict of interest, whistleblower and other policies for standards of conduct.
9. Honor our commitments and promises to the best of our abilities.
10. To be open and honest with all of our economic and business development activities.
11. Agents should continually strive for improvement in the proficiency and effectiveness of their service.

CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT 2023

THIS CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT ("Agreement") is entered into this day of _____ by and among Region 9 Economic Development District of Southwest Colorado ("Region 9"), and _____ ("Recipient").

BACKGROUND

As part of its duties, Region 9 receives numerous documents from its clients and third parties disclosing personal and confidential information about its clients. Region 9 has a legal and ethical responsibility to safeguard the privacy of all clients. In particular, Region 9 must ensure the confidentiality of all its client's identifiable information. As a Recipient, who receives Confidential Information from Region 9, either through contractual or regular employment by Region 9 or through volunteer service on the Region 9 Board of Directors and/or Committees. Recipient acknowledges and agrees that it is necessary to safeguard this Confidential Information in the same manner and with the same care as Region 9. Region 9, therefore, requires Recipient to execute and comply with this Agreement in order to obtain authorization to access the Confidential Information.

AGREEMENT

In consideration of the Background, described above, and the mutual covenants in this Agreement, the Recipient agrees as follows:

1. Recipient's Covenants. Recipient covenants and agrees as follows:

(a) Confidential Information. Recipient shall maintain all Confidential Information in strict confidence and shall not, directly or indirectly, disclose, disseminate, use for the benefit of themselves or any third parties, or otherwise publish Confidential Information, except as required by law. Recipient should take appropriate steps to avoid the purposeful or inadvertent disclosure of Confidential Information, including but not limited to, securing all tangible and electronic materials and all communications containing any Confidential Information. For purposes of this Agreement, the term "Confidential Information" shall include all personal and business financial information including loan applications, loan status, past dues, defaults, written off amounts, identifiable information, and other documents held by Region 9 related to Region 9's loan clients; as well as any information that is used, originated, discovered, or developed in the course of service with Region 9, including documents marked confidential. Confidential Information also includes all analysis, reports, or discussions of any loan applications. Confidential Information that has become public from a source other than the Recipient shall not be subject to the restrictions of this Agreement.

(b) Return of Confidential Information. If Recipient is no longer associated with Region 9, the Recipient shall return to Region 9, or certify that he/she has permanently destroyed, without making or retaining copies thereof, all Confidential Information held by Recipient

in any form or format containing Confidential Information, including documents in electronic format. In addition, while in service to Region 9, either through employment or service on a Board/Committee, Recipient shall return or destroy any downloaded, printed, or hardcopy materials, personally held by the Recipient, once a decision or vote regarding the Confidential Information has been approved in the minutes. This shall include, but not be limited to, any emails, Board/Committee packets and handouts. In the event Recipient is unable to destroy Confidential Information due to policy or regulatory requirement, Recipient will then notify Region 9 of this requirement and continue to maintain the Confidential Information in accordance with this Agreement.

(c) Survival of Covenants. Unless otherwise collectively agreed to in writing by Region 9 all covenants and provisions contained in this Section 1 shall survive any termination of Recipient's relationship with Region 9, and shall be binding upon Recipient in perpetuity, unless a court order instructs them otherwise.

(d) Compelled Disclosure of Confidential Information. In the event Recipient, or Recipient's employer, supervisor, or other party with whom Recipient is related that may have access to any Confidential Information provided to Recipient, is required by applicable law, rule, regulation or lawful order or ruling of any court, government agency or regulatory commission to disclose any Confidential Information, the Recipient agrees that it will provide Region 9 with prompt notice of such requirement to enable Region 9 to seek an appropriate protective order or to take steps to protect the confidentiality of such Confidential Information, and in the event such protection is not obtained or Region 9 waives compliance with the provisions of this Agreement, Recipient agrees that it will, or will ensure that the related party who must disclose Confidential Information, discloses only that portion of the Confidential Information which it is legally required to disclose.

2. Waiver of Breach. The waiver of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by Recipient.

3. Remedies. Recipient acknowledges that disclosure of the Confidential Information to an unauthorized third-party would result in significant damages to Region 9 that would be impossible to calculate. Therefore, Recipient agrees that if found in violation of this agreement, Region 9 shall disassociate itself from Recipient and Recipient agrees to this action. Region 9's Executive Committee has the authority to determine volunteer violations of this agreement. Contractual and regular employees would be held to their contracts and/or personnel policy processes. Region 9 shall also be entitled to injunctive relief to prevent or halt the dissemination of any Confidential Information in violation of the terms of this Agreement. Such injunctive relieve shall be in addition to any other remedies available to Region 9, whether at law or in equity. Region 9 may choose to pursue its remedies available at law or in equity, but if practicable Region 9 will first attempt to resolve any violations of this Agreement through discussion and negotiation with Recipient. In the event of litigation related to this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs. The parties acknowledge and agree that, while a volunteer on the Region 9 Board of Directors may have been named to the board based on their position with a local governmental entity, this Agreement is being made by the Recipient individually and is not being

entered into on behalf of or by such governmental entity.

4. Entire Agreement. This instrument contains the entire agreement concerning the subject matter hereof. It may not be changed orally but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

5. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado.

6. Severability. If any provision or portion of this Agreement shall be determined by any court of competent jurisdiction to be invalid, illegal or unenforceable, in whole or in part, and such determination shall become final, such provisions or portions shall be deemed to be severed or limited, but only to the extent required to render the remaining provisions and portions of this Agreement enforceable. This Agreement as thus amended shall be enforced to give effect to the intention of the parties insofar as that is possible.

7. Third-Party Benefit. This Agreement is made for the benefit of the parties and is not intended to benefit any third party or be enforceable by any third party.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year first written above.

REGION 9 ECONOMIC DEVELOPMENT DISTRICT OF SOUTHWEST COLORADO

By: _____
Laura Lewis Marchino, Executive Director

RECIPIENT:

Full Name (Print Only)

Signature

Date

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U.S. Small Business Administration
STATEMENT OF PERSONAL HISTORY
(FOR USE BY LENDERS)

Please Read Carefully and Fully Complete: SBA uses the Form 1081 to determine the eligibility of an individual to participate in SBA Loan Programs. Please reference SBA Regulations and Standard Operating Procedures if you have any questions about who must submit this form and where to submit it. **Do not send completed forms to OMB as that will delay the processing of your application; send forms to SBA.**

Lender Name		Lender Type: CDC Microlender SBLC CDFI NFRL Other																				
Lender Address (Street, City, State, Zip Code); Email Address and Telephone Number																						
1. First Name		Middle Name (if none, so state)			Last Name																	
2. Date of Birth (month, day & year)				3. Place of Birth (City and State or Foreign Country)																		
4. U.S. Citizen? Yes No INITIALS: _____ If no, are you a Lawful Permanent Resident Alien? Yes No Alien Registration Number: _____ If no, Country of Citizenship: _____				5. Social Security Number: _____																		
6. Starting with present address, attach a list of residence addresses for the last ten years using the following format: <table style="width:100%; border-collapse: collapse; margin-top: 10px;"> <tr> <th style="text-align: left; border-bottom: 1px solid black;">From (Date)</th> <th style="text-align: left; border-bottom: 1px solid black;">To (Date)</th> <th style="text-align: left; border-bottom: 1px solid black;">Address</th> </tr> <tr> <td style="font-size: small;">(mm/dd/yyyy)</td> <td style="font-size: small;">(mm/dd/yyyy)</td> <td></td> </tr> <tr><td style="border-top: 1px solid black;"></td><td style="border-top: 1px solid black;"></td><td style="border-top: 1px solid black;"></td></tr> <tr><td style="border-top: 1px solid black;"></td><td style="border-top: 1px solid black;"></td><td style="border-top: 1px solid black;"></td></tr> <tr><td style="border-top: 1px solid black;"></td><td style="border-top: 1px solid black;"></td><td style="border-top: 1px solid black;"></td></tr> </table>								From (Date)	To (Date)	Address	(mm/dd/yyyy)	(mm/dd/yyyy)										
From (Date)	To (Date)	Address																				
(mm/dd/yyyy)	(mm/dd/yyyy)																					
7. Employment, Professional History and Education: Attach a resume that provides a summary of: (a) your business or professional experience during the last ten years up to and including the present, stating the periods of each primary activity; the names, addresses and nature of business of the concerns with which you associated; title and position in such concerns; and your basic functions and responsibilities in such concerns; (b) a summary of your education showing highest level attained (such as high school graduate, bachelor's degree, master's degree, etc., and giving, when applicable, the name of the higher educational institution, your specialization, and date of degree); (c) a summary of any special experience or qualifications pertinent to your responsibilities in connection with the management or operation of all lenders and (d) identify and relate your business and professional experience during the past ten years to your qualifications to direct the management, policies or operations of an SBA Lender or SBA Microloan Intermediary (as defined in 13 CFR 120.10).																						
8. Present Affiliations and/or Associations: Attach a list of all business concerns or entities with which you are presently Affiliated (as defined in 13 CFR §121.103), and/or Associated (as defined in 13 CFR §120.10), or in which you have direct or indirect ownership or control of 10% or more of any class of stock or proprietary interest. Include the names, addresses, and nature of business of such concerns or entities, and provide the details of your relationships and ownership, including the percentage ownership of any stock, equity, voting, profit or proprietary interest owned.																						

IF YOU ANSWER "YES" TO 9a., 9b., 10a., 10b., 10c., 11a., 11b. or 12, FURNISH COMPLETE DETAILS OF SUCH PROCEEDINGS ON A SEPARATE SHEET. INCLUDE DATES, LOCATIONS, FINES, SENTENCES, WHETHER MISDEMEANOR OR FELONY, DATES OF PAROLE/PROBATION, INCLUDING, IF PERTINENT, THE COURT, TITLE OF PROCEEDINGS, DATE AND DOCKET NUMBER, AS WELL AS THE ULTIMATE DISPOSITION.

YES	NO	
		9a. Have you, or has any business concern or entity with which you are or have been Affiliated or Associated (as defined above), ever been, directly or indirectly, the subject of any insolvency, bankruptcy, creditor's rights proceedings (including Federal or state tax liens), or other litigation?
		9b. Have you, or has any business concern or entity with which you are or have been Affiliated or Associated (as defined above) ever failed to pay when due any debt or obligation, including any amounts in dispute, to the Federal government or guaranteed by the Federal government (including but not limited to taxes, business and student loans)?
		10a. Are you presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction?
		10b. Have you been arrested in the past six months for any criminal offense?
		10c. For any criminal offense – other than minor vehicle violation – have you ever 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; 4) been placed on pretrial diversion; or 5) been placed on any form of parole or probation (including probation before judgment)?
		11a. Have you, or has any business concern or entity with which you are or have been Affiliated or Associated (as defined above), ever been charged with or convicted of a felony or other criminal offense involving fraud, misrepresentation, dishonesty or breach of trust?
		11b. Have you, or has any business concern or entity with which you are or have been Affiliated or Associated (as defined above) ever been a named defendant in any civil legal action (including shareholder litigation), found civilly liable, or permanently or temporarily enjoined by a court or other regulatory body, by reason of any act or practice involving fraud, misrepresentation, breach of fiduciary duty or breach of trust?
		12. Have you, or has any business concern or entity with which you are or have been Affiliated or Associated (as defined above) ever been: <ul style="list-style-type: none"> i. Debarred, suspended, proposed for debarment, declared ineligible to participate in, or voluntarily excluded or revoked from Federal procurement programs and/or Federal non-procurement programs; ii. The subject of any suspension, debarment, voluntary exclusion, revocation, or any other regulatory enforcement action by a state or federal agency, or any other regulatory enforcement body; iii. The subject of any other decision by a federal, state or local governmental agency undertaking administrative enforcement due to fraud, lack of business integrity, ethics violations, or noncompliance with other governmental requirements; or iv. The subject of any investigation or disciplinary hearing or proceeding by a governmental agency, regulatory body, or professional association?
		13. Are you associated with any other SBA Lender, SBA Microloan Intermediary, Agent or Lender Service Provider (as those terms are defined in 13 CFR 103.1 and 13 CFR 120.10)? Are you, or have you been, a direct or indirect owner of 10% or more of any class of stock, equity interest, voting interest, profit interest, or proprietary interest in any past or present SBA Lender, SBA Microloan Intermediary, Agent or Lender Service Provider? Are you, or have you been, an officer, director, member of senior management, manager or member of a loan committee of any past or present SBA Lender, SBA Microloan Intermediary, Agent or Lender Service Provider? The term "senior management" generally refers to an individual's meaningful participation in the direction of the operations, policies or financial decisions of a business concern or entity. (If the answer to any of the foregoing is "yes," please provide the name of the SBA Lender, SBA Microloan Intermediary, Agent or Lender Service Provider, your positions, basic functions and responsibilities, and the dates.)
		14. During any part of the past ten years has a request for financial assistance been made to any federal agency by you or any business concern or entity with which you are or have been Affiliated or Associated (as defined above)? (If yes, furnish details in a separate exhibit, including current status of any assistance received.)

YES	NO	15. To your knowledge, is any SBA employee, any member of an Advisory Council for the Small Business Administration, or any member of SCORE related to you by blood, marriage, or adoption, or through an Affiliate or Associate of yours (as defined above)? (If yes, list their names, addresses, and relationship to you.)
		16. If you own, or will own 10% or more of any class of the stock or other ownership interest of an SBA Lender or SBA Microloan Intermediary did you borrow funds to purchase said interest? (If yes, give full details including your net worth, amount borrowed or to be borrowed, security and/or guarantors, terms of repayment, and status of loan/debt.)
		17. Has any concern with which you are Affiliated or Associated (as defined above) directly or indirectly borrowed funds from any SBA Lenders, or SBA Microloan Intermediaries? (If yes, give all pertinent details including the names of all parties to the transaction, the amounts involved, security and/or guarantors, terms of repayment, use of proceeds, status of loan/debt, etc.)

I authorize the Small Business Administration to request criminal record information about me from criminal justice agencies for the purpose of determining my eligibility for programs authorized by the Small Business Act and the Small Business Investment Act.

The information on this form will be used in connection with an investigation of your experience and character. It is against SBA policy to provide assistance not in the best interests of the United States, i.e., if there is reason to believe that the effect of such assistance will be to encourage or support, directly or indirectly, activities inimical to the security of the United States.

The nature and scope of the investigation may include contact with banks, other financial institutions, individuals, business associates, law enforcement offices, and any other individual or entity that will assist SBA in making an adequate appraisal of your business reputation, character, management experience and financial soundness. This constitutes the notification required by Section 606 of the Federal Fair Credit Reporting Act.

CAUTION – PENALTIES FOR FALSE STATEMENTS: Knowingly making a false statement on this form is a violation of Federal law and could result in criminal prosecution, significant civil penalties, and a denial of your program participation. A false statement is punishable under 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of not more than \$250,000; and under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000.

Certification: I hereby certify that the foregoing is true and complete to the best of my knowledge and belief.

Signature	Title	Date (mm/dd/yyyy)
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PLEASE NOTE: The estimated burden for completing this form is 30 minutes. You are not required to respond to any collection of information unless it displays a currently valid OMB approval number. Comments on the burden should be sent to U.S. Small Business Administration, Chief, AIB, 409 3rd St., S.W., Washington, D.C. 20416 and Desk Officer for the Small Business Administration, Office of Management and Budget, New Executive Office Building, Room 10202, Washington, D.C. 20503. OMB Approval (3245-0080). **DO NOT SEND COMPLETED FORMS TO OMB as that will delay the processing of your application.**

FOR SBA USE ONLY
No.

Paperwork Reduction Act (44 U.S.C. Chapter 35) (USE OF INFORMATION)

SBA is collecting the information on this form to make a character determination regarding Associates of Lenders and other individuals or entities that propose to hold an equity interest of at least 10% of the economic interest in certain Lenders. An Associate is defined as an officer, director, key employee, or holder of 20 percent or more of the value of the Lender's stock or debt instruments, or an agent involved in the loan process (13 CFR §120.10, Definitions). The information also provides the Agency with background data which is evaluated to determine if the institution's key personnel have sufficient qualifications in commercial lending activities. The information collected may be checked against criminal history indices of the Federal Bureau of Investigation.

Privacy Act (5 U.S.C. 552a)

The Small Business Act, Public Law (PL) 85-536 authorizes the Small Business Administration (SBA) to collect the information on this form. The Small Business Administration (SBA) provides direct loans and loan guarantees for small businesses, entrepreneurs, and individuals through several capital access programs. Access to capital for tens of thousands of small businesses and disaster victims each year through the Capital Access Financial System (CAFS). The legal authority which supports CAFS is Public Law 85-536, 15 U.S.C 631 et seq. (Small Business Act, all provisions relating to loan programs, Public Law 85-699 as amended 15 U.S.C. 661 et seq (Small Business Investment Act of 1958, all provisions relating to loan programs) Your disclosure of the information is voluntary. However, failure to disclose certain information may delay the processing of your eligibility or denial or the disposition to adequately process your request. Specifically, to the Statement of Personal History, information is used to determine the eligibility of an individual to participate in the SBA Loan Program.

Under the Privacy Act, you are not required to provide your social security number and failure to provide it may not affect any right, benefit, or privilege to which you are entitled. Collection of your social security number is voluntary. SBA is specifically authorized to verify your criminal history, or lack thereof, to make a character determination, pursuant to section 7(a)(1)(B), 15 USC Section 636(a)(1)(B) of the Small Business Act (the Act). SBA is authorized to make all investigations necessary to ensure that a person has not engaged in acts that violate or will violate the Act or the Small Business Investment Act, 15 USC Sections 634(b)(11) and 687(b)(a), respectively.

The categories of individuals covered in the system are SBA supervised resource partner staff and job applicants. The information in this system is used on a routine basis exclusively by authorized officials. While the records are routinely used only for the purpose for which they are established, additional uses may be made in accordance to SBA 20, System of Records Notice, Disaster Loans Case Files: [2021-25276.pdf \(govinfo.gov\)](#) and SBA 21, Loan System: [2021-09064.pdf \(govinfo.gov\)](#)

Freedom of Information Act (5 U.S.C. 552)

This law provides, with some exceptions, that SBA must supply information reflected in agency files and records to a person requesting it. Information about approved loans that will be automatically released includes, among other things, statistics on our loan programs (individual borrowers are not identified in the statistics) and other information such as the names of the borrowers (and their officers, directors, stockholders or partners), the collateral pledged to secure the loan, the amount of the loan, its purpose in general terms and the maturity.

Proprietary data on a borrower would not routinely be made available to third parties. All requests under this Act are to be addressed to the nearest SBA office and be identified as a Freedom of Information request.



Region 9 Board of Directors Survey

Please fill out the following survey to the best of your knowledge. The first questions are about the board overall and the final questions cover your personal opinions on your role as a Board member.

1. Do you have access to the Board policies, procedures, and guidelines if you need to reference them?

☐ Yes☐ No

Comments

2. Do you feel adequately informed about Executive Committee meetings, decisions, and recommendations?

☐ Yes☐ No☐ Sometimes

Comments please

3. Are Board members nominated and appointed using clearly established procedures?

☐ Yes☐ No

Other (please specify)

4. If you are a new Board member within the last 12 months, did you receive an adequate orientation? If no, please identify areas for improvement.

☐ Yes☐ No

Other (please specify)

5. Does each Board meeting include an opportunity for learning about the organization's programs and activities?

☐ Yes

☐ No

Comments

6. Do you find value in the Board trainings provided by Region 9 staff? If no, please provide suggestions below.

☐ Yes

☐ No

Comments

7. How often does the Board and staff refer to the Region 9 strategic plan at Board meetings?

☐ Too Much

☐ Not Enough

☐ Perfect Amount

Comments

8. Do you receive meeting materials in time to review in advance?

☐ Yes

☐ No

Comments

9. Does staff provide adequate information to ensure effective Board governance and decision making?

☐ Yes

☐ No

☐ Sometimes

Comments

10. Do you feel that topics are adequately discussed at Board meetings in order to make informed decisions?

☐ Not enough discussion

☐ Too much discussion

☐ About right

Comments

11. Do you feel your voice is effectively heard during Board meetings?

☐ Yes

☐ No

Comments

12. Do you have a good working relationship with the Executive Director?

☐ Yes

☐ No

☐ In progress

13. In the last three months, how often have you recommended Region 9's services and programs?

☐ None

☐ Three or less

☐ Five or more

14. Do you feel knowledgeable about Region 9 programs?

- ☐ Very Knowledgeable
- ☐ Somewhat Knowledgeable
- ☐ Not so Knowledgeable

15. Would you like recommendations for additional learning opportunities related to economic development?

- ☐ Yes
- ☐ No

16. How would you rate your understanding of Region 9's Financial Statements?

- ☐ 1= Not proficient
- ☐ 2= Proficient
- ☐ 3= Very proficient

17. How do you think the Board trainings should be provided? Please check all that apply.

- ☐ New Board Member Orientations
- ☐ At the Board Meetings
- ☐ Webinars provided by Region 9 Staff
- ☐ Available on the Internet

18. Please provide any additional feedback and comments.

Southwest Colorado Council of Governments

Response to Monitoring Visit August 29, 2023 Per Attachment 2 Summary of Guidance Observations

Concern	Recommendation	Proposed Resolution	Corrective Action Plan		
				Date of Completion	Responsible Party
1. Region 9 does not have a Grants Management Guide in place to replace the SWCCOG's policy that includes specific information on how they manage state and federal grants. What Region 9 has documented is in a variety of locations, by grant and does not specify how those grants are managed.	Develop policies and procedures tailored to govern the administration of the subrecipient's grants received by all state and federal programs. The policies need to cover procurement, expenditures, reporting, protection of PPI, labor and time accounting and any controls put in place to mitigate fraud. Policies should cover quarterly reporting process to ensure reports are reviewed prior to submission. Additionally, all policies and procedures should cover the following items indicated by 2 CFR 200. (Conflicts of interest 200.112; Cash Management 200.302 & 305; Allowability of costs 200.302; Personally Identifiable information 200.303; Equipment 200.313; Procurement 200.318; Compensation-Personnel 200.430; Compensation-Fringe 200.431; Employee Health & Welfare 200.437; Relocation costs 200.464 and Travel Costs 200.474)	<p>Region 9/SWCCOG will take the previous SWCCOG Management Guide and update to ensure it includes all requirements stated.</p> <p>A PII Policy will be drafted along with all others indicated in 2. CRF 200 to meet all requirements.</p> <p>The Relocation costs is already included in the Accounting Policies (page 11). The travel policy has already been updated and will be presented to the Board for approval.</p> <p>The intent is to bring changes to the Board for approval at the next three scheduled Board meetings.</p>	<i>A corrective action plan that identifies the action to be taken, an owner of the corrective action plan, and a forecasted implementation date.</i>	A Comprehensive Grant Management Plan will be brought to the Region 9/SWCCOG Board for approval at one of the following dates: January 25, 2024 or April 25, 2024. The final document will be provided to DHSEM.	Executive Director of Region 9/SWCCOG to Board

<p>2. The Southwest Colorado Council of Governments (“SWCCOG”) does not have a Protection of Personally Identifiable Information policy (PII). There is a cybersecurity policy that includes: hardware, system software, application software, and communication networks (private lines, routers, switchers, firewalls etc.). The policy does not talk about PII, nor does it discuss what happens in case of a breach. <i>This is a repeat observation with response that a policy would be in place by 9.28.2023</i></p>	<p>The SWCCOG should adopt a comprehensive PII policy that includes actions to take in the event of a breach resulting in the unauthorized release of PII. The PPI should ensure the protection of confidential information of for employees, vendors, contractors, and those doing business with the SWCCOG/Region 9.</p>	<p>Region 9 plans to develop a formal PII Policy, initially planned to be drafted by 9.28.23, but after the site visit and awareness of other areas for corrective action, staff chose to wait until receiving the formal letter to make sure nothing was overlooked. We were unaware that our initial Compliance Plan was approved. The PII policy will include all required items.</p>	<p><i>A corrective action plan that identifies the action to be taken, an owner of the corrective action plan, and a forecasted implementation date;</i></p>	<p>An official PPI policy will be drafted and brought to the Region 9/SWCCOG Board for approval at one of the following dates: January 25,2024 or April 25, 2024. The final document will be provided to DHSEM.</p>	<p>Executive Director of Region 9/SWCCOG to Board</p>
<p>3. It was determined that there is no formal policy/procedure in place for fraud or misdeeds to be reported. The Whistle Blower policy addresses retaliation against and employee who reports but does not give a mechanism for anonymous reporting for anyone internal or external to SWCCOG/Region 9</p>	<p>The organization will develop and implement mechanisms for reporting fraud or other misdeeds and communicate these to all employees. The organization should also have a way for those outside the organization to report any fraud or misdeeds.</p>	<p>SWCCOG/Region 9 will expand the current whistle blower policy for employees to provide a mechanism for anonymous reporting internally and externally from the organization.</p> <p>Employees are already notified of any policy change and annually review the Employee manual and will now sign an acknowledgement annually at their employee review. Region 9 will develop policies with their attorney as applicable.</p> <p>Region 9 will formalize their communication method in how they communicate all policy changes and</p>	<p><i>A corrective action plan that identifies the action to be taken, an owner of the corrective action plan, and a forecasted implementation date.</i></p>	<p>An updated Whistle blower policy and procedure to communicate policy changes will be drafted and brought to the Region 9/SWCCOG Board for approval at one of the following dates: January 25,2024 or April 25, 2024. The</p>	<p>Executive Director of Region 9/SWCCOG to Board</p>

		annually review in their Employee Manual.	<i>Confirmation that the corrective action has already been taken and supporting documentation to verify the implementation of the action</i>	final document will be provided to DHSEM. A footer to the SWCCOG/Region 9 EDD's website stating "TO file a complaint or report a complaint, please email Laura Lewis Marchino". with a linked email	
4. The Capitalization Policy for the SWCCOG lists a capitalized asset as an item that was acquired for produced for a cost of more than \$5000 including acquisition and installation costs on the same invoice. This conflicts with Region 9's policy that states capitalized assets are \$1,000.	It is recommended that the organization adopt one policy so as not to create any confusion in regarding to what is considered ad capitalized assed and add all equipment purchased with grant funding to that inventory list.	After the site visit and follow-up discussions with the SWCCOG/Regio 9 auditor, Region 9 has updated their depreciation to \$5000 to match what was in the SWCCOG policy. This change took effect in October 2023 and was implemented in the close out financials for Region 9, Sept. 30.2023. The Executive Committee was informed of the change at the November 13 th Executive Committee meeting. Draft minutes are attached.	<i>Confirmation that the corrective action has already been taken and supporting documentation to verify the implementation of the action</i>	The Region 9/SWCCOG board will formally approve the new capitalization amount of \$5000 at the next scheduled Board meeting in January 24,2024. The final document will be provided to DHSEM.	Executive Director of Region 9/SWCCOG to Board
5. It was determined that there is no written policy/procedure for equipment and property management. While the SWCCOG does not directly receive equipment, the equipment transfer	Region 9/SWCCOG should add clauses related to the management requirements for property records and the physical inventor requirements to the equipment basis in their policies. It is the responsibility of the SWCCOG to communicate and monitor federal equipment	Region 9 plans to review, update, or develop an equipment plan per required guidelines. Region 9 initially planned bring a plan to approval to their Board but due to awareness of other areas for corrective action, staff chose to wait until receiving the formal letter to make sure nothing was overlooked. This may not have been communicated to the	<i>A corrective action plan that identifies the action to be taken, an owner of the corrective action plan,</i>	An equipment management policy will be drafted and brought to the Region 9/SWCCOG Board for approval at one	Executive Director of Region 9/SWCCOG to Board

<p>form states the receiving user has an equipment management policy. This statement is not verified to ensure that there is an equipment policy in place by the receiving organization. By not having a policy in place the SWCCOG is unable to provide guidance to the receiving organization of the equipment in order to protect items from damage, theft, loss or equipment care. It was also determined that the group was working on a disposal of property policy that was to discuss surplus and disposal methods. This policy was to go to the Board on 9/11/23 and no policy was received.</p>	<p>requirements to the end users when transfers are made. This includes creating a process to ensure that the end users are appropriately calculating depreciation for all federally participated-in assets.</p>	<p>review team.</p> <p>The updated transfer of equipment form was submitted on October 31, 2023 is attached again here to see if it meets requirements to be part of the process to ensure the End Users are calculating depreciation.</p>	<p><i>and a forecasted implementation date.</i></p>	<p>of the following dates: January 25, 2024 or April 25, 2024. The final document will be provided to DHSEM.</p>	<p>Transfer monitoring - All Hazards Coordinator</p>
<p>6. During the discussion with the SWCCOG, it was determined that Region9/SWCCOG does have a policy that addresses Geographical preferences and while this is appropriate for Region 9, Federal grant requirements do not allow for regional preference except for items related to architectural/</p>	<p>SWCCOG/Region 9 should update written policies and procedures to include the procurement requirements outlined in the applicable State and Federal Guidance's.</p>	<p>The current policies including loans etc will be updated to reflect the recommended language.</p> <p>.</p>	<p><i>A corrective action plan that identifies the action to be taken, an owner of the corrective action plan, and a forecasted implementation date;</i></p>	<p>Bring an updated policy for review and approval to the Region 9/SWCCOG board. The final document will be provided to DHSEM.</p>	<p>Executive Director of Region 9/SWCCOG to Board</p>

engineering for local construction.					
7. Page 6 of the Region 9 Procurement Policy states procurements of less than \$25K do not need to be advertised with formal advertising and sealed bids and as stated under 3. Advertisement for bids, unless required by funding source. While this is acceptable, there is no other threshold for other methods of procurement such as quotes.	It is recommended that Region 9 add monetary thresholds to their procurement policy for items less than \$25K.	The procurement policy will be expanded to include some of the recommended thresholds.	<i>A corrective action plan that identifies the action to be taken, an owner of the corrective action plan, and a forecasted implementation date;</i>	Bring an updated policy for review and approval to the Region 9/SWCCOG board. The final document will be provided to DHSEM.	Executive Director of Region 9/SWCCOG to Board
8. It was discussed that Region 9/SWCCOG does not check SAM.gov to ensure that vendors are in good standing with no exclusions.	It is recommended that organizations verify SAM.gov for "Exclusion" status of contractors to avoid issues with reimbursable grant costs. Verification needs to be documented.	Region 9's Comptroller does conduct a SAM. gov check for each new vendor as required. This will be documented in our Accounting Policies and expanded to semi-annually for repeat vendors with a screenshot identifying their compliance. .	<i>Confirmation that the corrective action has already been taken and supporting documentation to verify the implementation of the action</i>	Bring an updated policy for review and approval to the Region 9/SWCCOG board. The final document will be provided to DHSEM	Executive Director of Region 9/SWCCOG to Board

9. While the SWCCOG have kept their procurement records, they have not collected any of the procurement records for the organizations that have been completing their own procurement for their projects (Upper Pine).	It is recommended that management review procurement procedures to verify that they are in accordance with organizational procedures and Federal Guidance. If no procurement procedures are in place then it is recommended that the SWCCOG instruct their subrecipients to use the procedure that the SWCCOG/Region 9 has in place.	<p>A process has been identified with the contracted coordinator and will be documented in the Grant Management policy... Montezuma, UMUT, San Juan equipment inventories will be completed every other year with La Plata, SUI, Archuleta, Dolores in the other years.</p> <p>The process would be to do a physical inventory of all items with a useful life and value of whatever the policy stipulates with information recorded using the Salamander Asset Management software.</p>	<i>Confirmation that the corrective action has already been taken and supporting documentation to verify the implementation of the action</i>	By March 30, 2024 all needed equipment inventory will be completed and a process defined moving forward.	<p>All Hazards Coordinator</p> <p>Executive Director of Region 9/SWCCOG to Board</p>
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REGION 9 ECONOMIC DEVELOPMENT DISTRICT OF SOUTHWEST COLORADO, INC

PERSONALLY IDENTIFIABLE INFORMATION (PII) POLICY

Approved

INTRODUCTION

This Personal Identifiable Information (“PII”) policy is a formal set of rules by which all who are given access to PII by virtue of their position must follow. This policy applies to all employees, contractors, or affiliates that have access to PII maintained by the Region 9 Economic Development District of Southwest Colorado, Inc. (Region 9). This also includes the Southwest Colorado Council of Governments organization collectively unless specifically called out.

WHAT ARE WE PROTECTING?

Definitions. The following definitions apply to this policy:

- A. **Personally Identifiable Information (“PII”).** PII means information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual. Some information that is considered to be PII is available in public sources such as telephone books, public websites, and university listings. This type of information is considered to be Public PII and includes, for example, first and last name, address, work telephone number, email address, home telephone number, and general educational credentials. The definition of PII is not anchored to any single category of information or technology. Rather, it requires a case-by-case assessment of the specific risk that an individual can be identified. Non-PII can become PII whenever additional information is made publicly available, in any medium and from any source, that, when combined with other available information, could be used to identify an individual (e.g., Social Security Number (SSN), name, date of birth (DOB), home address, personal email).

PII includes information regarding employees, vendors, contractors and those doing business with Region 9.

- B. **Breach.** A breach is the actual or suspected compromise, unauthorized disclosure, unauthorized acquisition, unauthorized access, and/or any similar occurrence where:
 - i. A person other than an authorized user accesses or potentially accesses PII; or
 - ii. An authorized user accesses or potentially accesses PII for other than an authorized purpose.
- C. **Notice.** Notice means:
 - i. written notice to the postal address listed in the records of the Region 9;
 - ii. telephonic notice;

- iii. electronic notice, if a primary means of communication with a Colorado resident is by electronic means or the notice provided is consistent with the provisions regarding electronic records and signatures set forth in the federal "electronic signatures in global and national commerce act", 15 U.S.C. sec. 7001 et seq.; or
- iv. Any other manner of "substituted notice" that is allowable by the laws of the state of Colorado.

Applicable Regulations. The following regulations may be applicable to the protection of PII:

2 CFR 200.303(e) The non-Federal entity must take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality.

C.R.S 24-73-101. Governmental entity - disposal of personal identifying information - policy - definitions

(1) Each governmental entity in the state that maintains paper or electronic documents during the course of business that contain personal identifying information shall develop a written policy for the destruction or proper disposal of those paper and electronic documents containing personal identifying information. Unless otherwise required by state or federal law or regulation, the written policy must require that, when such paper or electronic documents are no longer needed, the governmental entity destroy or arrange for the destruction of such paper and electronic documents within its custody or control that contain personal identifying information by shredding, erasing, or otherwise modifying the personal identifying information in the paper or electronic documents to make the personal identifying information unreadable or indecipherable through any means.

PII POLICY

Maintenance of PII

- 1) PII maintained by Region 9 shall be treated as confidential information and shall only be accessed by employees, contractors, or affiliates for purposes related to their employment with Region 9.
- 2) Region 9 shall implement and maintain reasonable security procedures and practices that are appropriate to the nature of the PII maintained by Region 9 that reasonable protect and safeguard the PII.
- 3) PII maintained by Region 9 shall be maintained and safeguard in a manner that is consistent with state and federal law and shall be protected from misuse and misappropriation.
- 4) Employees of Region 9 shall at all times also comply with Region 9's Cyber Security Policy and its Confidentiality Policy.

Breach or Suspected Breach

- 1) In the event of a Breach or suspected Breach, the Region 9 Executive Director shall be immediately notified.
- 2) In the event of a Breach or suspected Breach, Region 9 shall immediately conduct an internal investigation to determine the extent of the Breach and what PII was exposed.
- 3) Region 9 may utilize the services of a third-party provider(s) to identify and investigate a Breach or suspected Breach.
- 4) If the investigation determines that a breach regarding a Colorado resident has not occurred and is not reasonably likely to occur, Region 9 need not take further action pursuant to this Policy.
- 5) If the Investigation determines that a Breach has occurred, Region 9 shall send Notice to customers of any Breach involving a customer's PII in accordance with any applicable state or federal law.
- 6) In the event Region 9 is required to provide Notice, the following information shall be provided to all affected Colorado residents:
 - a. The date, estimated date, or estimated date range of the security breach;
 - b. A description of the personal information that was acquired or reasonably believed to have been acquired as part of the security breach;
 - c. Information that the resident can use to contact the governmental entity to inquire about the security breach;
 - d. The toll-free numbers, addresses, and websites for consumer reporting agencies;
 - e. The toll-free number, address, and website for the federal trade commission; and a statement that the resident can obtain information from the federal trade commission and the credit reporting agencies about fraud alerts and security freezes; and
 - f. Any other information required by law to be included in the Notice.
- 7) Region 9 shall provide Notice to the Colorado Attorney General of any Breach in the event that such Notice is required by Colorado State Law.

Disposal of PII

- 1) Unless otherwise required by state or federal law or regulation, when any paper or electronic document containing PII is no longer needed by Region 9, Region 9 shall destroy or arrange for the destruction of such paper and electronic document within its custody or control by shredding, erasing, or otherwise modifying the PII in the paper or electronic document so as to make the personal identifying information unreadable or indecipherable through any means.



Accounting Policies

Revised: July 12, 2021

Updated Jan. 25, 2024

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Introduction

1. This policy document outlines the accounting policies of the Region 9 Economic Development District of Southwest Colorado, Inc. (Region 9 or the District). **This also includes the Southwest Colorado Council of Governments organization collectively unless specifically called out.** The District is a 501(C)(6) not-for profit corporation formed to provide economic development programs to Southwest Colorado.
2. Accounting policies are the specific principles, bases, conventions, rules, and practices applied by an entity in preparing and presenting financial statements. Region 9's financial statements are prepared under accounting standards established by the Governmental Accounting Standards Board (GASB).
3. **Additionally, all policies and procedures will comply with the Code of Federal Regulations and the State of Colorado Revised Statutes.**

Accounting Policies

3. General

3.1 Components of Financial Statements

The components of Financial Statements shall consist of:

Government-Wide (Audit Required)

- a. Statement of Net Position
- b. Statement of Activities

Governmental Funds

- a. Balance Sheet
- b. Statement of Revenues, Expenditure & Changes in Fund Balances

Propriety Funds

- a. Statement of Net Position
- b. Statement of Revenues, Expenditure & Changes in Net Position
- c. Cash Flow Statement

Notes to Financial Statements

3.2 Reporting Period

The reporting period for Region 9 begins October 1st and ends September 30th.

The reporting period for the SWCCOG begins Jan 1st and ends Dec. 31st.

3.3 Accounting Basis

The District utilizes the modified accrual method of accounting which means that "revenues are recorded when measurable and available, while expenditures are recorded when incurred regardless of when paid".

4. Assets

Assets are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity.

An item is recognized as an asset in an entity's financial statements if:

- a. the asset meets the definition of an asset and
- b. the amount can be measured reliably

4.1 Cash and Cash Equivalents

The District's cash and cash equivalents are comprised of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

4.2 Receivables

Receivables are the proceeds or payment which the District will collect from its customers who have received services. The receivable will be recognized when goods are transferred, services are rendered and when the invoices are generated.

4.3 Notes Receivables

Notes receivable represent loans made by the District to qualifying local businesses. The loan proceeds were funded, including but not limited to, Community Development Block Grants, Economic Development Administration **grants**, the Colorado Micro-loan Fund Grant, **Colorado Start-Up grant**, and USDA Intermediary Re-lending & Rural Microentrepreneur Assistance Program loans.

4.4 Prepayments

Prepayments shall be recognized as a current asset at the transacted cost. It will remain at cost until such time it is transferred to an expense or other class of asset when the related goods or services have been received.

4.5 Other financial assets

Other Financial assets consist of Equity Positions and Real Property Held for Sale.

Equity Positions consist of securities issued by private companies; may be subject to restrictions on their resale; and are generally illiquid. Purchase of these equity positions are made primarily for the purpose of promoting economic development in conjunction with the District's mission. The investments will be valued at cost unless there is a compelling reason to adjust that level.

The District occasionally holds real property that is acquired through foreclosure on collateralized notes receivable that default. The property is recorded at estimated fair market value at the date of foreclosure and is subsequently adjusted for estimated impairment (if applicable). Gains and losses not previously recognized through impairment, are recognized upon sale or liquidation of the property.

4.6 Restricted Assets

Certain assets of the District are classified as restricted assets because their use is restricted by grant agreements.

4.7 ~~Capitalization of~~ Assets

Purchased, **acquired**, or constructed capital assets are reported at cost **or acquisition value**. Donated capital assets are recorded at their estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The District defines capital assets with the initial, individual cost of more than **\$5,000**.

Any capital asset paid for by State or Federal funds valued at less than \$5,000, may be retained, sold or otherwise disposed of without further responsibility to the Federal awarding agency unless identified differently by the funder.

An annual inventory of property, both real and personal belonging to the SWCCOG will occur.

Depreciation

Capital assets of the District consist of **land, building**, furniture, office equipment, and software.

Depreciation is calculated using the straight-line method over a 5-year estimated useful life **for furniture, office equipment, and software**.

The District owns a 2,184 square foot building located at 135 Burnett Drive Unit 1, Durango, CO. Depreciation for this asset is calculated using the straight-line method over a 50-year useful life.

5. Liabilities

Liability is defined as the "present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential."

An item is recognized as a liability in an entity's financial statements if:

- a. The obligation meets the definition of a liability and
- b. the amount at which the settlement will take place can be measured reliably.

5.1 Notes Payable

United States Department of Agriculture (USDA) Loans

- a. Five loans for \$250,000 each and a sixth for \$300,000 through the USDA Intermediary Re-lending Program. These notes bear interest at 1% and carry a thirty-year payment term with various due dates.
- b. A sixth USDA loan for \$281,047 and a seventh loan for \$300,000 through the Rural Micro-entrepreneur Assistance Program. These notes bear interest at 2% and carry a twenty-year payment term with various due dates.
- c. CSUF has a contract clause that a percentage of the fund will be paid to OEDIT. No percentage determination has been made on the amount or timing as of January 2024.
- d. SBA Microloan program makes loans up to \$50K to eligible clients. Region 9 has two SBA loans, \$250K and \$300K respectively. A loan loss reserve fund of 15% of the loaned amount is required. Payments on the loans start in year 2 and there is a 10-year maturity.

The District borrowed \$607,500 from 1st SW Bank to finance the purchase of its office building. The note bears interest at 4.375% per annum and is secured by the District's office building. The note requires monthly principal and interest payments of \$1,383.27 through July 2053.

The District has a \$500,000 line of credit from the Dolores State Bank. The line of credit bears interest at .5% less than Wall Street Journal prime rate. Unpaid principal and interest are due on July 28th annually.

5.2 Retirement Plan

The District adopted a SIMPLE retirement account plan. All employees with annual compensation greater than \$5,000 are eligible to participate. Participants may elect to voluntarily contribute up to **the IRS limit** of their compensation to the plan annually. **In 2023, employees can contribute up to \$15,500, with an additional \$3,500 catch-up contribution for those age 50 and older. In 2024, the SIMPLE IRA employee contribution limit increases to \$16,000, with an additional \$3,500 catch-up contribution for those age 50 and older.** The District matches dollar for dollar pre-tax contributions in an amount up to 5% of the employee's compensation. Employee and Employer contributions are fully vested **at all times**.

6. Revenue

Revenue is defined as "the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets/equity".

An inflow of resources from exchange and non-exchange transaction, other than services in-kind, that meets the definition of an asset shall be recognized as revenue when, and only when:

- a. It is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and
- b. The fair value of the asset can be measured reliably.

6.1 Loan Revenue

- a. Loan interest and loan late fees are recorded into the District's accounting software, Sage, monthly as a journal entry. **Margill**, the District's loan software, has a monthly receipt received report that contains the data for this entry.
- b. The District receives grants used to lend to small businesses in its five-county region.

Grants include but may not be limited to:

1. Community Development Block Grant (CDBG)
2. Economic Development Administration (EDA)

6.2 Annual Membership Dues

Government membership dues are billed at the beginning of the calendar year. The amount charged per government is based on a board approved amount. A base amount (minimum charged) is charged to each government. The remainder needed to meet the funding level established by the board is then calculated pro-rata based on the jurisdiction's population.

6.3 Enterprise Zone Revenues

- a. Enterprise zone project fees: A 3% fee on cash contributions made to EZ projects is billed quarterly. The maximum fee charged on an individual contribution is \$500, which calculates as \$16,666.67 @ 3%.
- b. Enterprise zone administration grant: The District receives an Annual Grant for administration of the Southwest Colorado Enterprise Zone for the State of Colorado.

6.4 Other Grant Revenues

- a. The Region 9 Board of Director's approve all grant submissions.
- b. An EDA Planning grant is received annually, The District currently, has a \$70,000 Federal grant that requires a minimum match of \$70,000. The grant period is July 1st to June 30th. The grant purpose is to provide support for non-business loan fund economic development activities.
- c. The SWCCOG administers Department of Homeland Security funds and periodically receives grants from the Colorado Department of Local Affairs.
- d. Various other grants are received periodically for both loan and other programs. As grantees, every effort must ensure that funds are spent in accordance with a budget provided in a grant application, programs are being measured and issues addressed as they arise. The District contracts with an outside consultant to review loan grant compliance.

6.5 In-Kind Revenue

Region 9 records In-Kind revenues when it is important to track the information for grant reporting. The revenue is offset by an expenditure in the same amount.

7. Expenditures

Expenditures or expenses are defined as "decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets/equity".

7.1 Salaries and Wages

Salaries and wages, benefits, and other payroll expenses shall be recognized in the period when the employee services are received and measured at transacted cost.

For expenses not paid during the period where employee services are received, the accrual shall be recorded appropriately.

Employee Bonuses are given at the discretion of the Executive Director.

Sensitive online employee information is password protected. Hard copies of employee information are secured with limited access by the Comptroller and Executive Director.

7.2 Loan Loss Expense

The loan loss expense is made to account for potential losses to Notes Receivable. The District records the loan loss expense quarterly. The offset account for this entry is the Loan Loss Allowance.

7.3 General Expenditures

General expenditures shall be recognized as expenses in the period when the goods/services are consumed. Such expenses, if not paid during the period where goods/services are consumed, shall be accrued as appropriate.

7.4 Postage

Postage is tracked by account / fund using Region 9's in-house postage meter. A journal entry to record the actual expense is made quarterly.

7.5 Allocations

Region 9 records expenditures not attributed to a specific fund in the General Fund. Payroll, Occupancy, and General & Administration expenses are then allocated to other funds based on a percentage of payroll recorded in those funds. The entry is recorded monthly and approved by the Executive Director.

7.6 Other Expenditures (Write-Offs)

Region 9 recognizes write-offs as expenses when it is more likely than not that the amount will be uncollectable, and the amount can be measured reliably. Write-offs are approved by the Loan Committee and Executive Committee / Board.

8. Check Signature Policy

The Region 9 Board of Directors passes **annual Resolutions** listing which board members can sign checks on Region 9 accounts. Two signatures (Region employee and a board member / loan committee member) are required on all checks **\$5,000** or greater and any check made to staff members.

Checks are provided for second signatures weekly. Due to timing issues, two staff may be allowed to sign checks if:

a) if all documentation is still provided for signature to check signers on a weekly schedule; and b) the staff member signing did not approve the loan or write the check to be signed.

The exceptions are:

1) may sign health insurance checks that are a reoccurring monthly expense
2) may sign loan ACH, checks, and wire transfers needing immediate if the following steps are taken.

- There are minutes documenting Loan Committee's Approval and approved amount,
- a payment voucher defining the payment sources, and the appropriate receiving bank information is provided.

3) may sign to move money between Region 9 checking accounts to maintain appropriate balances.

The Comptroller is designated to process checks. In the event, the Comptroller is not available, the Business Loan Officer, or **Grant Compliance Specialist** can process checks with preapproval and Comptroller support. If the Comptroller is unavailable, the Program Administrator is designated to process any necessary ACHs.

9. Employee Checks

Checks for payroll, health reimbursements and other reimbursements are considered confidential. The Executive Director or Deputy Director will approve payments. All employee information is secured and restricted.

10. Travel Policy

Mileage will be reimbursed at the federal mileage rate **for all employees, agents and contractors. If the rate is specified differently in an active grant contract-the reimbursement request will meet those requirements as identified.** Reimbursement forms listing the date, name of person and location traveled to and from will be submitted to the Comptroller for payment. All mileage limitations and uses for an employee or agent will be approved by the Executive Director or their designee.

Members of the Region 9/**SWCCOG** Board of Directors and Loan Committee may request reimbursement for mileage to and from Region 9 meetings. A request for reimbursement form should list the date, name of person and location traveled to and from. Mileage will be reimbursed for those board members that are not paid mileage to attend board meetings through their job.

Lodging applies to those who travel on behalf of the District. Lodging expenses for overnight stays will be paid by the District if they are reasonable and appropriately documented.

Meal expenses will be paid by the District if they are reasonable, appropriately documented and work related. **Travel also referred to in the Region 9 Procurement Policy.**

11. Credit Card Policy

Region 9 staff can be issued a credit card with permission of the Executive Director. No credit card will have a cash advance and the Executive Director will set credit limits. All credit card purchases must be accompanied by a detailed receipt and notation of the specific expense, fund, and grant program, if applicable. Credit card purchases should not exceed budgeted amounts. **Credit card information is also included in Procurement Policy.**

12. Relocation Policy

Region 9 does not offer any reimbursement for employee relocation costs.

13. Financial Management for Federal Awards Policy

Region 9 disburses loan, grant, and technical assistance funding prior to requesting reimbursement from federal and state agencies. This procedure ensures compliance with Uniform Guidance §200.305. **Please see Grants Management Guide for additional detail.**

14. Determining Allowable Cost Policy

Determining Allowable Cost will be based on the approved program budget. District program staff, fiscal staff, and management are responsible for knowing all requirements and for complying with them. It is the policy of the District that the grant program described in the application is carried out in compliance with applicable statutes, regulations, rules, and guidelines, and in accordance with the approved application to achieve maximum efficiency and effectiveness with the goal of providing an integrated, coordinated delivery of services. Grant funds will be obligated, expended, and accounted for in an environment based on ethical principles and sound business practices.

The Region 9 staff assigned to various grant programs are responsible and held accountable for knowing the program requirements, fiscal requirements, and reporting requirements. Additional policies and procedures may be created in order to comply with the specific requirements that may apply to a particular grant program. Any such additional policies and procedures must be used in conjunction with the policies and procedures outlined in this manual. Region 9 also ensures compliance by internally reviewing loan and

grant files. Also, the District contracts with an independent contractor to audit loan files.

14.1 Indirect Cost

The District uses the Office of Management and budget (OMB) requirements de minimis indirect cost rate of 10% for grants or cooperative agreements which allow the inclusion of indirect costs.

14.2 Personal Services and Fringe Benefits

The District follows Federal and State guidance that governs how compensation for personal services and fringe benefits can be treated by organizations that are charging a portion of the costs to a grant, contract, or other agreement with the federal government.

Employees who work on federal programs are required to report an after-the fact determination of their activity. Budget estimates do not qualify as support for charges to awards, and each report must account for the total activity for which employees are compensated. Under the Uniform Guidance, budget estimates may be used for interim accounting purposes, as long as controls are in place and include processes to review after-the-fact interim charges made to a federal award based on those budget estimates, and appropriate adjustments are made. The District tracks actual employee time per grant or funding source.

15. Budget

The budget estimates our annual revenues and expenses for each fund. These projections are used to determine what projects and programs we can support. Programs that promote Region 9's mission are given priority.

The District's fiscal year starts October 1st through September 30th. Budget preparation begins in June and is presented to Executive Committee in August. The Executive Committee can request any changes and then recommends approval to the full board in September at Region 9's annual meeting.

Budget amendments are prepared at year-end. A budget entry to account 5960-Contingency will be made to increase the budgeted expenses for any fund to meet the requirement of not exceeding budgeted expenditures. The Executive Committee will approve the amendments.

The SWCCOG fiscal year starts January 1st through December 31st. Per Colorado Revised Statutes, a SWCCOG budget draft is presented by October 15th and a final budget approved by December 31st each year.

Exhibits

- Accounting Procedures Manual**
- Investment Policy**
- Loan Policy Statement**
- Procurement Policy**
- Valuation of Equity Investment Policy**
- Document Retention Policy**
- Employee Manual**
- Cybersecurity Policy**
- PPI Policy**
- Grants Management Policy**

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Region 9 Economic Development District Accounting Procedures Manual

Approved: March 2020
Updated: January 25, 2024

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Overview of Accounting Files

Accounting Electronic Files

Accounting files include the forms and spreadsheets used in the accounting department. These files are divided into the following categories: (G:\accounting)

- Audits- Audits for each year. The file contains Letters/Forms/spreadsheets regarding R9 Loan confirmations/R9 Audit
- Budget- File contains excel budget spreadsheets and amendments to the budget. The budget labor spreadsheets are password protected.
- Forms- Forms relating to accounting and payroll
- Pre-transfer registers- The pre-transfer registers exported from Sage software for each payroll.
- Reports- Has files relating Comptroller's grant reports
- **Employee Files – Limited access file and includes all employee information.**
- Miscellaneous- Additional folders with many different forms and letters needed to complete daily and monthly practices of the accounting department.

Loan Electronic Files

Within this category is everything needed to complete the loan process including **but not limited to** letters, **forms**, calculations, and information regarding loans with Region 9.

Summary List and description of Files: (G:\paul\loans and G:\loans)

- Forms- Deeds of Trust, Loan Applications, and Liquidations
- Liquidations- Default and Foreclosure Letters
- Loan Committee- Minutes, agendas, packets, & Loan Committee info
- Colorado Credit Reserve (CCR)-Reconciliation, Agreements, Annual Reports, Claims, Client Registration forms, & Paid Claims Quarterly Report.
- **Borrower information**
- **Servicing**
- Modifications- Modification letters for loans
- Worksheets- Write ups for loans, Committee and State Spreadsheets
- Loan Calculators- Loan Calculation Sheets
- Documents- Loan documents and master template for creating documents

EZ Electronic Files

In this file you will find all information to the EZ project and reports needed: (G:\EZ & Incentives)

- **Boundary** Certification Plans & Maps
- EZ Admin Handbooks-Contains user guide & policies

- EZ Contribution Projects-files for each project including MOUs & info materials
- EZ Promotion-Contains all DOR and State factsheets & examples
- EZ Reports-State & annual reports
- Tax incentives & other business-related incentives such as Rural Jumpstart

Accounting Hard Copy Files

Region 9 maintains a File Directory that lists the items located in Comptroller's office. A summary is provided below of relevant financial information.

First Cabinet/First Drawer

CDBG, IRP, RMAP

- Other Loan Information
- CDBG #8
- IRP & RMAP Reporting
- IRP #1
- IRP #2
- IRP #3
- IRP #4
- IRP #5
- IRP # 6
- RMAP TA
- RMAP
- RMAP 2

Loan Funding

- C-PACE
- Combined EDA
- COVID EDA
- Startup
- SBA RLF
- SBA 1
- SBA 2
- Statewide EDA

Third Drawer

Grants

- EDA Planning through 2025
- RCDI- Ute Mountain Ute
- SAMHSA-Opioid
- SBA TA

- TRP 2022-2024
- Application Materials for EDA Planning Grant
- EDA Planning Grant 2013-2014
- EDA-GPRA Data Form
- Scrubber Recycling Railroad
- EDA Programs
- EDA Performance Evaluation

Fourth Drawer

Old Grants

Second Cabinet/First Drawer

Prior Deposits

- Alpine Check Stubs October 2022-September 2024
- Start Up Check Stubs 2022-2023
- SBA, TBK Check Stubs 2022-2023
- October 2022-September 2003 Deposits

Second Drawer

- **Current Vendors A-H**

Third Drawer

- **Prior Vendors A-H**

Fourth Drawer

Miscellaneous

Third Cabinet/First Drawer

Current Deposits

- Alpine Check Stubs
- SBA, TBK Check Stubs
- Start Up Check Stubs
- Oct. 2023-Sept 2024

Second Drawer

- **Current Vendors I-Z**

Third Drawer

- **Prior Vendors I-Z**

Fourth Drawer

Studies and Old Grants

Fourth Cabinet/First Drawer

Banks

- Alpine Operating Account
- Bank of Colorado- MRF, LLRF
- Bank of the San Juans-CD
- Bank of the San Juans-MM
- Bank of the San Juans – CO Start Up
- C-Safe
- Dolores State Bank LOC
- FSWB RMAP
- FSWB Loan Loss Reserve
- FSWB RMAP 1039
- Building Purchase
- TBK – COVID EDA BLF
- TBK- EDA Statewide
- TBK- EDA
- TBK- EDA Planning
- Wells Fargo-CHFA/CCR
- Capital One
- Old Banks

Second Drawer

Admin

- R9 Board Administration
- Corporate Resolutions
- Corporate Documents
- Colorado Vendor Self Service
- Correspondence
- DUNS Number
- Indirect Cost Allocation
- Insurance
- IRS Designations/ID's
- Region 9 Policies
- SAM
- PDPA
- General Contracts
- Resumes

Third Drawer

Audits + Taxes

- Employment Applications
- Independent Contractor

- Colorado W2 Transmittals
- 941 Tax Reports
- 940 Tax Reports
- 1096/1099 Misc.
- W-9's
- Energize CO Rounds and W9s
- Tax Returns
- Audit RFP's Auditor Information
- Audits

Fourth Drawer

Credit Card + Forms

- Accounts Payable
- Credit Receipts
- Mileage Reimbursements
- Timesheets
- Time Off Requests
- Contact Record
- EFTPS
- Colorado EFT

Second Drawer

SWCCOG

- SWCCOG Check Stubs 2022-2024
- Deposited checks
- Bankruptcy
- AR Invoices
- Alpine Accounts
- 2024 Deposits
- Audit
- Organizational docs (resolutions, correspondence, contracts, w-9's)
- Current vendors
- More Alpine Accounts

Third Drawer

SCAPE + R9 Board

Fireproof File Cabinet located under Shirley's desk (Restricted)

- Access to sensitive employee information is limited to the Comptroller and Executive Director.
- ***Top Drawer***

- Employee medical receipts
- Current years payroll
- **Bottom Drawer**
 - 941's
 - W2's/W3's
 - Colorado Unemployment reports
 - I-9's
 - Personnel folders

Left Small File Cabinet located under Shirley's desk.

- **Top Drawer**
 - Envelopes
 - Check folders
 - Blank accounting forms
- **Bottom Drawer**
 - Loan reconciliations
 - Miscellaneous

Storage Cabinet #1 (to the right of window in Shirley's office)

- Checks for EDA, IRP, Statewide and Alpine
- Blank legal pads, miscellaneous

Fireproof File box located under Laura's desk (Restricted)

- Employee performance and evaluation files

Region 9 Bank Accounts

The following is information on Region 9 and SWCCOG Bank accounts (as of 1.10.24).

Alpine Bank- SWCCOG Operating account

This is the SWCCOG checking account for accounts payable, receivable and SWCCOG programs. The account earns minimal interest and is reconciled monthly.

Alpine Bank –Broadband account

This account holds funds reserved solely for Board approved Broadband projects. The account earns minimal interest and is reconciled at least quarterly.

Alpine Bank-1006

Account # 1630001520

This is the operating checking account used for accounts payable, accounts receivable, and payroll. The account earns minimal interest and is reconciled monthly.

TBK of Durango-1002-1005

Account # 0040033031

These four checking accounts are designated for EDA funds. is designated as the EDA account. All EDA receipts are wired to this account 1004 and transferred into the other accounts. These accounts earn minimal interest and are reconciled monthly.

C-Safe -1001

Account # 84-1125631-01

Colorado Surplus Asset Trust

This account traditionally pays a higher interest rate. It also is guaranteed for funds over \$100,000. Transfers from & to C-Safe account are done by wire or phone (note cut off time for phone transfers is 11:00 a.m. same day). Phone #1-800-541-2953. Deposit sheets are completed for our records.

Bank of San Juans -1012

Account # ending 3114

This fund is designated for the Statewide Loan Fund program which includes pass through dollars to other rural loan funds.

Bank of the San Juans-1026

Account #8012379

This money market account is designated as the IRP account. Both payments and receipts from USDA are made from this account. The account earns minimal interest and is reconciled monthly.

Bank of the San Juans-1028 and CD #2479

Bank of the San Juans CD for \$75,000 plus interest is Collateral on the five current IRP loans. New CD opened in Dec. 2023 of \$30K as Collateral for IRP #7.

Bank of Colorado

Account ending in #5263,1604, 9812 and 9575

There are two (MRF #1 and MRF #2) accounts in which SBA deposits loan dollars for relending and SBA loan clients make payments.

There are two (LRF #1 and LRF#2) accounts that provide collateral of 25% of the total loan provided.

1st Southwest Bank-1037

Account #656102719

This checking account is designated as the RMAP account. Both payments and receipts from USDA are made from this account. The account earns minimal interest and is reconciled monthly.

1st Southwest Bank-1038

Account #656102727

This CD is designated as the RMAP Loan Loss Reserve account. A balance of 5% of the outstanding RMAP notes payable is maintained. The account earns minimal interest and is reconciled monthly.

1st Southwest Bank-1039

Account #656107890

This checking account is designated as the RMAP 2Loan Loss Reserve account. A balance of 5% of the outstanding RMAP notes payable is maintained. The account earns minimal interest and is reconciled monthly.

Accounting Procedures

Positions

Board of Directors (BOD)

Executive Director (ED):

Deputy Director (DD):

Program Administrator (PA):

Economic Development Project Manager (EDPM):

Grant Management Specialist (GMS)

Comptroller (Comptroller):

Business Loan Officer (BLO):

Loan Committee Member (LCM)

Office Manager (OM):

Cash Receipts

As checks are received, they are entered in into a manual check “journal” by the OM. The checks are date stamped, copied, and then given to the Comptroller or PA.

Loan Payments

Daily deposits are prepared for checks received for loan payments by the PA.

The deposit date is the date the payments are received in R9’s office. Each check is listed on the yellow deposit sheet with loan number and project number.

~~A blank electronic deposit sheet is located (G:\Loans\Portfolio). The electronic deposit sheet is saved using the deposit date as the file name and saved in this~~

~~same file (G:\Paul\Loans\Portfolio). The deposit is entered into Sage by the Comptroller or GMS. Two copies of the Sage cash receipt are made, one is attached to the deposit sheet and the other is kept with the deposited checks. All loan payments are temporarily placed into account 2500 – suspense account.~~

Region 9 uses remote deposit with Alpine Bank. The Comptroller and PA are authorized to complete deposits using remote deposit and each have a check scanner located on their desk. When the remote deposit is used the checks scanned are printed with “electronically presented” in red. The bank requires Region 9 to keep the scanned checks for 60 days then the checks are shredded. After the deposit has been made, the Comptroller or GMS stamps the yellow deposit sheet with a “Posted” to indicate it has been entered into Sage and the

deposit has been made. The ED or PA prints a deposit confirmation from the bank and then attaches it to the deposit sheet. The Comptroller or PA initials the yellow deposit sheet as "prepared by" it is then forwarded to the ED for approval. It is then forwarded to the OM, a checkmark is placed by each check in the "Check journal rec" and on the left side of the yellow deposit sheet to indicate that all of the checks in the journal have been reconciled to the yellow deposit sheet. It is then forwarded to the PA and entered into Portfol. The PA places a checkmark on the right side of the yellow deposit sheet to indicate the payment has been entered into Margil. The deposit slip is filed in the top file drawer by month.

Those loan clients that have elected to have funds automatically debited to their account complete and sign an Auto Debit Release form for Region 9's file. Prior to the 20th of each month, the PA or Comptroller will use the Alpine Bank Online Banker and initiate automatic loan payments. The payments will post on the 20th of each month or the following business day if the 20th falls on a weekend. The PA prepares a yellow deposit sheet with Client Name, receipt date, loan number, project number, wire transfer, and amount. A copy of the payment confirmation is attached to the deposit sheet and entered into Sage and Margill using the above procedures.

Cash Disbursements

Region 9 processes invoices on Mondays. Mailed invoices are given to the GMS or Comptroller. The Comptroller or GMS completes a white payment voucher sheet with the appropriate fields. The invoices are entered into Sage using the Accounts Payable modules. Each invoice must be assigned a general ledger number & fund number. Some invoices may be assigned to multiple funds & general ledger numbers. The white payment voucher sheet is stamped "posted" and the "prepared by" is initialed.

End of month checks are processed for SIMPLE payments (retirement) and employee health insurance reimbursements.

After checks are printed, the Comptroller makes a copy of the unsigned check. The bottom stub is detached and filed in "Check Index". This file is kept in check number order and includes voided checks. The check copy is attached to the white payment voucher and vendor's invoice. The check is paper clipped together with the payment voucher and submitted to either the ED or DD for approval and signature. The PA is also approved to be a check signer for non-employee checks. They indicate their approval by initialing the white payment voucher sheet. Checks \$5,000 or greater, a loan disbursement, or a Region 9 employee check require a second signature. These voucher packages are forwarded to a BOD or LCM member who are signers on the account.

After the checks have appropriate signatures, the invoice package is returned to the Comptroller. Checks are postmarked and mailed from the office. The

appropriate fund is assigned to mail using Region 9's postage meter's accounting function. The OM files check copies and invoices by vendor name.

Accounts Receivable

Accounts receivable checks are processed using Sage Accounts Receivable module. Deposits are completed on an as needed basis. The Comptroller prepares a deposit sheet using the same process used for loan payments.

The Comptroller or GMS bills enterprise zone projects for the 3% fee on cash contributions only (GL# 4910 fund 600). This activity is tracked by the Organization (designated as an EZ project) on the State's salesforce site. The maximum fee charged on an individual contribution is \$500, which calculates as \$16,666.67 @ 3%. Contributions of \$16,666.67 or greater are only assessed the \$500 max fee.

Government membership dues (GL# 4090 fund 100) are billed at the beginning of the calendar year. The ED calculates the amount based on a board approved total funding level and base amount (minimum charge) and then pro-rata based on the jurisdiction's population. Other invoices are processed, as necessary.

General Journal Entries

All general journal entries are made by the Comptroller. Different colored forms are used for different types of journal entries. All journal entry forms have a date, prepared by and approved by lines. Typical journal entries do not require approval. Any non-typical entries should be approved. Support for the entry is attached to each form.

JE#1

Principal & Interest payments:

Loan payments are recorded into **Margill** daily. Once a month the loan interest and principal received is recorded in Sage. The Blue Loan Payments-EOM form is used to record this transaction.

JE#2

Allocations for Payroll, Occupancy, and G&A

Monthly expenses in fund 100 are allocated to other funds based on the percentage of payroll in those other funds. The Mint Green General Journal Entry is used to record this transaction.

JE#3

The EDA planning grant match is recorded monthly. The Mint Green General Journal Entry is used to record this transaction.

Payroll Procedures*

Pay Periods

Region 9 prepares payroll every two weeks. Payday is the Monday following the end of the pay period. The pay period starts on Sunday and ends on Saturday. A

pay period calendar is posted in the Comptroller's office and can be printed upon request.

Entering Hours

***payroll will be outsourced in April 2024**

Hourly Employees use TimeClick timeclock software to track hours worked. Written Timesheets are prepared by employees with hours worked in the different funds, activity, grants, and projects. The current pay period printout from TimeClick is attached to the written timesheets and given to the Comptroller Monday morning. Employee hours are entered into the payroll system according to timesheets. All holiday, vacation, and sick hours are entered into Fund 100. A default timesheet is created for each employee that includes benefits and leave earned, as well as individual deductions. A timesheet for Elizabeth Threadgill is filled out by the Comptroller. Timesheets are signed by employees and approved by the ED or DD. The ED's timesheet is reviewed and approved by a BOD member who is authorized check signers.

Bonuses

Bonuses are entered as a supplemental pay period.

Employee Benefits & Checks

Health Benefit

There are two parts to the Health benefits package.

- First, are those employees who have elected to participate in group health or Aflac insurance purchased by the District. That benefit is paid at the end of the month to the insurance provider.
- The 2nd part of the benefit can be paid directly to the employee. The health reimbursement can be used to pay for other IRS qualified individual or family health coverage or qualified health expenses. Currently, the health allowance is \$950 per month for full-time employees. This amount is prorated as a percentage of hours worked for other employees. Unused portions will not roll over at the end of the calendar year. To utilize this money, employees must submit a payment voucher with the receipts of any medical, vision, or dental expenses. Receipts for year-end expenses need to be submitted by January 31st to receive reimbursement.

Simple Retirement

Region 9 will match up to **5%** of employee wages. The benefit paid and the employee deduction is made each pay period. The payments to Edward Jones are submitted on a monthly basis.

Employee Checks

Checks for payroll, health reimbursements and other reimbursements are considered confidential. The ED or DD will approve payments. The Comptroller

will be authorized to obtain second signatures for these checks. All employee information is secured in a fireproof locking file cabinet.

Reporting

Federal Tax Deposit

The 941 taxes (Federal Withholding, Medicare Company, Medicare Employee, Social Security Company, and Social Security Employee) are paid each pay period using the EFTPS (Electronic Federal Tax Payment System).

Monthly

Colorado Withholding Deposit

The Colorado Withholding taxes are paid monthly using the CO Department of Revenue EFT (Electronic Funds Transfer) system.

Retirement

Region 9's retirement liability is paid monthly. Sage payroll deduction report has the employee portion, and the payroll benefits report has the employers portion needed to complete an excel spreadsheet with the required employee information. The form is located in [\(G:\Accounting\Simple Memo\)](#).

Notes Receivable Reconciliation

Loan Principal and interest payments are recorded into the accounting program with a journal entry. Notes receivable balances from Sage are reconciled monthly to **Margill** by the Comptroller.

Bank Reconciliations

The bank accounts are reconciled monthly by the ED. All statements should be given to ED unopened. Reconciliations are done in the Sage accounting module→Reconcile Cash Accounts. After the reconciliation is completed, print the detail, attach to the statement, sign, and file.

Quarterly

Financial Statements

Quarterly financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The statements are presented at Region 9's quarterly Board Meetings for review and approval. The balance sheet is prepared by fund. The statement of revenue & expenditures is prepared with year to date actuals compared to budgeted numbers. The statements are included in the board packets.

941 Payroll Tax Report

The 941-tax report is prepared quarterly. This report is generated in Sage. It is important to verify the actual tax deposits to this report. Make any corrections

and send the report to the Department of the Treasury, Internal Revenue Service.

SUTA Unemployment

The State Unemployment report is due quarterly. Print the SUTA report from >Sage/ Reports/ Payroll/ History/ Taxes/ SUTA: change the dates to the correct quarter before printing. The report is submitted electronically @ <https://myuiemployer.cowrkforce.com>. Use the SUTA report and the follow instructions.

CDBG Quarterly Reports

The BLO is responsible for preparing this report. This report is due quarterly, 30 days after each quarter ends. Print the P&L and balance sheets for the fund, as well as a notes receivable activity for the quarter from Sage. Print the trial balance report for the CDBG fund from Portfol. The forms to submit to the State and County are located in G:/Paul/CDBG Quarterly reports. Use the quarterly worksheet, micro report, non-micro report, financial status report, and drawdown request forms. Completed reports are given to the Comptroller to record the receivable.

Other Quarterly Reports

The GMS submits other quarterly reports for other active grants and loans such as SBA,SWIMT, Transportation Planning and other grants as required.

Semi-Annual

EDA Loan Report

The BLO is responsible for preparing all EDA RLF grant reports. The timelines for each report depends on the annual risk rating of each fund. Typically, this report is due semi-annually by April 30th, and October 31st. Print the P&L and balance sheet information from Sage, as well as trial balance information from Portfol. The form 209 and 209I are in PDF format and are obtained from the EDA website. Complete report, sign electronically, and email to Janet Miller at EDA. All reports will be reconciled with the District's accounting & loan software before submission.

IRP Report

The BLO is responsible for preparing this report. There are 6 reports due on a semi-annual basis by April 30th and October 31st. You will need P&L and balance sheet information from Sage and individual loan histories for each loan from Portfol. The report is filled out online by going to the USDA website at usdalinc.sc.egov.usda.gov/. Use our login and password information. All reports will be reconciled with the District's accounting & loan software before submission.

RMAP Report

The BLO is responsible for preparing this report. There are 2 RMAP reports due on a semi-annual basis by April 30th and October 31st. Print P&L and balance sheet information from Sage and individual loan histories for each loan from Portfol. The report is filled out online by going to the USDA website at usdalinc.sc.egov.usda.gov/. Use our login and password information. All reports will be reconciled with the District's accounting & loan software before submission.

EDA Financial Status Report

The Comptroller and GMS are responsible for preparing this report. There are two federal forms that must be submitted for this report – the Financial Status Report and the Cash Transaction Report. To complete these reports, print the EDA Planning Grant– fund 350 P&L. All reporting for the EDA planning grant is done through Grants on-line at <http://grantsonline.rdc.noaa.gov>. Instructions for this website are in the Grants.gov folder.

Annual

W2's (with W3)

W2 forms are generated in the Sage Payroll module. These need to be mailed by January 31st. Detailed instructions are in the Accounting How-to Manual located in storage cabinet #1 (see page 6).

1099's (with 1096)

The Comptroller prepares 1099's. The 1099's are generated in the Sage Accounts Payable module. New vendors should complete a W-9 form before checks are issued. Old vendors should periodically update their W-9 forms. Vendors that are corporations do not need to complete a W-9. It is important to mark 1099 vendors as such before checks are issued. The 1099's are required to be mailed by January 31st.

940 Tax Report

This report is done annually and is generated in Sage payroll module. Detailed instructions are in the Accounting How-to Manual located in storage cabinet #1 (see page 6).

June 30th Fund Transfers

The EDA Planning Grant has a fiscal year end of June 30th. A journal entry is made June 30th to zero out the fund for the next grant year. Print a balance sheet for June 30th. Transfer funds from the general fund to cover a fund deficit. All government type funds (Funds 100, 350, 355, & 600) are required to have a positive fund balance at year-end. Additional fund transfers are made year-end to cover other deficits.

990 Tax Return

The 990 Tax return is due February 15th. The Comptroller will request the auditors file an automatic extension until May 15th if the audit is not complete in time to prepare the 990. The Executive Committee reviews the 990 prior to submission.

Other Accounting Practices

Audit Procedures

Year Close Out

Once the fiscal year ends there are several items that must be completed. Be sure to enter all the quarterly or semi-annual receivables from the various grants. You must also enter the final budget amendments, the CDBG match entry, the loan loss adjustments and any loan write-offs in addition to the regular end of month closing entries. Also examine line items on the budget to make sure nothing was put in an incorrect account before closing the year. The Executive Committee will meet to approve the financial statements including any additional loan write-offs, adjustments to equity investments, adjustment OREO's and additional budget amendments prior to the trial balance being sent to the auditors. Once the Trial Balance is sent to the auditors you cannot make post or make changes to the books for the year being audited.

Audit Visit

The Comptroller contacts the auditors the first part of July; requests an engagement letter and a cost estimate that can be used for budget preparation. The Audit Committee will approve auditor selection **and new auditor searches are based on Board discretion**. Communicate with auditors Region 9's estimate for closing out the books and schedule the audit visit. Send a Trial Balance to the auditors prior to the audit visit. No entries can be made after the auditors have the Trail Balance. The auditors will provide a list of items needed which include but not limited to the following:

- Prepare a Depreciation
- Prepare a Schedule of Expenditures of Federal Awards
- Reconcile the Portfol to General Ledger
- Reconcile all employee vacation and leave payable
- USDA Debt Activity Schedule
- Detail of Legal Fees paid
- Prepare the Loan Loss Adjustment, loan write offs and equity investment
- Have available copies of Region 9's Board and Loan Committee Minutes.

Audit Follow-Up

Following the completion of the audit, the Comptroller will make sure that copies of the final audit are submitted to the State Auditor per requirements, the Federal Audit Clearinghouse, and all other agencies as requested.

Budget Overview

The budget estimates our annual revenues and expenses for each fund. These projections are used to determine what projects and programs we can support. Programs that promote Region 9's mission are given priority.

Developing Budget

The fiscal year is October 1st through September 30th. Budget preparation begins in July and is presented to Executive Committee in August and the full board in September at Region 9's annual meeting.

Previous year budgets can be found in Accounting/budgets. The budget includes several attachments.

- Labor allocation chart: This includes the salaries and benefits of all employees including any projected wage and cost of living increases. Results from this chart will automatically be transferred to the budget detail. (password protected)
- Budget Detail Spreadsheet: Projected and expected revenue estimates are added to the budget. Expected projects, grants and funding are included. Internal transfers are also noted in the spreadsheet budget notes and a transferred to the budget detail. An average of the current and previous years' expenses are considered when developing numbers for items such as supplies, equipment, phone and other costs.
- Loan Spreadsheet: Estimated loan income/expense is also calculated and added to the budget. This is done on the Loan portfolio forecast and BLF annual budget.
- There is a budget summary sheet that provides an overview of the details and a budget Assumptions sheet that provides more specific detail online items.
- Items on each attachment are color coded for comparison.

Budget Amendments

Budget amendments are prepared at year-end. As part of our audit requirements, we are not allowed to go over budget on expenses per fund. A budget entry to account 5960-Contingency will be made to increase the budgeted expenses for any fund to meet this requirement. The Executive Committee and or Board approve all amendments.

SWCCOG Budget and Financials

The SWCCOG financials are tracked in Quickbooks with monthly fund transfers between Region 9 and SWCCOG accounts. The SWCCOG fiscal year is the same as the calendar year and an annual audit is conducted. The SWCCOG meets all government requirements. The budget is presented to the Board, ideally in September so that it can be available for public comment and finalized

and approved by guidelines required by Dec. 31 of each year. The approved budget is submitted to the State Auditor by Jan. 31st.

Grant Management

Information not included in this Manual is identified in the Region 9/SWCCOG Grant Management Guide.

Enterprise Zone Administration

Certification of Qualified Enterprise Zone Contribution

Region 9 is the administrator for the Certification of Qualified Enterprise Zone Contributions. Throughout the year, EZ projects enter their contribution on the State's salesforce website. The ED or PA approves the electronic forms. The PA prints contribution report for the Comptroller to complete the EZ billing (see page 10).

Certification of Qualified Enterprise Zone Business

Region 9 oversees the Certification of Qualified Enterprise Zone Business Tax credits. Businesses must pre-certify prior to incurring any expenses that may qualify for tax credits. The ED or PA certifies that the business is in an Enterprise Zone and a pre-certification number is given to the business. The business completes the certification to claim the tax credit online. The forms are directly reported to the state through their website.

Exhibits

Accounting How to Manual

Accounting Policies

Grant Management Guide

Loan Policy Statement

EDA RLF-Plans

Employee Manual

File Directory

g:\admin\r9 policies\accounting policies\accounting procedures manual update 1.3.24draft.doc

GRANT MANAGEMENT GUIDE

for the
Region 9 Economic Development District of Southwest Colorado
and the
Southwest Colorado Council of Governments

Approved: Jan. 25, 2024

135 Burnett Dr. Unit 1
Durango, CO 81301

EXECUTIVE SUMMARY

This Guide identifies the policies and procedures of the Region 9 Economic Development District of SW Colorado (Region 9) and Southwest Colorado Council of Governments (SWCCOG) related to complying with all State and Federal funding requirements.

This Guide identifies effective and efficient administration of grants programs and incorporates by reference, the provisions of Office of Management and Budget (OMB) circulars and government-wide common rules applicable to grants and is intended to be used in conjunction with directives contained in Federal and State laws and regulations and in the terms and conditions sections of grant awards. This Guide is not intended, however, to be an all-inclusive document, and refers to other REGION 9/SWCCOG policies and procedures in its appendices. This Guide is also not intended to supersede or replace any federal regulations or guidance. Region 9/SWCCOG staff should ensure compliance with all requirements per each funding source.

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GRANT AWARDS

APPLICATION

The ability to submit a grant application requires notification to the REGION 9/SWCCOG Board during a Board meeting. If Board approval is required by the funder, a formal vote and/or Resolution is approved.

AGREEMENTS

Funding partners including State and Federal agencies enter into agreements with local entities governing the distribution, expenditure, and administration of federal and state funds. The REGION 9/SWCCOG should ensure that they have a signed copy of all Grant Agreements/Purchase Orders/Grant Contracts and understand its terms and conditions.

The fully executed Grant Agreement is the official notification to REGION 9/SWCCOG that the award of federal funds has been approved. The grant agreement provides the amount of funds for the REGION 9/SWCCOG's approved projects. It identifies the federal grantor agency, the REGION 9/SWCCOG name, the State grant number, the award performance/effective period, the approved budget summary, and special and standard conditions that must be met in accepting the award.

REGION 9/SWCCOG will administer awards in accordance with the fully executed Grant Agreement. It is the responsibility of the REGION 9/SWCCOG to ensure that all expenditures are made in compliance with federal guidance and regulations, even in the case of administering pass through funding.

POINT OF CONTACT

REGION 9/SWCCOG will assign a point of contact for each funding source to contact the assigned Grants staff at the Federal or State agency level for any questions or technical assistance required, whether financial or programmatic in nature. The assigned Grant staff will be responsible for ensuring that the REGION 9/SWCCOG receives the assistance needed, either directly or by referral to another staff member.

ALLOWABLE COSTS

Grant funds must be used to complete the grant scope of work, and all expenditures must be in accordance with the REGION 9/SWCCOG's executed grant agreement. Below are some guides to allowable costs. Please note that these allowances do not pertain to all grants. Grant agreements should be reviewed for specific allowable costs within the grant agreement guidelines.

REGION 9/SWCCOG staff assigned to various grant programs are responsible and held accountable for knowing the program requirements, fiscal requirements, and reporting requirements. Additional policies and procedures may be created in order to comply with the specific requirements that may apply to a particular grant program. Any such additional policies and procedures must be used in conjunction with the policies and procedures outlined in this manual. Region 9 also ensures compliance by internally reviewing all grant files.

Management and Administrative Costs

If allowed by the Grant Agreement, the following procedures are followed. M&A costs are direct costs that are incurred to administer a specific program/award. M&A costs are identifiable and unique to each program/award. All costs charged to M&A must be directly linked to program or grant administration. M&A costs include, but are not limited to, the following:

- Salaries and benefits of staff or contractors/consultants identified to assist with the management of the program,
- Payroll taxes that a governmental unit is legally required to pay,
- Hiring of full-time or part-time staff or contractors/consultants to assist with the implementation and administration of the program,
- Travel expenses of full-time or part-time staff or contractors/consultants to assist with the management of the program,
- Meeting expenses relating to the management of the program,
- Office supplies and equipment needed to manage the program,

Food & Beverage

Food and/or beverage expenses are allowable under some grants if:

- (1) The food and/or beverages are provided to participants at training sessions, meetings, or conferences that are allowable activities under the particular grant program guidelines; and
- (2) Expenses incurred for food and/or beverages and provided at training sessions, meetings, or conferences satisfy the following tests:

- a) the cost of the food and/or beverages provided is considered reasonable,
- b) the food and/or beverages are provided during a work-related event,
- c) participation in the event is mandatory (i.e., working lunch),
- d) the amount and type of food and/or beverages is appropriate given the time of the meeting, and
- e) the food and/or beverages provided are not related directly to amusement and/or social events. In the event food/meal(s) are being provided, the amount charged for per diem must be reduced accordingly.

Any social event not related to the grant work is not allowable.

In order to be reimbursed for a meal expense (breakfast and/or lunch and/or dinner), a copy of the itemized invoice/receipt should be attached to the Reimbursement Request.

Consultants

Compensation for individual consultant services is to be reasonable and consistent with the amount paid for similar services in the market area. Time and effort reports are required for consultants. Competitive bidding for consultant services is encouraged, and may be required, depending on the contract amount, grant agreement and it is highly recommended in most circumstances. The REGION 9 Procurement Policies should be consulted for more information.

Services

REGION 9/SWCCOG's purchasing contractual services should ensure that:

- a description of the procurement process used to select the contractor is maintained in the grant file,
- all services are supported by a valid, signed contract between all parties,
- contractor time and activity records are maintained in the project file,
- the contractor is not receiving payment from more than one source for the same work for any one project.

Travel Costs

In general, travel costs are the reasonable expenses for transportation, lodging, subsistence, incidental expenses, and related items incurred by employees, contractors, and/or recipients who travel on official business related to the grant program. Refer to Region 9's travel policy for more information.

Audit Costs

Unless prohibited by law or grant agreement, the costs of audits are allowable charges to federal awards.

UNALLOWABLE COSTS

The REGION 9/SWCCOG should refer to the program guidelines to determine what program costs are unallowable for that specific program. Costs that are unallowable under one federal program may be allowable under another. Costs that are generally unallowable are listed below for guidance.

- Conferences
- Entertainment
- Sporting events
- Visa fees
- Passport charges
- Bar charges/Alcoholic beverages
- Laundry charges
- Lodging costs in excess of Federal per diem

PROCUREMENT

The REGION 9/SWCCOG should ensure its procurement processes meet or exceed local, State, and federal requirements. If there are no local procurement policies, then State laws, regulations and policies must be followed, provided they are more conservative than federal policy. REGION 9/SWCCOG ensures that their fiscal policies and procedures include specific requirements unique to grant administration.

Local written procurement policies are followed for all procurements, providing that the policies are at least as restrictive as State and federal requirements.

REGION 9/SWCCOG refers to local, State and federal procurement rules, for more complete guidance, prior to making decisions regarding competitive bids, sole source or other procurement issues. Please see Regio 9 Procurement Policy for more detailed information.

Per the OMB Circular 102, the REGION 9/SWCCOG must obtain documented quotes for all purchases under \$100,000, and bids for those exceeding \$100,000, unless a sole source can be justified, or the item/s or services are purchased using an approved

vendor list.

State rules stipulate that grantees “may secure supplies up to a limit of \$10,000 and services up to \$25,000 without benefit of competition ...commodities costing between \$10,000 and \$150,000, services costing between \$25,000 and \$1 50,000...may be purchased using a documented quote process” Purchases requiring bids are also detailed in the State of Colorado Procurement Rules, found on the State’s website, www.Colorado.gov. Local governments may also have procurement rules.

REGION 9/SWCCOG will ensure that:

- All procurement transactions, whether negotiated or competitively bid on and without regard to dollar value, are conducted in a manner that provides maximum open and free competition.
- The REGION 9/SWCCOG is alert to organizational conflicts of interest and/or non-competitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade.
- Contractors who develop or draft specifications, requirements, statements of work, and/or Requests for Proposals (RFPs) for a proposed procurement must be excluded from bidding or submitting a proposal to compete for the award of such procurement.
- When issuing requests for proposals, bid solicitations, and other published documents describing projects or programs funded in whole or in part with these grant funds, the REGION 9/SWCCOG will use the phrase - “This project was supported in whole or in part by grant # , issued by the Colorado Division of Homeland Security and Emergency Management” (or whichever grantor name is applicable).

EQUIPMENT

- Follow all guidelines and policy for equipment paid for through grant funds as identified by the individual funder.
- Ensure vendors have been verified through SAM.gov for exclusion status.
- Ensure any transferred or disposed of equipment follows policy and that depreciation for all assets is documented.
- Keep on file any procurement policy being utilized by subgrantees or contractors.

CONFLICTS OF INTEREST

Federal, state and local statutes and regulations require individuals involved in procuring goods and services to be free of any conflicts of interest. REGION

9/SWCCOG will ensure that individuals involved in the procurement process and the administration of any grant meet all applicable ethics requirements.

REGION 9/SWCCOG has written standards of conduct governing the performance of their employees, Loan Committee, and Board of Directors. Guidelines include that the REGION 9/SWCCOG shall not participate in selection or in the award or administration of a contract supported by federal funds if a conflict of interest is involved. Such conflict would arise when: the employee, officer or agent, any member of his/her immediate family, his or her partner, or organization that employs, or is about to employ, or any of the above, has a financial or other interest in the firm selected for award.

Employees: (in employee manual)

All employees are required to disclose potential conflicts of interest with any activity undertaken by Region 9 or any action the Board votes on. A conflict of interest would include, but not be limited to, situations where an employee or immediate family (A parent, spouse, spouse's parent, child, grandparent, or sibling.) has a vested financial interest. The Board/Executive Director has the discretion to decide how to address the conflict.

Board members: Article II, Section 9 in Bylaws

Section 9. Conflict of Interest. All Directors are required to disclose on the record any actual or potential conflict of interest with any action the Board votes on. A conflict of interest would include but not be limited to situations where a Director has a vested financial interest. The Director will need to recuse him or herself from discussion, will not be allowed to place a motion or a second, and must abstain from voting.

SEGREGATION OF DUTIES

To ensure appropriate checks and balances to mitigate the risk of errors and fraud, it is imperative that one person does not serve in multiple positions of authority relative to grant or financial activities. More information is available in Region 9 Accounting Policies including anonymous reporting for anyone internal or external to REGION 9/SWCCOG.

REMEDIES FOR NONCOMPLIANCE

In accordance with the Code of Federal Regulations, if the REGION 9/SWCCOG fails to comply with the terms and conditions of any local, state or federal law, regulation, or contract, the State may withhold cash payments pending correction of the deficiency, disallow any or all costs incurred, or reduce or terminate the grant.

REPORTING IRREGULARITIES AND ILLEGAL ACTS

If the REGION 9/SWCCOG becomes aware of any misuse, misappropriation, conflict of interest, falsification of records and reports, or any other potentially irregular or illegal acts, they will follow the organization's procedures for reporting these activities, and will report their concerns immediately to the grantors. Immediate corrections will be made to resolve any misdeeds.

REIMBURSEMENT REQUESTS

Reimbursement may be requested for amounts approved in the grant agreement and actually expended. At a minimum, REGION 9/SWCCOG will request a cash reimbursement quarterly if there are expenses incurred. Expenses incurred within a quarter should be reflected in that quarter's reimbursement request. If submission during the quarter is not possible, REGION 9/SWCCOG will request reimbursement for expenditures within the next quarter following the actual expenditure. Sufficient details will be provided with the Reimbursement Request form to demonstrate that expenses are allowable and appropriate. The following identifies required documentations for various items:

Goods - Required Documentation: Requests for reimbursement for items of equipment (tangible personal property) should include the invoice number, description of item purchased (e.g. portable radios), and proof of payment.

Services - Required Documentation: REGION 9/SWCCOG must include contract numbers or employee names, the date(s) the services were provided and the nature of the services.

Personnel - Fiscal officers should keep timesheets in grant files for each individual paid with grant funds.

Management and Administration - Requests for reimbursement related to M&A expenses will provide sufficient detail. Appropriate categories can include meeting-related expenses, cell phone charges, office supplies, laptop computers, postage, and audit costs.

CASH ADVANCES

At times and within certain grants, the REGION 9/SWCCOG faces declining revenue

and cash flow problems that force a delay in acquisition of grant-related equipment due to the lack of funds to pay for these purchases in advance of receiving grant reimbursement. When this situation occurs, the REGION 9/SWCCOG may be required to submit a Request for Cash Advance form with the Reimbursement Request form. Additional follow-up documents may be required when a cash advance is requested to ensure that the REGION 9/SWCCOG will not be assessed an interest penalty for violating the Cash Management Improvement Act of 1990.

REPORTS

FINANCIAL AND NARRATIVE REPORTS

Periodic Financial and Narrative Reports may be required for open grant awards. The purpose of these reports is to provide information on the financial and active progress made in meeting the goals and objectives of the grant award. REGION 9/SWCCOG will follow all requirements for quarterly, semi-annual, or annual financial and narrative reports.

GRANT CLOSE-OUT

The REGION 9/SWCCOG must follow the grant close out procedures as described within each grant agreement.

FINAL CASH REIMBURSEMENT REQUEST

Reimbursement for services can only be approved for actual services performed and completed within the performance period of the grant.

DEOBLIGATION OF FUNDS

Ideally, REGION 9/SWCCOG will expend all of the funds in the grant award. If REGION 9/SWCCOG cannot expend all of its funds, the REGION 9/SWCCOG Board will be notified, and it should be noted on the final financial report. The deobligation of any funds will follow procedures identified by the applicable funding source.

FINAL FINANCIAL REPORT

The REGION 9/SWCCOG will submit a Final Financial Report including total expenditures for the grant period according to the grant specifications with the grant allocated due date period and may be submitted along with the final cash reimbursement request, if appropriate. The report will not include unpaid obligations.

FINAL NARRATIVE REPORT

The REGION 9/SWCCOG will submit a Final Narrative Report providing project completion details, reported outcomes of the project, problems encountered during the performance period that may have hindered or affected the completion of grant performance measurements, and any other pertinent information required by the grant agreement. REGION 9/SWCCOG will also include information regarding the continued efforts of the projects, including any information on subsequent grant funding or supplemental funding sources.

RECORDS RETENTION

The REGION 9/SWCCOG will meet all requirements for each grant regarding the retention of records. The Region 9 Records Retention Policy provides more information, but in general financial and program records must be retained for three (3) years from the grant termination date unless otherwise stated by the grant agreement or awarding agency records retention regulations. If any litigation, claim, negotiation, audit, or other action involving the records has been started before the expiration of the three-year period, the records must be retained until resolution and completion of all actions concerning the grant.

Grant records include all financial records, supporting documents, statistical records, and all other records pertinent to the grant. These include, but are not limited to, books of original entry, source documents supporting accounting transactions, the general ledger, subsidiary ledgers, personnel and payroll records, consultant/volunteer time and activity reports, canceled checks, and related documents and records. Source documents include, but are not limited to, Grant Award, financial and narrative reports, and other programmatic / financial forms and reports associated with execution of the grant.

ACCOUNTING AND INTERNAL CONTROLS

ACCOUNTING SYSTEM

The REGION 9/SWCCOG uses ABILA/Sage Fund Accounting software (and Quickbooks for some projects) to maintain all accounts and financial records to accurately account for awarded and matching funds. The software provides the following capabilities:

Revenues - The system classifies all revenues by funding source(s). All federal monies received are recorded by funding source so they may be included in the

REGION 9/SWCCOG's audit report and financial statement. Each grant is tracked separately whether it is a new or continuation grant award. All revenues and expenditures reflect the appropriate grant number.

Expenditures - The system classifies all expenditures by the appropriate account: Travel, Salary, Meetings, Supplies, etc.

FINANCIAL REPORTING CAPABILITY

The accounting system contains adequate expenditure information for the prompt and proper submission of financial reports. Amounts reported must match the grantor records and be reconciled against the accounting general ledger. The REGION 9/SWCCOG will ensure that all subcontractors properly account for all activity under the grant.

INTERNAL CONTROLS

The REGION 9/SWCCOG accounting system has adequate internal controls to mitigate fraud and to ensure:

- **The accurate and complete recording and reporting of federal and State funds**
- **The safeguarding of federal and State assets**
- **Compliance with laws and regulations**

The REGION 9/SWCCOG maintains all records to justify expenditure of federal and/or State funds for management and administrative purposes. More information can be found in Region 9's Accounting Policies and Region 9's Accounting Procedures included as Appendices.

APPENDICES

The following is a list of policies and procedures that are mentioned by reference in this document that includes additional policy detail and information.

1. Accounting Procedures Manual
2. Investment Policy
3. Loan Policy Statement
4. Procurement Policy
5. Valuation of Equity Investment Policy
6. Document Retention Policy
7. Employee Manual
8. Cybersecurity Policy
9. PPI Policy
10. Equipment Policy

**REGION 9 ECONOMIC DEVELOPMENT DISTRICT
OF SOUTHWEST COLORADO, INC.**

RESOLUTION #24-03

**Powerhouse Science Center Facility Capital Campaign
Enterprise Zone Contribution Project**

WHEREAS, The Region 9 Economic Development District of Southwest Colorado, Inc. (District) is the Southwest Enterprise Zone Administrator; and,

WHEREAS, the District wishes to encourage economic development through designation of qualified Enterprise Zone Contribution Projects which assist in the implementation of the region's Comprehensive Economic Development Strategy (CEDS); and,

WHEREAS, by providing an enhancement or expansion of community amenities and attractions helps southwest Colorado be a desirable place to live and relocate; and,

WHEREAS, The Powerhouse Science Center has made application for designation as an Enterprise Zone Contribution Project for facility improvements including expansion of the existing 8,000 sq ft historic power plant, constructed in 1893, by 4,200 sq ft to include indoor restrooms, gift shop, community meeting rooms, and gallery. Also included in the project plans are to update exhibits, increase the outdoor river front space, and renovate the existing education center building into a preschool; and,

WHEREAS, the proposed capital project meets the requirements of the Enterprise Zone Program,

THEREFORE, BE IT RESOLVED, that the Board of Directors of the District approve the Powerhouse Science Center's application as an eligible Enterprise Zone Contribution Project and recommend approval to the Colorado Economic Development Commission.

Approved this 25th day of January 2024 by the Board of Directors of the Region 9 Economic Development District of Southwest Colorado, Inc.

William Tookey, Chairperson

Dan Fernandez, Secretary

Colorado Economic Development Commission
Proposal for Enterprise Zone Contribution Project

Project Name: **The Powerhouse Museum Facility and Exhibit Improvements**

Enterprise Zone: **Southwest EZ**

Enhanced Rural EZ: ☐

Primary Local ED Goal: **Facilitate the creation, enhancement or expansion of community amenities and attractions which make southwest Colorado a desirable place to live and relocate.**

Organization Information

Question: Organization Name

Powerhouse Science Center

Question: Organization Structure

501(c)3

Question: Organization Tax ID # (FEIN)

84-1310757

Question: Upload Organizational Verification (Letter of Good Standing for Non-Government entities)

[CERT_GS_D.pdf](#) (1/12/2024 12:45 PM)

Question: Phone

(970) 259-9234

Question: Website

www.powsci.org

Question: Street Address

1333 Camino Del Rio

Question: City

Durango

Question: ZipCode

81301

Question: Is the project located in the Enterprise Zone

☒ *Yes*

☐ *No*

Question: Project Name

The Powerhouse Museum Facility and Exhibit Improvements

Question: Project Activity Location

1333 Camino del Rio, Durango, Colorado 81301

Question: Project Activity County(s)

La Plata

Project Details

Question: Select the type and category that best fits the project activity.

☐ *Capital Campaign: Community Facility*

☐ *Capital Campaign: Workforce Housing*

☒ *Capital Campaign: Tourist Attraction*

☐ *Capital Campaign: Infrastructure*

☐ *Operations: Business Assistance*

☐ *Operations: Economic Development Organization*

☐ *Operations: Job Training Program*

☐ *Operations: Visitor Event/Attraction*

☐ Operations: Healthcare

☐ Operations: Homeless Support

Question: Describe the specific activities included in this Project. (What is being funded with EZ \$s.)

Contributions to this Enterprise Zone project will support the expansion and renovation of the Powerhouse's museum facilities and investments in exhibits and visitor experiences.

The Powerhouse is housed in Durango's historic power plant building which was constructed in 1893 and decommissioned in 1972. The 8,000 sf historic structure was opened to the public in 2011 following a decade-long effort to restore the facility and repurpose it for community use. The facility primarily functions as a science-focused children's museum open to the public 300+ days per year. Additionally, the gallery functions as an event space outside of public hours hosting luncheons, educational events, weddings, and other community gatherings. In addition to the power plant building, there is a separate 3,350 sf education center on the campus housing three classrooms, office space, and storage.

The project would include three areas of investment. First is the construction of a 4,200 sf entry pavilion containing restrooms, two multipurpose meeting rooms, a gift shop, and lobby. This addition will allow the museum to dedicate additional space for exhibits and events in the main gallery and will expand the functionality of the facility.

The second project area is the implementation of a master exhibit plan to update and improve indoor and outdoor attractions and exhibits. The museum invested \$750,000 in exhibit development between 2010 and 2014 but those assets are at or past their expected lifespan, typically 7-10 years for interactive museum exhibits. The exhibit plan would encompass up to 6,500 sf of indoor and up to 10,000 sf of outdoor experiences and exhibits.

The final project component is the renovation of the education center to support the opening of a licensed preschool serving between 30 and 4 3- through 5-year-olds. We anticipate interior renovations to reconfigure classroom spaces and the addition of an outdoor fenced play area as part of our work to align our existing space with state licensing requirements.

In 2022 The Powerhouse contracted with Fort Lewis College's School of Business to survey residents and visitors on their perceptions of the Powerhouse. 96% of 176 respondents agreed that the Powerhouse contributes to the attractiveness of Durango as a place to raise a family. Similar proportions of non-resident visitors agreed that the Powerhouse contributed to the attractiveness of Durango as a place to visit on a family vacation. However, 91% of respondents said that it was moderately or very important that the Powerhouse invest in improving current exhibits and adding new exhibits over the next three years.

Question: State the project's overall objective as it relates to the selected economic goal. The objective must be achieved within the project time-frame. Project activities identified directly lead to this objective.

Facilitate the creation, enhancement or expansion of community amenities and attractions which make southwest Colorado a desirable place to live and relocate.

The expansion of the facility and renewal of exhibits and attractions located at the Powerhouse will support increased visitorship to the museum over the next five years by developing underutilized outdoor space, expanding peak capacity, and improving the quality of experience offered to visitors.

Project activities and estimated annual expenditures:

- 2024: Engage museum consultant to develop master exhibit plan. Work with City staff and the new Community Development Commission to finalize entry pavilion design. Complete repairs to HVAC system. Complete exhibit development for water and light sections of the gallery. (\$250,000)
- 2025: Complete renovation of education center and open licensed childcare center. Complete historic preservation projects for historic bricks, roof, and doorway. Complete capital campaign feasibility study. Continue investments in modular indoor exhibits. (\$1,000,000)
- 2026: Begin construction of entry pavilion. Install outdoor experiences and exhibits in back garden. (\$2,500,000)
- 2027: Complete entry pavilion construction. Complete custom indoor climber exhibit and infant and toddler gallery area. (\$3,500,000)
- 2028: Complete additional modular indoor exhibits. (\$250,000)

Question: How will project activities and objectives both directly and indirectly support job creation and retention and/or business expansion in the broader Enterprise Zone (not only at the project org).

The further development of a vibrant museum attraction enhances Durango's appeal as a family-friendly destination and supports the tourism industry that accounts for approximately 30% of local economic activity.

The museum gallery hosted 29,179 visitors in 2023. During the school year, the majority of admissions come from local residents but during summer and holiday periods closer to two-thirds of visits are from families from out of the area based on the mix of member and non-member admissions. We are not currently collecting visitors' home zip codes but expect to implement that tracking in 2024.

The development of a licensed child care center on the campus will help address the substantial gap in program capacity with the intent of prioritizing the nonprofit workforce in the community. In November 2023, Durango's City Council reviewed the results of a survey of 3,000 community residents undertaken by Polco – National Research Center. One of the few quality of life measures where Durango significantly underperformed compared to other communities was in the availability of affordable quality child care. Only 12% of respondents ranked that as excellent or good, ranking Durango 301st out of 302 communities in which that question was asked. The Powerhouse is partnering with United Way of Southwest Colorado to assess the potential of structuring our proposed preschool as an employer-sponsored child care that would give priority access to employees of a consortium of nonprofit organizations.

Additionally, the project would directly support a minimum of five new full-time positions at the Powerhouse and additional short-term employment opportunities related to the completion of proposed facility projects. We currently employ seven full-time and three part-time year-round staff (8.0 FTE). In 2023 we employed eighteen seasonal staff (3,000 hours between June and August).

Question: Identify any additional resources (Fed, State, Community) supporting this effort.

The Powerhouse intends to pursue federal, state, and community support to complete the proposed project. We were recently awarded a \$100,000 capacity building grant through the Department of Local Affairs that will help fund the development of a comprehensive exhibit plan for the museum. We also have pending or planned applications for exhibit development project through Durango's Creative Economy Commission and the federal Institute for Museum and Library Services and for the development of an employer-sponsored child care center through the Colorado Department of Early Childhood.

We expect that the majority of project funds will be secured through foundation, business, and individual contributions.

Question: Date of Project Completion:

12/31/2028

Question: Upload a map showing the EZ area, project location and area of impact.

[1333 Camino Del Rio.pdf](#) (1/12/2024 12:53 PM)

Community Support

Question: Identify the local board(s) or public entity(s) supporting this project.

Region 9 Economic Development District of Southwest Colorado

Question: Letters of Support

[SignedLtrJeffS.pdf](#) (1/12/2024 12:54 PM)
[Powerhouse EZ Project 12-14-23.pdf](#) (1/12/2024 12:54 PM)

Project Budget & Expected Contributions

Question: What is the Project Budget?

\$7,500,000.00

Question: \$ value of contributions expected in 1st year as a Contribution Project

\$250,000.00

Question: What amount, if any will you require as a minimum donation in order for the donor to receive the EZ Contribution Tax Credit?

\$250.00

Question: Expected In-kind donations (\$)

\$250,000.00

Question: What type of in-kind donations do you plan to accept?

Pro bono professional services, in-kind contributions from project vendors, and materials.

Organization Applicant Attestation

Question: I am aware that the highest minimum donation that I may require from a contributor is \$250.00.

☒ Yes

☐ No

Question: I am aware of the \$750,000 tax credit certification limit per Project per year, and will monitor contributions certified to stay within this limit.

☒ Yes

☐ No

Question: I am aware that EZ Contribution Project status is at the discretion of the Zone Administrator and the Colorado Economic Development Commission. Project status is generally granted on a calendar year basis with annual re-certification.

☒ *Yes*

☐ *No*

Question: I agree to abide by the policies and reporting requirements of the local Enterprise Zone Administrator, the EDC, and the Urban and Rural Enterprise Zone Act (C.R.S. 39-30-101 to 109) as relates to the EZ Contribution Income Tax Credit.

☒ *Yes*

☐ *No*

Question: Organizational Applicant e-signature

Jeffrey R Susor

Question: Date of Applicant Attestation

Not Answered

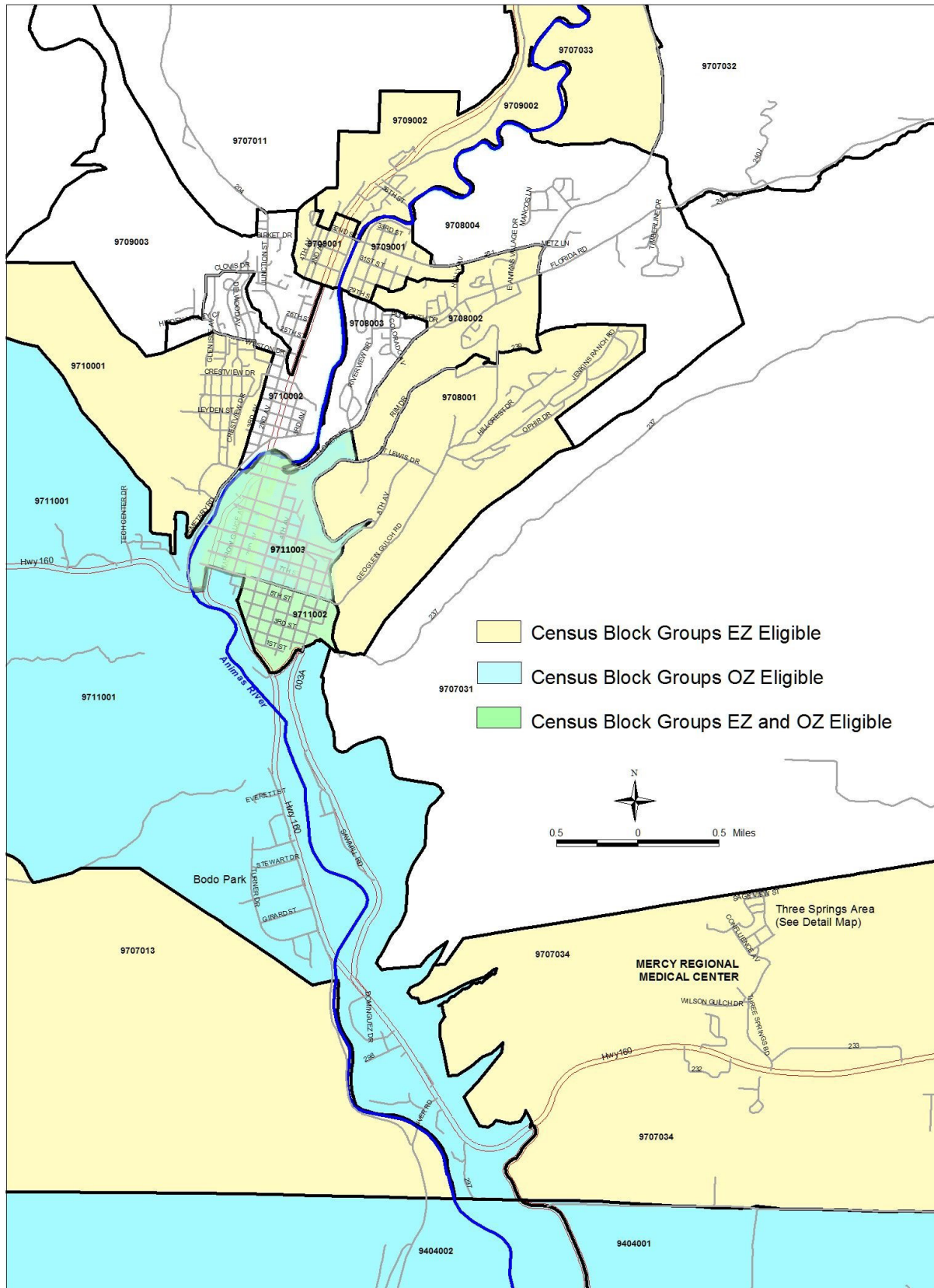
Summary: Expected Credits and Other Active Projects

Calculated credits based on expected contributions.

	<i>Expected Contributions</i>	<i>Calculated Credit</i>
<i>Cash</i>	<i>\$250,000.00</i>	<i>\$62,500.00</i>
<i>In-kind</i>	<i>\$250,000.00</i>	<i>\$31,250.00</i>
<i>Total</i>	<i>\$500,000.00</i>	<i>\$93,750.00</i>

Does this Organization have any other active EZ Contribution Projects?

No



La Plata County - Durango Area Enterprise Zones (EZ) and Opportunity Zones (OZ)

Information Services
c:\gis\data\enterprise zones\enterprise zone update 2015\
Incentive Zones 2018
Draft 9-6-18

Amended July 28, 2023 to reflect changes to Census Block 9711003 from 2010 to 2020 Geo ID




Map data ©2024 Google 2000 ft








1333 Camino Del Rio


Building

- 

Directions
- 

Save
- 

Nearby
- 

Send to phone
- 

Share

 1333 Camino Del Rio, Durango, CO 81301

Photos



At this place

Laura's Artisan
5.0 ★★★★★ (13)
Restaurant · Floor 1



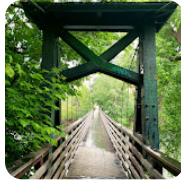
Discovery Museum At-Powerhouse
4.6 ★★★★★ (11)
Museum · Floor 1
Closed · Opens 9:30 AM Fri



Swinging Bridge

5.0 ★★★★★ (9)

Park





January 5, 2024

The Powerhouse
1333 Camino del Rio
Durango, CO 81301

To Whom It May Concern:

The restoration and adaptive reuse of the City-owned Durango Power and Light Company campus has been a major contribution to Durango's downtown corridor. The 1893 power plant building is a site of historical, architectural, and geographic significance. Its transformation into a museum serving children and families has strengthened our appeal as a family-friendly destination and contributed to our thriving tourism economy. Since 2011, the Powerhouse has welcomed 248,000 visitors to its gallery.

In partnership with the City of Durango, volunteers from the Children's Museum of Durango led a series of three capital campaigns that raised and invested over \$6 million in environmental remediation, historic preservation, and redevelopment, turning a former eyesore into a place for discovery and celebration. Enterprise Zone Tax Credits were a key tool in incentivizing private investments in the project. Over 3,000 individuals, businesses, foundations, and government entities contributed to the success of the project.

The Powerhouse continues to operate the museum under the terms of a long-term renewable lease with the City of Durango. The further development of museum facilities, the renewal of exhibits and visitor experiences, and the possible expansion of educational programs made possible by private investment would be substantial benefits to the quality of life and economic vitality of our community and would support several key goals outlined in the City of Durango's Comprehensive Plan.

Sincerely,

A handwritten signature in blue ink, appearing to read "Melissa Youssef".

Melissa Youssef
Mayor
City of Durango

December 14, 2023

To Whom it May Concern:

This letter is written in support of the Powerhouse Science Center's Enterprise Zone Tax Credit application. The Durango Business Improvement District (BID) works to create a thriving Central Business District and we see the Powerhouse as the most important anchor at the north end of that district. It brings life to the Downtown corridor, supports Durango's identity as a family-friendly destination, and improves the quality of life of residents.

The opening of the Powerhouse Science Center in 2011 was a major achievement that brought a delapidated eyesore in the heart of our community back to life as a vibrant place for children and their families. My family has used their facility for birthday parties and we have signed up our kids for summer camps. My organization has rented the Powerhouse to host events. Additionally, the Powerhouse is a major draw for visitors to our community, serves as a valuable venue for community events, and is an important part of Durango's history. The opportunity to expand and improve the existing facility and invest in the visitor experiences offered through the museum gallery and outdoor spaces would bring benefit to our community and support our tourism economy that is responsible for 30% of local economic activity.

The Enterprise Zone program is an important incentive to encourage private investment in Durango's economic engines. We hope The Powerhouse is able to use this tool to benefit our community and its economic vitality.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Walsworth". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Tim Walsworth
Executive Director

OFFICE OF THE SECRETARY OF STATE
OF THE STATE OF COLORADO

CERTIFICATE OF FACT OF GOOD STANDING

I, Jena Griswold, as the Secretary of State of the State of Colorado, hereby certify that, according to the records of this office,

The Powerhouse

is a

Nonprofit Corporation

formed or registered on 09/12/1994 under the law of Colorado, has complied with all applicable requirements of this office, and is in good standing with this office. This entity has been assigned entity identification number 19941102137 .

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 01/03/2024 that have been posted, and by documents delivered to this office electronically through 01/04/2024 @ 19:44:46 .

I have affixed hereto the Great Seal of the State of Colorado and duly generated, executed, and issued this official certificate at Denver, Colorado on 01/04/2024 @ 19:44:46 in accordance with applicable law. This certificate is assigned Confirmation Number 15625812 .



Jena Griswold

Secretary of State of the State of Colorado

*****End of Certificate*****

Notice: A certificate issued electronically from the Colorado Secretary of State's website is fully and immediately valid and effective. However, as an option, the issuance and validity of a certificate obtained electronically may be established by visiting the Validate a Certificate page of the Secretary of State's website, <https://www.coloradosos.gov/biz/CertificateSearchCriteria.do> entering the certificate's confirmation number displayed on the certificate, and following the instructions displayed. Confirming the issuance of a certificate is merely optional and is not necessary to the valid and effective issuance of a certificate. For more information, visit our website, <https://www.coloradosos.gov> click "Businesses, trademarks, trade names" and select "Frequently Asked Questions."



To whom it may concern,

I am writing to offer a statement of support for The Powerhouse's Enterprise Zone Tax Credit application. Visit Durango works to foster a community-focused approach to tourism, creating a welcoming environment for all travelers. The Powerhouse museum stands as a captivating destination attraction, offering enrichment to families from every corner of the country, enhancing their overall experience during their visit.

Since opening its doors in 2011, The Powerhouse has welcomed nearly 250,000 visitors, providing a much-needed space in Durango for families to learn and grow together. The Powerhouse also serves as a versatile gathering space for individuals of all ages, hosting events like town halls, concert series, and trivia. Having organizations that facilitate activities that are family-friendly and accessible is crucial in creating a tourism destination that is welcoming for all. The potential for expansion and enhancement of the current facility, coupled with investments in enriching visitor experiences within the museum gallery and outdoor spaces, holds the promise of bringing lasting benefits to our community. This initiative aligns seamlessly with the ongoing efforts of Visit Durango to elevate our tourism landscape.

The Enterprise Zone program stands as a motivator to encourage private investment in Durango's economic catalysts. We hope The Powerhouse is able to use this valuable tool to contribute to the well-being and economic vibrancy of our community.

Sincerely,
Rachel Brown
Executive Director of Visit Durango

Project Manager: Shak Powers

Reporting Period: 4th Quarter, 2023

Project Management Areas: Broadband, Housing, Transportation

Reporting to: Board of Directors, Region 9 Economic Development District

I. Introduction

The fourth quarter of 2023 was busy for broadband, housing, and transportation. Much time was spent advocating on behalf of local governments and industry. A success was won with the NTIA creating waivers for the BEAD program. CDOT came down 90% from their originally proposed recurring right-of-way access fees for broadband deployment. Region 9 supported several CPF applications. The CNL construction is complete, and the grant has been closed out. The work to complete the audit of the SCAN network is ongoing. 94% of Region 9's member governments filed commitments to participate in Proposition 123. The Town of Dove Creek has filed for a technical correction for their congressionally directed spending. The Town of Rico opted to discontinue the senior transit pilot program. Region 9 advocated to the Colorado Department of Health Care Policy & Finance (HCPF) correct their list of Non-emergent Medical Transportation (NEMT) and new members of the SWTPR were onboarded.

II. Broadband Project Management

A. Goals and Objectives

- a. Continue to advocating against a Letter of Credit Requirement for upcoming Broadband Equity, Access, and Deployment (BEAD) funding
- b. Finish constructing the La Plata Carrier Neutral Location (CNL)
- c. Continue the audit of the SCAN Network
- d. Assist Jurisdictions in preparation for Capital Project Funding Grant Program
- e. Advocate against CDOT's proposed reoccurring right-of-way fees for broadband

B. Progress update

a. Advocating against a Letter of Credit Requirement for upcoming Broadband Equity, Access, and Deployment (BEAD) funding

On November 1, 2023 NTIA responded to pressure and took action to release a programmatic waiver of the Letter of Credit requirement in the BEAD Notice of Funding Opportunity (NOFO).

Under the NOFO, prospective subgrantees must provide an irrevocable standby letter of credit (LOC) to the Eligible Entity (i.e., the 50 states, five territories, and the District of Columbia) before entering into subgrantee agreements. The amount of the LOC must be no less than 25% of the subaward amount. This requirement helps states and territories ensure that potential BEAD applicants have the financial capacity to deliver reliable, affordable high-speed Internet service.

The NOFO acknowledges that "prospective subgrantees may be able to, or required, to demonstrate their capabilities in a variety of manners" and urges states and territories to

“accommodate these differences in establishing their requirements,” inviting alternatives “if they are necessary and sufficient to ensure that the Program’s objectives are met.”

Region 9 with our member governments, all three of our Congressional Delegates, and Commissioner Salka’s work with the National Association of Counties was able to show that an LOC requirement would have had an adverse effect on smaller governments and providers and would have prevented many from participating in the BEAD program.

To address these concerns, the waiver released by the NTIA in November modifies the LOC requirement for subgrantees of all Eligible Entities in the following ways:

Allow Credit Unions to Issue LOCs. The NOFO requires subgrantees to obtain a LOC from a U.S. bank with a safety rating issued by Weiss of B– or better. The waiver permits subgrantees to fulfill the LOC Requirement (or any alternative permitted under the waiver) utilizing any United States credit union that is insured by the National Credit Union Administration and that has a credit union safety rating issued by Weiss of B– or better.

Allow Use of Performance Bonds. The waiver permits a subgrantee to provide a performance bond equal to 100% of the BEAD subaward amount in lieu of a letter of credit, provided that the bond is issued by a company holding a certificate of authority as an acceptable surety on federal bonds as identified in the Department of Treasury Circular 570.

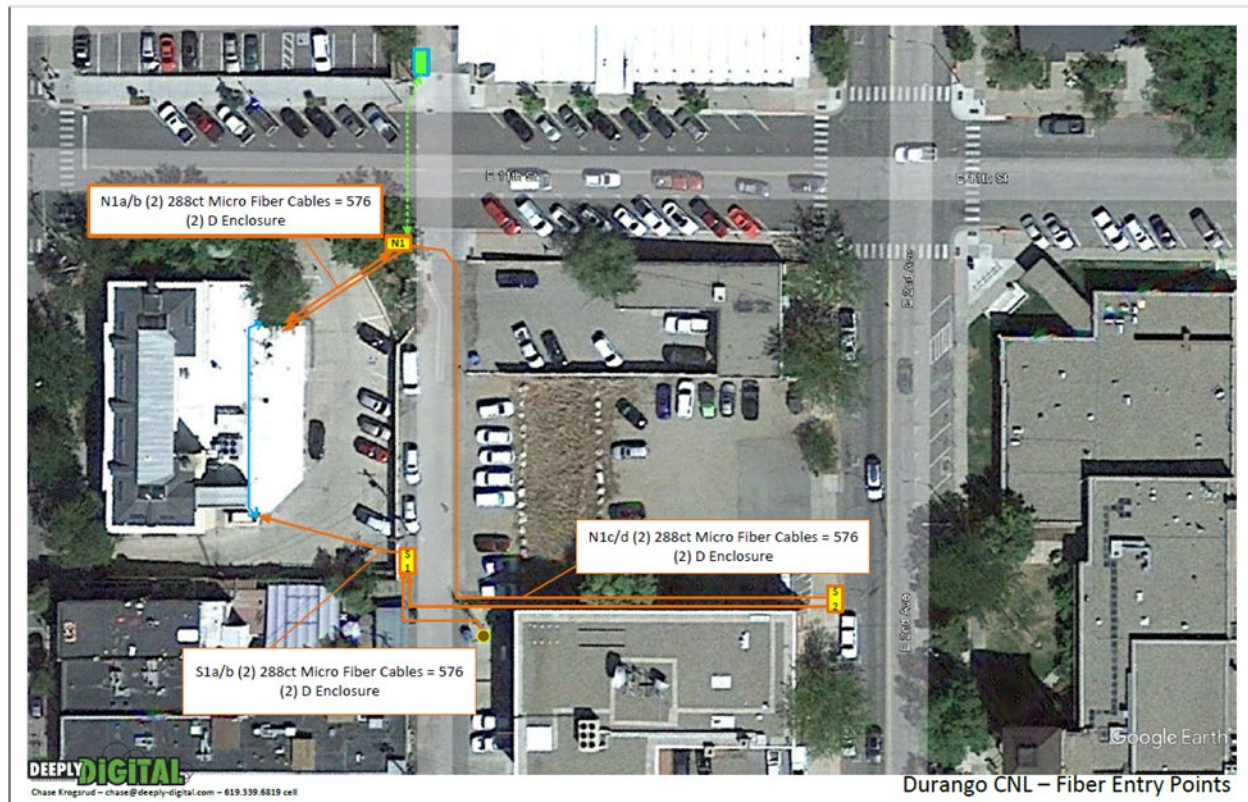
Allow Eligible Entities to Reduce the Obligation Upon Completion of Milestones. The waiver allows an Eligible Entity to reduce the amount of the letter of credit obligation below 25% over time, or reduce the amount of the performance bond below 100% over time, upon a subgrantee meeting deployment milestones specified by the Eligible Entity.

Allow for an Alternative Initial LOC or Performance Bond Percentage. The NOFO requires that the initial amount of the letter of credit be 25% of the subaward (or the initial amount of the performance bond be 100% of the subaward under the option described above). The waiver allows the initial amount of the letter of credit or performance bond to be 10% of the subaward amount during the entire period of performance when an Eligible Entity issues funding on a reimbursable basis consistent with Section IV.C.1.b of the NOFO and reimbursement is for periods of no more than six months each.

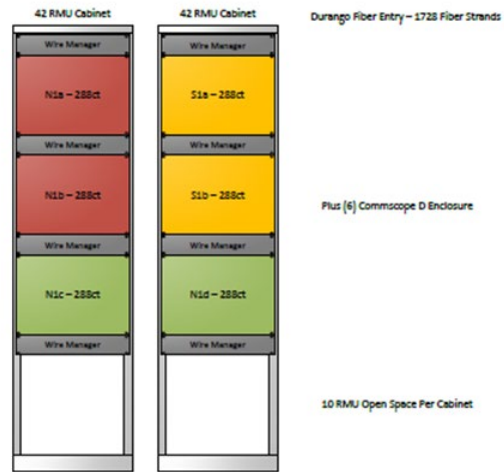
b. La Plata Carrier Neutral Location

In the final construction period, a change order was approved to go from 96 fibers to 1728 fibers with all fiber being terminated and landing 2x288 fiber cables in each HH (manhole 0, the new HH on the S side of the alley, and the existing HH on the N side of the alley) with D Enclosures wall mounted in the CNL itself; an AVTech Room Alert 3E which includes a temperature sensor can monitor environmental conditions was installed; the fire suppression system was tested, flooring installed, a Ballard was placed in front of the alley connection, and a final walkthrough was completed. The total project was finished for \$68,507.98 under budget.

Deeply Digital requested a change order from the originally proposed 96 fibers to 1728 fibers with all fiber being terminated in the CNL and landing 2x288 fiber cables in each HH (manhole 0, the new HH on the S side of the alley, and the existing handhole on the north side of the alley). They proposed to have D Enclosures wall mounted in the CNL itself to allow Region 9 and the County to be able to assign the fibers to the providers inside the CNL with no other fibers being pulled in the present and near future into the CNL. This change order was approved on August 8th and the work was completed by September 20th. The site plan below shows the path of the fibers from the CNL to the hand holes.



Durango CNL Fiber Entry Rack Plan

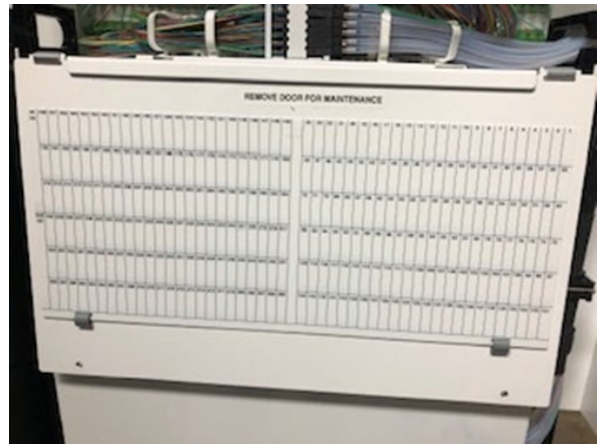


DEEPLY DIGITAL
 Chase Krugrud - chase@deeply-digital.com - 619.339.6819 cell

To the left is the Fiber entry plan diagramming how the fiber comes into the building, to the D enclosures, to the panels and finally to the racks.



Pictured above are the wall-mounted D enclosures with the fiber splices.



Pictured above and to the left are the patch panels which will allow for easy cross connecting inside the CNL instead of outside in the hand holes.

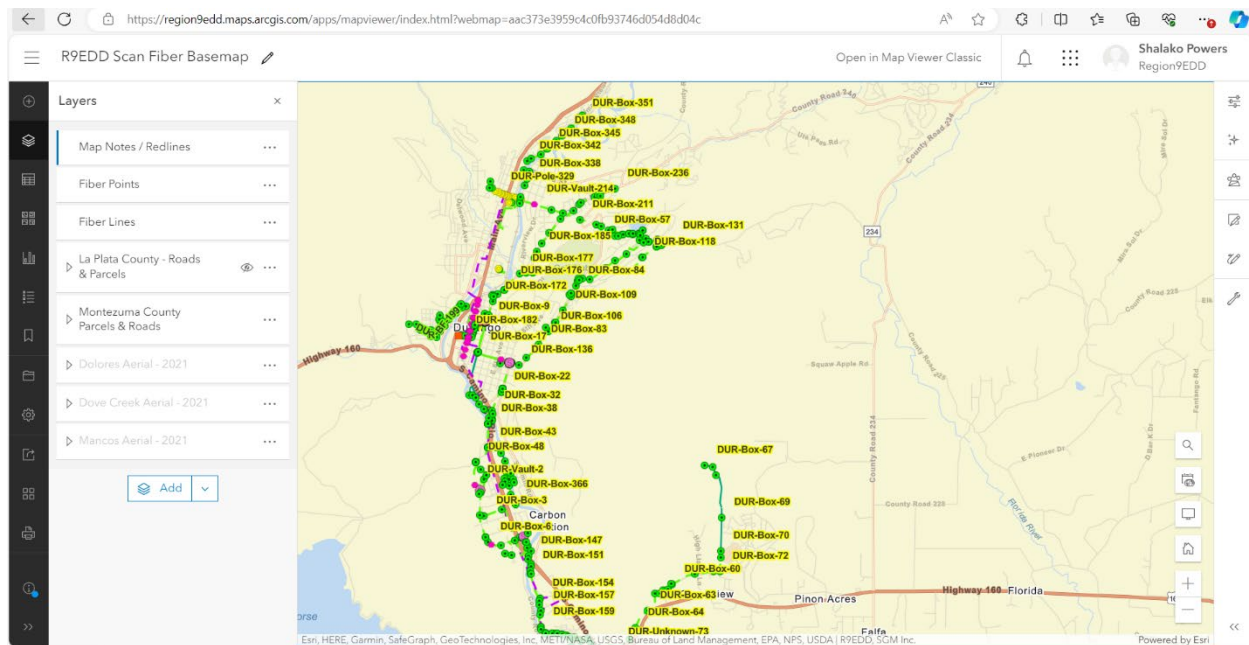
Below is a table showing the total project expenditures. The total project budget was \$443,000. The project was completed for \$374,492.02. The total project was finished for \$68,507.98 under budget.

Reporting Period	Expenditures
Q4 2022	\$0.00
Q1 2023	\$10,985.32
Q2 2023	\$96,089.54

Q3 2023	\$267,426.16
TOTAL	\$374,492.02

c. SCAN Audit

Charlie has completed GIS work for Durango. He started his investigation into Durango server rooms on Monday, December 18th.



d. Assisting Jurisdictions in preparation for Capital Project Funding Grant Program

The Colorado Broadband Office (CBO) opened their Advance Colorado Broadband - Capital Projects Fund grant program (Advance-CPF) on June 20th. Through Advance-CPF, Colorado has \$162 million to award for broadband infrastructure projects that will broadband to homes and businesses, primarily in rural areas.

At the time of my last report, Region 9 had worked to secure technical assistance for Dolores and Montezuma Counties to work with internet service providers applying for Capital Projects Funds. San Juan County was not participating because Vero is building out fiber to the home in Silverton. It was undecided at the time of my last report if Southern Ute Indian Tribe or Region 9 would apply for funding for Wildcat Canyon.

Ultimately, the Southern Ute Indian Tribe applied for funding for Wildcat. Region 9 was able to provide letters of support for two projects in Archuleta County, five project in La Plata County, including the Southern Ute application for Wildcat, two projects in Montezuma County and two projects in Dolores County.

The Colorado Broadband Office was supposed to announce winners before the end of 2023 but no such announcements came before the end of the quarter.

e. Opposing CDOT’s proposed reoccurring right-of-way access fees for Broadband.

On December 20th, the Colorado Department of Transportation’s Transportation Commission was scheduled to vote regarding proposed ROW fees that had ben presented by CDOT staff.

During most of 2023, CDOT’s Fiber Development Team received feedback from industry and government stakeholders regarding the implementation of a uniform and transparent fee-structure for accessing CDOT’s ROW as directed by Colorado Executive Order D-2022-0009 and Senate Bill 22-083.

The team gave consideration to revising their fee structure and rates.

CDOT proposed charging an annual property use surcharge consistent with the United States Forest Service methodology and a one-time upfront fee to cover permitting costs. This new method cut the yearly fee by over 90% from their first proposal.

	One-Time Rate for Permitting Costs	Annual Property Use Rate
Proposed Fee Revision	\$0.05 per foot	<ul style="list-style-type: none">• \$0.10 per foot for urban counties (>200k population)• \$0.03 per foot for rural counties

Urban Counties include: Adams, Arapahoe, Boulder, Denver, Douglas, El Paso, Jefferson, Larimer, and Weld.

Here is the law that the federal government has in place requiring State’s (CDOT) to charge fair market value for access to their right-of-way. The rule can be found here: eCFR :: 23 CFR Part 710 -- Right-of-Way and Real Estate. Specifically, the regulation reads as follows:

“Current fair market value must be charged for the use or disposal of all real property interests if those real property interests were obtained with title 23, United States Code, funding except as provided in paragraphs (e)(1) through (6) of this section. The term fair market value as used for acquisition and disposal purposes is as defined by State statute and/or State court decisions. Exceptions to the requirement for charging fair market value must be submitted to FHWA in writing and may be approved by FHWA in the following situations:

(1) When the grantee shows that an exception is in the overall public interest based on social, environmental, or economic benefits, or is for a nonproprietary governmental use. The grantee's ROW manual or RAMP must include criteria for evaluating disposals at less than fair market value, and a method for ensuring the public will receive the benefit used to justify the less than fair market value disposal.

(2) Use by public utilities in accordance with 23 CFR part 645.

(3) Use by railroads in accordance with 23 CFR part 646.

(4) Use for bikeways and pedestrian walkways in accordance with 23 CFR part 652.

(5) Uses under 23 U.S.C. 142(f), Public Transportation. Lands and ROWs of a highway constructed using Federal-aid highway funds may be made available without charge to a publicly owned mass transit authority for public transit purposes whenever the public interest will be served, and where this can be accomplished without impairing automotive safety or future highway improvements.

(6) Use for other transportation projects eligible for assistance under title 23 of the United States Code, provided that a concession agreement, as defined in § 710.703, shall not constitute a transportation project exempt from fair market value requirements.”

Region 9 lead the way opposing the original fees and all recurring fees for the following reasons:

Exception in the Overall Public Interest: The proposed fees may not align with the overall public interest, as outlined in 23 CFR Part 710. Broadband deployment is vital for social, economic, and environmental benefits, and the proposed fees could hinder the achievement of these broader public goals.

2. Collaborative Projects: The proposed fees may impede collaborative projects, such as the proposed Alpine Loop from Denver to Grand Junction to Durango to Walsenburg. This project can contribute significantly to the middle mile broadband infrastructure and should be considered as exceptions under Title 23 of the United States Code.

3. Impact on Economic Development: High fees, even if reduced from previous proposals, still act as barriers to economic development, especially in rural areas. The potential financial burden imposed by the fees could deter projects aimed at improving connectivity and stimulating economic growth.

4. Equitable Access and Affordability: The proposed fees disproportionately affect economically depressed jurisdictions, exacerbating the existing challenges related to equitable access and affordability of broadband services.

5. Unsolicited Proposals and Public-Private Initiatives: The fees could discourage private initiatives and collaboration, hindering innovative solutions to address broadband deployment challenges, as allowed under the Public-Private Initiatives Act.

6. Potential Impact on Middle Mile Infrastructure Funding: The proposed fees may counteract efforts to secure funding from the State Department of Local Affairs (DOLA) for middle mile infrastructure, hindering the progress of critical infrastructure projects.

Ultimately, the Transportation Commission voted 6 to 2 to adopt the reoccurring fees. We are grateful to our Transportation Commissioner, Mark Garcia, who voted to oppose the fees. Had Region 9, the SWTPR, and our allies not opposed the fees, we would likely now have fees that are 90% more.

We also want to acknowledge the work that Commissioner Matt Salka of La Plata County continues to do with and through CCI. Commissioner Salka is introducing a bill into the legislature to remove the annual reoccurring fees. We ask our member governments to support the effort.

III. Housing Project Management

A. Goals and Objectives

- a. Proposition 123
- b. Work with the Town of Dove Creek to move forward with water projects

B. Progress update

a. Proposition 123

Several hundred million dollars for affordable housing became available in the third quarter of 2023 because of the passing of Proposition 123 on the November 2022 ballot. This funding is being overseen by DOLA and OEDIT, and may be granted or loaned to the following types of organizations:

- Non-profits
- Community land trusts
- Private entities
- Local governments

Organizations are only eligible for this funding if their project or program takes place in municipalities, counties, or tribes that have committed to increasing their affordable housing stock above a baseline amount before November 1, 2023.

Housing units are considered as affordable if:

- Rental units: Costs less than 30% of the monthly income for a household at or below 60% of the median income.
- For-sale units: The mortgage payment costs less than 30% of the monthly income for a household at or below 100% of the median income.

Sixteen of our seventeen governments filed and had their baseline commitments accepted by the State of Colorado, giving Region 9 a 94% participation rate compared to the statewide 60%. San Juan County did not file a baseline commitment. They would have had a three-year commitment of zero.

The affordable housing baseline for Region 9 has thus been established as 6,633. Region 9's governments have agreed to work towards increasing that number by 597 by December 31, 2026.

Below are the list of commitments by jurisdiction:

Jurisdiction	Baseline	3-Year Commitment
Archuleta County	179	16
Pagosa Springs	215	19
Dolores County	13	1
Dove Creek	47	4
Rico	6	1
La Plata County	1,205	108
Bayfield	157	14
Durango	2,041	184
Ignacio	146	13
Montezuma County	319	29
Cortez	986	89
Dolores	297	27
Mancos	158	14
Silverton	107	10
Southern Ute Indian Tribe	697	63
Ute Mountain Ute Tribe	60	5
Region 9 Total	6,633	597

b. Town of Dove Creek

The Categorical Exclusion (CATEX) filed on behalf of the Town of Dove Creek on September 8th to ask the EPA to not require an Environmental Inspection Document for the Big Canyon Waterline project was denied. The main argument for requesting a CATEX was the Right Of Way agreement with the BLM which says, "This ROW was authorized under FLPMA and analyzed in the Environmental Assessment CO-SJPLC-03-048EA, pursuant to the BLM's responsibility under NEPA. The grant for this ROW includes the right for the holder to maintain the facility under 43 CFR 2805.14(a) (to include replacement of the pipe), as well as to reconstruct the materials on-top of and below the pipe under 43 CFR 2805.14(e) allowing use of common varieties of stone and soil removed during construction."

On November 14th the Town of Dove Creek filed with the EPA for a Technical Correction citing that the environmental review and increased costs for materials to rebuild the pipeline from the Dolores River to the Town makes the project financially infeasible for the time being. The Town requested to have the funds redirected to build a second 99-acre foot retention reservoir for municipal water. Senator Bennet's office endorsed this request in a letter dated November 14, 2023.

An Environmental Inspection Document (EID) must still be completed for the other project but is expected to be far less costly than the inspection of the pipeline project. All of the other EPA requirements such as adhering to federal procurement policies, Buy American, and Davis Bacon wages will still apply to the 2nd Reservoir Project.

The Town of Dove Creek does not currently have a procurement policy. Region 9 staff has drafted a policy that the board and staff are working through during the workshops. The Town has procured an engineering firm to complete the EID for the second reservoir project. At the time of the writing of this report, the EPA has not responded to confirm if the technical correction has been accepted.

IV. Transportation Project Management

A. Goals and Objectives

- a. Rico to Cortez Pilot Program
- b. HCPF
- c. Incorporating the RTC into the SWTPR

B. Progress update

a. Rico to Cortez Pilot Program

After a successful pilot program, the decision was made not to continue the Rico to Cortez transportation of senior citizens. This decision was made because the participation was not enough to justify continuing the program.

b. Advocating to HCPF

In November, the Regional Transit Coordinating Council brought to our attention a matter of concern related to the Non-Emergent Medical Transportation (NEMT) provider list published by the Colorado Department of Health Care Policy & Financing (HCPF). The accuracy of such lists is paramount, as demonstrated by a recent investigation reported by the Greeley Tribune concerning an unprecedented scheme exploiting Medicaid in Colorado.

The scheme involved transportation contractors flooding the Medicaid system with patients from southern Colorado, exploiting vulnerabilities in the system. The drivers, participating in a coordinated effort, billed Medicaid for every mile driven, resulting in potential financial losses for the state amounting to millions of dollars. This organized fraud scheme not only took advantage of permissive rules but also potentially violated both state and federal laws.

The Greeley Tribune's investigation revealed a significant discrepancy between the listed and actual Non-Emergent Medical Transportation providers in the state, highlighting the urgent need for accurate information. The article emphasized how inaccurate lists can lead to exploitation, not only financially but also endangering the well-being of vulnerable individuals who depend on these services for their health.

In our region, there are similar inaccuracies in the NEMT provider list for Southwest Colorado, which can potentially lead to confusion, delays in medical transportation, and inefficient resource utilization.

Below is a summary of the inaccuracies we have identified in the NEMT provider list for Southwest Colorado:

Archuleta County:

HCPF List: 1st A&A DIA car Limo Service, Albardey Ride LLC, Care Medical Transport, Durango Cab, Greenlight Transport LLC, Londons Transportation, MAB Ride, Medride, Supreme Limo LLC, Total Trans LLC, Unicare Logistics, and Wilderness Journeys.

Actual Providers: Community Connections Inc, Pagosa Cab, Express Transportation, Wilderness Journeys.

Dolores County:

HCPF List: 1st A&A DIA Car Limo Service, Care Medical Transport, Cortez Cab, Dolores County Senior Services, Greenlight Transport LLC, Supreme Limo LLC, Total Trans LLC, Well Ride LLC, and Xceed Transport LLC.

Actual Provider: Dolores County Senior Services.

La Plata County:

HCPF List: AAA NEMT Ride, Adlan Transportation, Albardey Ride LLC, Animas Transportation, Ash Ride LLC, Denver Skii Transportation, Durango Cab, EB Ride LLC, Great Ride LLC, Greenlight Transport LLC, Hala Ride LLC, Layla Transport LLC, MAB Ride, Moonlight Transportation, MWO Transportation LLC, New Life Transportation LLC, Roundtrip Transport LLC, Safe and Sound Ride LLC, SAMA Limo Transportation LLC, SARA Transport LLC, Southwest Rides, Steps Transportation, Supreme Limo LLC, TMZ Management LLC, Total Trans LLC, Well Ride LLC, Wilderness Journeys, and Xceed Transport LLC.

Actual Providers: Animas Transportation, Community Connections Inc, Sunshine Rides, Durango Transit, La Plata County Senior Services, Road Runner Transit, Southwest Rides, Southwest Center for Independence.

Montezuma County:

HCPF List: Adlan Transportation, Albardey Ride LLC, Cortez Cab, Durango Cab, Greenlight Transport LLC, HAMA Limousine LLC, MAB Ride, MoCo, SAMA Limo Transportation LLC, SMY Limousine, Supreme Limo, LLC, TMZ Management LLC, Total Trans LLC, and Well Ride LLC.

Actual Providers: Sunshine Rides, Community Connections Inc, MoCo Public Transportation.

San Juan County:

HCPF List: Adlan Transportation, Albardey Ride LLC, Durango Cab, Greenlight Transport LLC, Millennium Medical Services, Safe and Sound Ride LLC, SAMA Limo Transportation LLC, Supreme Limo LLC, and Total Trans LLC.

Actual Providers: There are no NEMT providers in San Juan County.

Furthermore, the ramifications of an inaccurate Non-Emergent Medical Transportation (NEMT) provider list extend beyond the immediate risks to patient well-being and potential financial losses for the state. Legitimate businesses providing essential transportation services in our region are also adversely affected. The discrepancies between the listed and actual service providers create an environment where these legitimate businesses may face revenue losses due to misinformation. This not only hinders their ability to serve the community effectively but also poses a threat to the sustainability and viability of these businesses, undermining the collaborative efforts to enhance transportation services in Southwest Colorado.

Region 9 staff wrote to the Executive Director of HCPF, Kim Bimestefer on December 21st sharing the article, the published NEMT Provider list, and our concerns. At the time of this writing, there has not yet been a response.

c. Incorporating Regional Transit Coordinating Council into the Southwest Transportation Planning Region

HB 23-1101 was signed into law by Governor Polis on April 28th. Among other provisions, this Bill requires TPR's to appoint a Transit Representative as a voting member to the Board before the end of November. Conveniently, Region 9 already facilitates both the RTC and the SWTPR.

At the November meeting of the RTC, a representative and an alternate were appointed. On December 8th, Shak met with the new representative from the Regional Transit Collaborating Committee to provide an overview of:

- CDOT's planning process.
- Where to find the plans.
- The Southwest TPR.
- What is expected of TPR members.
- Provide contact information of SWTPR officers and CDOT staff.

V. Conclusion

The conclusion of the fourth quarter of 2023 reflects a period of intense activity in the realms of broadband, housing, and transportation. Extensive efforts were dedicated to advocacy on behalf of local governments and industry stakeholders. Notable achievements include the successful establishment of waivers for the BEAD program by the NTIA, and a substantial 90% reduction in CDOT's initially proposed recurring right-of-way access fees for broadband deployment. Region 9 supported various CPF applications and completed closure of the CNL construction grant. The ongoing audit of the SCAN network underscores our commitment to thorough examination. An impressive 94% of Region 9's member governments filed participation commitments for Proposition 123. The Town of Dove Creek pursued a technical correction for their congressionally directed spending, while the Town of Rico made the decision to discontinue the senior transit pilot program. Region 9's advocacy efforts extended to prompting corrections in the list of Non-emergent Medical Transportation (NEMT) by the Colorado Department of Health Care Policy & Finance (HCPF), and new members were successfully onboarded to

the SWTPR. The dynamic landscape of the quarter underscores our dedication to positive change and effective collaboration.

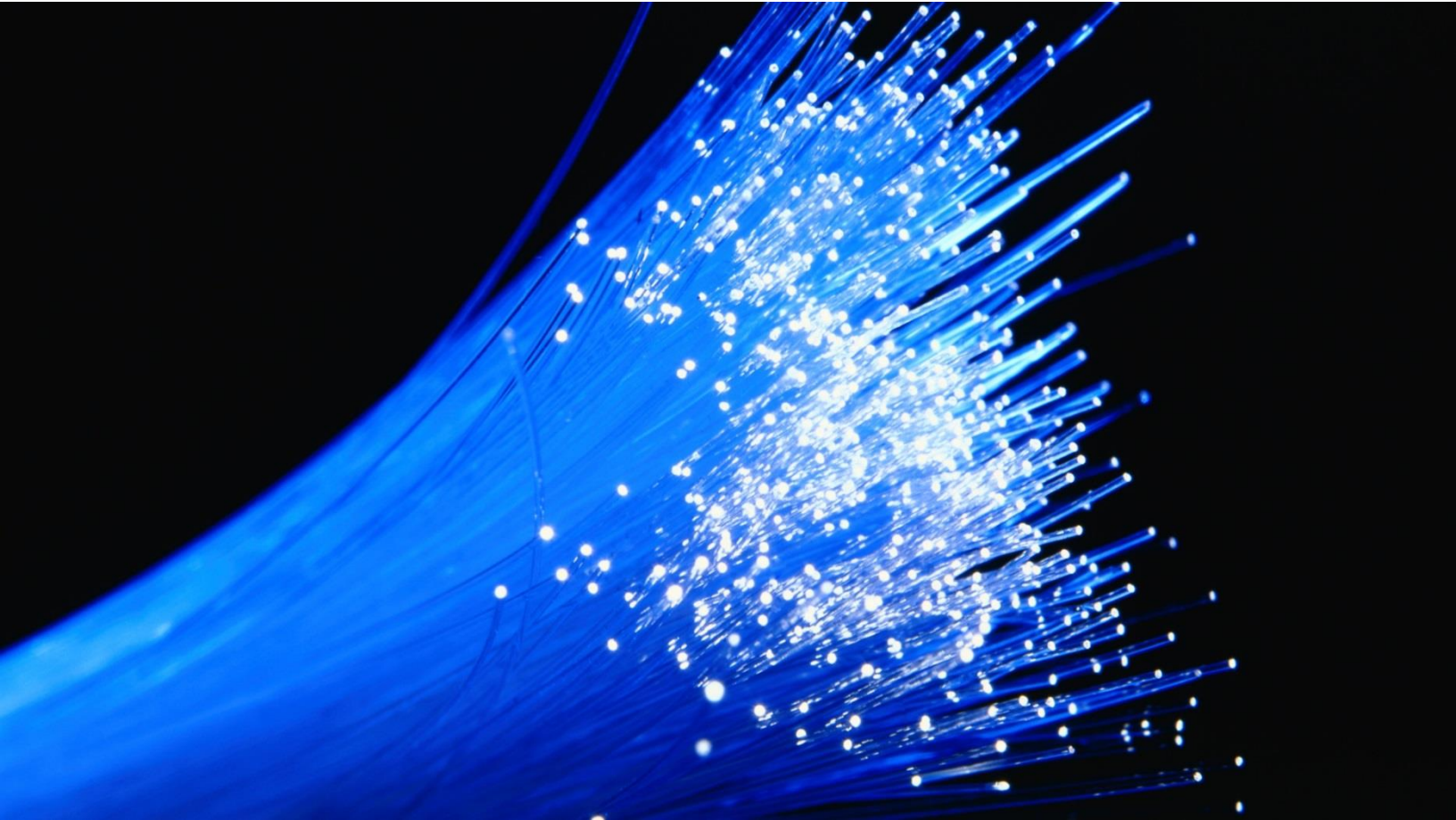
Signed:

A handwritten signature in blue ink, reading "Shakata L. Rivera". The signature is written in a cursive style with a large, stylized 'S' at the beginning.

January 25, 2024

ctc technology & energy

engineering & business consulting



DRAFT The Landscape and Business Models for Sustainable Publicly-Owned Middle mile Operations

Revised, December 2023

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1 Executive Summary

This white paper (hereinafter, Report) was prepared in the fall of 2023 by CTC Technology & Energy at the request of the Councils of Governments of Colorado Regions 9, 10, and 12 (hereinafter, the Regions), who are working together to evaluate a super-regional strategy to aggregate existing and future network resources for the dual purposes of sustainable operations and increased impact.

Given that the Regions are considering options for consolidation of their existing and planned middle mile networks, this Report is designed to provide an overview and case studies of operations models for regional and super-regional middle mile networks.

This Report does not speak to governance or legal issues. Rather, it speaks to business strategy for expansion, operations, and maintenance of public middle mile fiber networks. In considering some of those strategies, this Report discusses the allocation of responsibilities and risks between different entities for purposes of achieving the business goals of a public or nonprofit owner of a fiber network, such as the Regions. To illustrate some of those business strategies, the Report includes some case studies, some of them of public networks and others of nonprofit networks; these are close analogues because they are owned by nonprofit entities that share the broadband missions of government: a public interest focus; a goal of providing better service to anchor institutions; and efforts to open markets to investment and competition by internet service providers, wireless internet service providers, and mobile companies.

The Report summarizes the benefits of large-scale, aggregated Open Access middle mile infrastructure, with respect to addressing the needs of local communities and their affiliated anchor institutions¹ as well as facilitating services to last mile service providers including wired internet service providers (ISPs), wireless internet service providers (WISPs) and mobile network operators (MNOs).

The Report also describes a range of business and operating models worth consideration as the three regions evaluate the long-term operating and financial models for their networks, including through consolidation and joint operations.

In the current moment, interest in middle mile is particularly high in the United States because a well-planned middle mile investment can significantly increase the reach of last mile construction enabled by federal broadband funding efforts, including the Capital Projects Fund (CPF) of the American Rescue Plan Act (ARPA) and the Broadband Equity, Access, and Deployment Program (BEAD) of the Infrastructure Investment and Jobs Act (IIJA). With the middle mile gap narrowed,

¹ Generally, the term community anchor institution refers to schools, libraries, medical and healthcare providers, public-safety entities, community colleges and other institutions of higher education, and other community support organizations and agencies.

last mile facilities funded by federal dollars can reach more unserved locations—if the middle mile is comprehensive and Open Access, has sufficient capacity and interconnection points, and is available with viable pricing and policies. Middle mile infrastructure can also deliver high-bandwidth services all the way to key community anchor institutions (such as for education and public safety) and state-of-the art communications services that can drive economic development and job creation.

The three Regions have already made considerable, historic investments in middle mile communications infrastructure in the forms of existing, operational networks in Regions 10 and 12, and an emerging network in Region 9. The existing and planned networks are publicly-owned, regional middle mile fiber networks that serve local governments and anchor institutions and that create new broadband opportunities for last mile providers, including in unserved locations.

This Report offers an overview of business models rather than a feasibility analysis of any of how any of these models could be applied in this situation. Based on the framework business models and case studies from other states, the Report summarizes the potential benefits, challenges, and risks of each model in light of the public policy and business considerations that led to development of the networks: the demonstrated benefits of open middle mile infrastructure in serving public and community institutions and last mile ISPs.

In brief summary, the Report finds the following:

First, the fundamental economics are sound for the Regions' vision of aggregated, publicly-owned, Open Access, middle mile networking. Two decades of data demonstrates that such large-scale networks can sustain themselves without ongoing state or local subsidy by selling high-quality services to public and nonprofit customers, so long as execution is undertaken by an able, responsible party.

Second, there generally exists a strong business case for aggregation of smaller middle mile networks given the efficiencies and reduced costs that would accrue for both services to public users and to ISPs, as well as the greater attractiveness for ISP customers of a larger, interconnected middle mile network. A larger middle mile network can deliver best-in-class services to public entities at reasonable prices, with the service levels scaling over time to meet new needs without proportional price increases. At the same time, the aggregated fiber infrastructure can provide for one-stop shopping by ISPs for affordable middle mile services that enable better, more affordable services to last mile consumers.

Third, the Report discusses the key considerations for evaluating business models for operations and commercialization of a publicly-owned middle mile network. These include:

Whether the business model assigns appropriately the capability to deliver the necessary types of services to the key customer segments, including (1) delivery of enterprise-class services to public users and community anchor institutions; (2) delivery of enterprise-class services to commercial entities; and (3) delivery of carrier-grade services to wired and wireless internet service providers and mobile companies. (The second and third of these are together frequently known as “commercialization” because they involve provision of services to commercial rather than public and nonprofit users).

Whether the business model has the potential to mitigate key types of risk to the public owners of the network, including (1) construction risk, (2) performance risk, and (3) market risk.

Whether the business model has the capability to execute key operations functions, including: (1) expert technical staffing; (2) customer service; (3) marketing and sales, and (4) service and pricing flexibility and innovation.

And, finally, whether the business model is likely to achieve long term financial sustainability.

Finally, the Report applies and applies those considerations to five different business models:

1. Vendor² commercialization/agency service to public/nonprofit users.³ In this model, a contractor is identified to sell commercial services to enterprise and ISP customers, while a public agency retains responsibility for providing the services to government users and public and nonprofit anchor institutions.
2. Vendor operations for both commercialization and service to public/nonprofit users. In this model, a contractor is selected to sell commercial services to enterprise and ISP customers and to provide communication services to government users from the agencies that own the network as well as other government, nonprofit, and community anchor institution users.
3. Public operations for both commercialization and service to public/nonprofit users. In this model, a public agency that may be one of the network owners or a division of the public network owner is responsible for selling Commercial Services to enterprise and ISP

² This term uses the terms “vendor” and “contractor” to refer to a supplier or entity that provides goods or services in exchange for payment. The relationship is transactional, focusing on the delivery of a specific product or service. This is distinct from the way this Report discusses “partners.” The distinction between a “vendor” and a “partner” lies in the nature and depth of the business relationship. Partnerships involve shared risks, interests, and often a long-term commitment to working together. Unlike a vendor, a partner is financially involved and incented with respect to the success of the business enterprise, sharing in both upside and downside of the enterprise.

³ This Report uses the term “commercialization” to refer to the process of transforming a network infrastructure, often developed for research or governmental purposes, into a commercially viable and market-driven service. Commercialization typically entails the development of business models, pricing structures, and marketing strategies to attract customers so as to turn the communications network into a financially sustainable entity by meeting the demands of users and creating value in the commercial marketplace.

customers and providing communication services to government users and nonprofit and anchor institution customers.

4. State operations. In this model, a state is responsible for the full range of communications functions contemplated, including both commercialization and service to public/nonprofit users.
5. Public-private partnership. In this model, the public agency or agencies that own the communications network enter into a long-term contractual arrangement for operations by an experienced private operator. The operator is not a vendor but is rather an entity that assumes responsibility and market risk in return for the business opportunity presented by use of the network assets. This Report uses the term “Public-Private Partnership” (or “P3s”) to refer to contractual relationships between public and private parties for the purpose of financing, designing, implementing, and operating projects and services that were traditionally provided by the public sector. P3s are characterized by the sharing of risks and responsibilities between the public and private sectors to achieve common goals. These partnerships can take various forms and are often used for infrastructure development, public service delivery, and other projects. Increasingly, they are being considered for broadband initiatives. The key features of a Public-Private Partnership include: 1. shared responsibilities; 2. Shared risk to allocate risks to the party best equipped to manage them; 3. Innovation and efficiency, as well as cost-effectiveness; 4. Financing in which private sector partners invest or secure financing from capital markets; 5. Long-term relationships, in which the private entity is responsible for operating and maintaining the infrastructure or delivering services for an extended period, based on financial incentives; and 6. Performance-based contracts that tie compensation to the achievement of specific outcomes or service levels to ensure accountability and align the interests of both parties.

This kind of relationship is sometimes referred to as a “concessionaire” model,⁴ in which the private entity is granted a concession to operate a public entity in return for sharing of financial risk and reward.

⁴ A concession-type P3 is a collaborative arrangement between a public entity and a private concessionaire, in which the private sector is granted a concession to design, build, finance, operate, and maintain a public infrastructure project or service. In this model, the concessionaire assumes responsibilities and risks throughout the project's life cycle, typically including revenue generation through user fees or other income streams associated with the project. The public sector grants the concession through a formal agreement, specifying the terms, duration, and performance requirements. Concession-type P3s are commonly used in sectors such as transportation (e.g., toll roads, airports), where the private partner takes on a leading role in project delivery and operations, while the public sector retains ownership and oversight, ensuring that the project aligns with public policy goals and serves the community's needs. Such models are increasingly under consideration for broadband projects.

The Report concludes that all models have the potential to ably deliver services to government, nonprofit, and anchor institution customers, with real potential for financial sustainability if those customer sectors are large enough (and located on the network) to deliver adequate revenues.

The Report also concludes, however, that the public delivery models face challenges with commercialization functions, including functions such as technical staffing, competitive customer service, flexibility in pricing and service delivery, and marketing and sales – all of which are essential elements of mitigating market and performance risk. This is because public entities are frequently not structured to address these matters; for example, public entities are challenged to compete for the highly-paid network engineers that can be a critical element of network operations. Similarly, public entities lack the flexibility and agility to change pricing, marketing strategy, and service types on an ongoing basis to respond to market conditions—because of the reasonable and appropriate public requirements for transparency and process.

The challenges faced by public entities with respect to commercialization can be addressed through vendor relationships, so long as the vendor is capable, motivated, and appropriately incented through the contractual structure. Potentially greater mitigation may be available through structuring of partnership—rather than vendor—relationships with a private entity for the commercialization functions, to transfer market risk to a private entity in return for the long-term business opportunity presented by access to the network assets and flexibility to commercialize.

2 The Sound Economics of Regional and Statewide Public Middle Mile Networks

The underlying economics of what the Regions contemplate here are fundamentally sound, as is demonstrated by two decades of deployment and operations of super-regional and statewide networks. In our observation, most public sector Open Access middle mile networks that were well executed by able entities have been self-supporting over time.

While publicly-available data do not enable a full analysis of which network costs and revenues are associated with middle mile operations and which are associated with serving public and anchor institutions, it is generally clear that where well-managed entities have received grant funding for most or all the capital costs of middle mile network deployment, they have successfully entered the commercial middle mile business on an Open Access basis and have sustained those middle mile operations, in part by leveraging the efficiencies associated with their core operations as service providers to public institutions such as higher education, state and local agencies, and school districts.

Generally, most public sector Open Access middle mile networks have been able to support their middle mile operations from revenues and have not required direct ongoing subsidy from local or state government.

In addition to state-owned networks like the Illinois Century Network and the One Maryland Broadband Network, this pattern includes well-regarded and long-established research and education networks such as Michigan's MERIT network and North Carolina's MCNC. All those entities operated networks that served higher education and K-12; developed statewide Open Access middle mile networks in the 2010-to-2013-time frame; successfully provided middle mile services to last mile ISPs; and have sustained their middle mile operations over the past decade.

These successful Open Access middle mile networks are sustained in part by revenues from public sector users, including critical anchors such as education, local and state agencies, library systems, and local governments. Indeed, a key to these networks' financial sustainability has been revenues from public sector and nonprofit users, as well as commercialization and services to competitive ISPs.

Stated otherwise, most successful Open Access middle mile networks have added the commercial Open Access mission to their public service mission—and associated efficiencies make the Open Access commercialization economically feasible. Indeed, most of these networks support their commercial Open Access mission through the efficiencies realized by their financially successful core services.

Where public sector Open Access middle mile networks have failed or struggled financially, the underlying problem generally appears to be a failure of execution, either by the public sponsor or a private vendor, rather than a fault in the underlying model. Networks that have failed to

meet financial expectations (such as Massachusetts' MassBroadband 123) or have failed outright have tended to stumble over matters of execution, including, in some cases, failure of a responsible party to deliver.

In addition, **networks whose obligations required financing the capital costs of the network have also struggled**, demonstrating the challenges of realizing revenues sufficient to meet operating expenses as well as debt service for a network that provides services in areas that are commercially challenging (and have not attracted private investment).

In summary, the financial track records of both a dozen public sector or nonprofit Open Access middle mile fiber networks built in the United States—many initially funded by through federal grant funds more than a decade ago—illustrate the soundness of the underlying economics of an Open Access middle mile strategy over a publicly- or nonprofit-owned network dedicated to serving public agency users and anchor institutions.

These observations are illustrated in the many case studies in Section 5 below.

3 The Business Case for Middle Mile Scale and Aggregation

This section of this Report discusses the significant benefit that arises from consolidation and aggregation of publicly-owned middle mile networks, with respect to the two critical public policy goals that underlie most such networks: services to public users and to competing ISPs. Generally, the business case for public sector middle mile expansion and consolidation is based on these two key goals, each of which benefits dramatically from greater scale.

First, greater scale provides considerable efficiencies in addressing the connectivity needs and expenses of critical anchor institution segments such as public safety, state and local agencies, health care, libraries, higher education, and K-12 education. Large-scale middle mile fiber services to such anchors can serve to provide the kinds of robust, reliable services those entities need while providing reasonable pricing that may not be available on the current market and may not be achievable without the scale of regional aggregation.

Second, greater scale provides benefit with respect to attracting ISP customers and achieving the benefits of Open Access because a larger network will more efficiently (for both parties) address bottlenecks in supply and offer lower transaction costs and service fees to convince an ISP to invest in the last mile (or apply for last mile grant funds) with the subject middle mile network as its supplier of transport and/or bandwidth.

These are discussed below.

3.1 Service to public and nonprofit users

The variety and scale of government applications demands big bandwidth and future-proof institutional network infrastructure, which fiber provides. Moreover, an aggregated, publicly-owned fiber network—under any of the operations models discussed below—allows numerous fixed costs associated with serving public entities to be shared across a larger user base, lowering the cost burden on each entity involved. Publicly-owned fiber infrastructure, operating at scale, will be able to deliver critical functional and technical benefits over leased circuits—making that approach a much more desirable and economically efficient long-term strategy.

At the core of the benefit of this aggregation is thus access to economies of scale. Many of the costs associated with operating and securing public networks are relatively fixed; additional capacity can be added to accommodate additional users at a relatively low marginal cost. Aggregating middle mile fiber assets into a larger network allows the operator to access greater economies of scale, and results in every entity involved shouldering a smaller burden of the fixed costs associated with network operations.

3.2 Open Access service to ISPs

In addition to the benefits to public agencies and anchor institutions, aggregated, publicly owned fiber infrastructure can serve to improve middle mile options and reduce costs for last mile

service providers. Open Access, pro-competition policies are key to enabling the benefits of publicly funded middle mile—and those benefits increase with increases in the size and capabilities of the middle mile network. In brief, last mile providers prefer middle mile solutions that scale.

It has been widely understood for many years that the middle mile serves as a critical enabler of last mile broadband, and that lack of affordable middle mile creates a barrier to last mile.⁵ The high cost of traditional middle mile facilities creates a costly barrier to last mile broadband investment because the ISP cannot access the market it wishes to serve. In that way, unaffordable middle mile serves as a barrier – rather than a bridge – for ISPs to reach rural markets.

In contrast, large-scale Open Access middle mile networks can make infrastructure available to ISPs and thus increase competition, lower transport costs, and increase access to interconnection points. These policies can ensure non-discriminatory pricing and increase the opportunity for a wide range of ISPs to use the middle mile fiber to cost-effectively reach new customers.

The larger the Open Access middle mile network, the greater the impact with respect to reducing bottlenecks and costs for last mile ISPs. A wide range of ISPs consistently report a desire for one-stop shopping across states, regions, and super-regions. This is because the ability to negotiate and contract with a single entity for access to a single interconnected network across markets has the effect of reducing transaction costs for the ISP. Last mile providers rely on middle mile network operators to secure connectivity to major internet exchange points and carrier hotels. When the middle mile infrastructure that connects a last mile network to the internet backbone is owned by a patchwork of different companies, a last mile provider is forced to contract with numerous entities, with each transaction adding to the total cost of securing transport. Furthermore, troubleshooting problems with a connection becomes more complex when the connection spans numerous providers networks.

Indeed, the larger ISPs and mobile network operators generally do not do business with smaller middle mile providers. Rather, they choose either to work with larger middle mile providers that operate super-regional infrastructures, or with third parties that aggregate access to network assets owned by different entities.

In the latter scenario, those third parties may not be interested in local publicly-owned infrastructure. Further, even if they are interested in using that local infrastructure as part of a larger aggregated product for their ISP and mobile network operator customers, their markup on

⁵ The National Broadband Plan, for example, recognized that middle mile costs directly impact the cost of providing last mile broadband in unserved areas. Federal Communications Commission, “National Broadband Plan: Connecting America,” Chapter 8 (<http://www.broadband.gov/plan/8-availability/#r8-8>).

the local product effectively represents lost revenues for that local entity—as those funds could have accrued to the benefit of the entity had it been able to sell directly to the ISP or MNO.

Working with larger middle mile providers can also simplify the process of a last mile provider expanding their territory into a new region, since the last mile provider can secure backhaul transport without navigating a new business relationship and adapting to a new set of interconnection requirements.

In sum, the larger the regional middle mile service opportunity, the more potential customers there will be in the ISP, wireless ISP, and mobile network operator space.

4 Key Considerations for Evaluation of Middle Mile Operations Models

This section of the Report summarizes many considerations that are relevant to evaluation and selection of a business model for operations of large publicly-owned middle mile networks so as to inform the discussion of various business models in Section 5 below.

4.1 Service types and customer segments

The first category of considerations concerns the three critical types of services and customer segments that are summarized below:

4.1.1 Public/anchor service

This is frequently the catalyzing purpose for development of a publicly-owned or nonprofit middle mile network and is referred to herein as “public/anchor service.” It involves the provision of services to the kinds of public and nonprofit entities that are the key stakeholders for many public middle mile networks, including higher education, K-12 education, libraries, public safety, government facilities, and public/nonprofit health care institutions.

4.1.2 Enterprise service

This category is infrequently a catalyzing purpose of a public middle mile network but can be an essential element of network sustainability because it represents an important revenue opportunity. This category involves provision of service to commercial entities buying very high-end services for their internal operations – entities such as larger businesses; office buildings and office parks; technology companies that rely on sophisticated connectivity; private for-profit hospitals and health care facilities; and business incubators.

4.1.3 Open Access ISP service

This category involves provision of carrier-grade services to ISPs, WISPs and MNOs. This category frequently provides the driving purpose of development of public middle mile networks as a means of injecting competition, competitive pricing, and opportunity into the middle mile market, to improve the economics of last mile service (and potentially deployment) by ISPs, WISPs, and MNOs.

4.2 Risk types

Decision making regarding network operations business models will hinge significantly on how each model addresses the areas of critical risk that are faced by the public owner of a major middle mile network. These areas of risk appear—and are mitigated—in different ways depending on the business model. To discuss each model in the sections below, this section of the Report summarizes the three primary categories of risk.

4.2.1 Construction risk

This category refers to risk associated with construction of the fiber or conduit infrastructure itself. The risk arises from challenges with underground or aerial construction that may

sometimes be difficult to predict or foresee—and that could increase costs to the extent of making a project less viable than had been anticipated. For example, construction costs for aerial fiber can balloon in situations where utility-pole owners are slow to issue permits or require expensive replacement of many utility poles by the entity seeking to attach its new cables to the pole. Similarly, costs for underground construction can grow based on complications of needing to dig through hard subsurface rock or avoid existing utilities already in a crowded right-of-way.

These risks can be mitigated through rigorous planning, detailed engineering, and robust construction management—and this area is one in which public entities such as cities and counties frequently hold considerable expertise based on their public-works and transportation capabilities. In our experience and observation, public entities are thus well situated to mitigate construction risk in deployment of a large middle mile network.

4.2.2 Performance risk

This risk concerns the challenges associated with operating a complex communications network on a day-to-day basis and delivering services adequately and in a way that meets the needs of customers; as such, it includes both technical and business execution elements. For example, operating an optical network delivering marketable services takes capital, experience, and highly skilled personnel. Enormous expertise and organizational capacity are required for daily operations across a wide range of functions—such as, for example, engineers running a network operations center to monitor and manage services; field technicians responding to service calls and installing service for new customers; and customer service staff addressing consumer needs regarding both technical issues and billing questions. In the technical areas in particular, personnel with these skills are in great demand and can be challenging to recruit and retain as employees.

Risk regarding many of these performance elements can be challenging for public entities and they frequently seek private vendors or partners to take on these functions as a means of mitigating risk. For example, it can be easier for private companies to hire and retain network engineers because of their greater flexibility with compensation. Similarly, private companies can sometimes more efficiently mitigate technical risk through scale—by spreading the costs of complex technical functions like network operations across networks in many communities.

On the other hand, public communications networks excel in some areas of operations. For example, they are renowned for superb customer service, in part because their employees are local and knowledgeable of their own communities. In contrast, large ISPs are known for poor customer service, and this is an area in which their size works against them, making it difficult or costly (or simply not of interest to the company) to be responsive to the needs of their customers.

4.2.3 Market risk

Market risk is intimately related to performance risk and concerns the financial elements of securing sufficient revenues from customers to meet financial targets. For a middle mile operator, this requires achieving and maintaining the necessary take-rates with a full range of target customers, at high enough price points, to achieve sufficient revenue to meet investment expectations.

An entity's ability to mitigate market risk depends on a wide range of factors, many of them external to operations. These include the level of existing competition in the market; changes in customer preferences; presence of last mile network customers in the target areas; and the state of the national and local economy. Market risk can be mitigated through successful efforts in sales, marketing, and customer service, but it frequently represents an area of risk that some public entities prefer not to undertake or that is unfamiliar to them and that they would like to shift to private collaborators.

In our observation, public entities are better equipped to manage market risk when it comes to public and anchor institution customers than when it comes to the types of commercial customers that are often the target of Open Access policies.

4.3 Business functions

An analysis of the range of models for publicly owned middle mile network operations requires understanding of the capabilities to undertake task necessary to operate such a network. That range of tasks includes a full set of technical considerations such as network equipment operations, outside plant maintenance, service provision, and technical customer service and troubleshooting; a full range of marketing and sales efforts, as well as billing and collections; and, most critically, service provision and customer service.

4.4 Financial sustainability

All of the considerations discussed in the sections above are part of evaluation of perhaps the most critical consideration, financial sustainability. Unlike in a commercial or for-profit environment, the key financial metric for operations of a public middle mile network is not return on investment—but is, rather, long term sustainability and whether the network will be able to support its own operations without ongoing subsidy from its public sector owner(s). This critical public policy goal is therefore at the heart of evaluation of any network operations model and is informed by evaluation of all the other considerations, given that they address the ability of the responsible party under the business model to sell, provide, and derive revenue from the appropriate services over the network.

5 Operations Models for Publicly Owned Middle Mile Infrastructure

The experiences of multiple state or nonprofit networks demonstrate the considerable value delivered to public sector users over middle mile fiber networks. And it is clear that many of these public and nonprofit operators ably deliver middle mile services to ISPs as part of their missions of increasing last mile deployment and adoption. As these networks mature and expand, the range of models for delivery of services to ISPs has been evolving, with new public-private partnership options emerging to complement and supplement existing public operations models.

This section of the Report describes multiple models for middle mile network operations in the public and nonprofit sectors that can be considered for the potential consolidation of the Regions' networks. The section discusses versions of the existing full public operations model and its considerable successes and benefits, as well as an emerging model that transfers to a private partner responsibility for operating and maintaining the Open Access, ISP-serving part of the network (which could, but does not need to, include the services to public and other anchors). Case studies for all of these models are included in this section, with additional case studies provided in the appendices.

This section summarizes the key attributes, strengths, and challenges of each of these models in light of the considerations described in Section 4 above, and provides an analysis that is summarized in the table below. The potential for each model to ably address each of the considerations is described as high, moderate, or low.

	Vendor operator for commercialization/ public operator for public/nonprofit users	Vendor operator for commercialization and public/nonprofit users	Public agency operator	State agency operator	Private partner operator with risk transfer
Services to government and anchor users	High, given that all entities have demonstrated potential to perform				
Services to commercial enterprise customers	Moderate, as private vendors with experience can perform in this area but must be appropriately incented		Low, as public entities frequently struggle to provide commercial services on a market basis		High, as this is the core expertise of private entities
Open Access services to ISP, WISP, and MNO customers	Moderate, as private vendors with experience can perform in this area but must be appropriately incented		Low, as public entities frequently struggle to provide commercial services on a market basis		High, as this is the core expertise of private entities

Construction risk mitigation	High—public entities are well-suited to managing construction and associate risk, given public works and related capabilities	Moderate—while state agencies are expert in this area, they are frequently extremely high cost	Moderate, depending on capabilities of entity
Performance risk mitigation	Moderate, depending on capabilities to mitigate challenges with hiring, business flexibility, etc.		High, given likely incentive structures and risk allocation
Market risk mitigation	Moderate, based on incentives and capabilities of vendor	Low, and very challenging for public entities	High, given likely incentive structures and risk allocation
Technical staffing	Moderate to high, depending on capabilities and competitiveness of vendor	Low, given challenges of hiring high-salary network engineers in a very competitive market	High, given ability to compete for employees
Customer service	Moderate, based on incentives and capabilities of vendor	Moderate, depending on the public entity. This sometimes represents an area in which governments are challenged	High, given likely incentive structures and risk allocation
Marketing and sales	Moderate, based on incentives and capabilities of vendor	Low, and generally represents an area to which governments are not well-suited	High, given likely incentive structures and risk allocation
Pricing and business flexibility	Low, and particularly challenging for governments or vendors that are directed on a day-to-day basis by governments, given the needs for process and transparency in developing pricing, service offerings, and other critical elements of business strategy		High, but outside the control of government

Financial sustainability	Depends of scale of public/nonprofit users in range of the network	High, given incentive structure and potential for commercial revenues
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5.1 Model 1: Vendor commercialization/Partner service to public and anchor users

In this model, there would be dedication by all three Regions of an allocation of dark fiber for purposes of super-regional commercialization and marketing, with delegation of operational authority and obligations to a private entity selected by the Regions as a commercialization contractor. For purposes of public sector and anchor institution use, each Partner would retain some portion of its own fiber for operations that do not impact commercialization.

This model allows public fiber owners to benefit from the selected vendor's expertise in commercializing fiber assets. Further, the model enables greater commercialization in that middle mile assets are more valuable once aggregated than each individual network would be on its own and an aggregated network is more likely to serve the needs of last mile ISPs.

At the same time, the public owners of fiber retain full control over the assets required to meet the needs of public sector users and anchor institutions and each partner retains the freedom to use the reserved portion of their assets in whatever way they determine best serves their constituents and the public interest.

5.1.1 Case study: One Maryland Broadband Network

Summary: Funded through state and local contributions and a BTOP grant, the One Maryland Broadband Network program has enabled and sustained: (1) fiber-based services to every county seat in Maryland, hundreds of public facilities, most schools, and most public safety towers, operated by the state's own department of information technology and those of the 10 localities who are responsible for fiber built within their jurisdictional boundaries; and (2) Open Access services to dozens of ISPs *through the state's commercialization partner, the Maryland Broadband Cooperative.*

Ownership structure: *The One Maryland Broadband Network is owned by the State of Maryland's Department of Information Technology and the state's commercialization partner, the Maryland Broadband Cooperative, is a 501(c)(3) nonprofit organization.*

Founded: 2009

The One Maryland Broadband Network (OMBN) is a 1,294-mile fiber optic middle mile network project that linked 1,006 government facilities and anchor institutions while also traversing mountains, wetlands, and rural and urban communities to reach every county in the state.

OMBN was built with a \$115 million⁶ BTOP award in 2010 to the Maryland Department of Information Technology (DoIT) that included subawards to 10 Central Maryland counties and the Maryland Broadband Cooperative.⁷

While the state and the 10 counties used their fiber to serve government facilities, public safety towers, and anchor institutions, **the Maryland Broadband Cooperative used its fiber (96 count fiber on most of the OMBN routes) to offer Open Access services to its many dozens of ISP members**, both public and private as well as its other members—government entities, health care providers, higher education institutions, and electric cooperatives. The Maryland Broadband Cooperative’s mission—to bring world-class internet services to the most rural and underserved places in Maryland—has been facilitated through access to this fiber that was made possible by the collaboration with the public entities seeking fiber to serve public institutions.

While the State of Maryland’s own network provides extraordinary service to public safety, schools, localities, and other public users, the State does not have a commercial role. For that, the State relies on the Maryland Broadband Cooperative, which assumed all financial and operations risk for managing 96 count fiber on the OMBN backbone. In this way, the two entities complement each other.

Maryland estimates that OMBN alone provides a net annual value to the State of \$111 million, consisting of \$126 million in “annual services value” offset by \$15 million in annual program expenses.⁸

5.1.2 Case study: MCNC (North Carolina)

Summary: MCNC is a publicly funded middle mile network operator with a broad mission – technology-led economic development – that has sustained a statewide network through revenues from serving government and educational entities, healthcare

⁶ NTIA, “One Maryland Broadband Network (OMBN),” <https://www2.ntia.doc.gov/grantee/maryland-department-of-information-technology>.

⁷ The ICBN consortium no longer exists, but each county owns and maintains the parts of ICBN within its jurisdictional boundaries. Those parts are self-sustaining through services to the counties as well as commercialization revenue.

⁸ Maryland DoIT, “networkMaryland: Value & ROI Analysis,” https://doit.maryland.gov/Documents/Skyline_networkMaryland_ROI_WhitePaper.pdf; networkMaryland publishes its rates at https://doit.maryland.gov/support/Documents/nwmd_gettingconnected/nwMD2022Rates.pdf.

providers, and nonprofit organizations. Through a channel partner, MCNC has commercialized excess fiber by leasing dark fiber strands to ISPs.

Ownership structure: MCNC is a 501(c)3 run by a CEO and board of directors, with members of the board representing education, industry, and government stakeholders.

Founded: 1980

MCNC is a nonprofit corporation that developed its fiber network over time through a range of strategies, including successful application to the federal government for middle mile broadband grant funds. The funds enabled MCNC to deliver services to educational, health care, and other anchor users, while contracting with a sales agent (channel partner) to lease dark fiber to ISPs on an open access basis.

MCNC built, owns, and operates the North Carolina Research and Education Network (NCREN), comprising more than 4,400 miles of fiber, reaching all counties in the State, and connecting every K-20⁹ public school and community college as well as other community anchor institutions.¹⁰

MCNC was founded in 1980 as the Microelectronics Center of North Carolina, a statewide effort to improve technology-led economic development. MCNC has been operating educational networks since 1985 – before the commercial internet.

The network received two BTOP grants. In the first round of grant awards, MCNC received \$28 million¹¹ to extend the network to libraries, schools, community colleges, and other anchor institutions by constructing 494 miles of middle mile fiber infrastructure. In the second round of grant awards, MCNC received an additional \$76 million¹² to add more than 1,300 fiber miles and connect more anchor institutions.

Today, MCNC is run by a CEO¹³ and a board of directors¹⁴ with the support of a technology advisory council.¹⁵ MCNC serves more than 850 community anchor institutions, including educational institutions, healthcare institutions, libraries, governments, cultural institutions, electric cooperatives, nonprofits, public safety providers, research institutions, and agriculture

⁹ K-20 refers to a continuum of education from kindergarten (K) through college (20).

¹⁰ MCNC, “Connecting North Carolina,” <https://www.mcnc.org/what-we-do/connecting-north-carolina/>.

¹¹ NTIA, “MCNC” round one award, <https://www2.ntia.doc.gov/grantee/mcnc-0>.

¹² NTIA, “MCNC” round two award, <https://www2.ntia.doc.gov/grantee/mcnc>.

¹³ MCNC, “CEO’s Corner,” <https://www.mcnc.org/who-we-are/ceo/>.

¹⁴ MCNC, “Board of Directors,” <https://www.mcnc.org/who-we-are/board-of-directors/> (“The Board of Directors are the only component of the governance and advisory structure with fiduciary responsibility”). The board includes representatives from government, educational, and commercial organizations as well as the CEO of MCNC.

¹⁵ MCNC, “Advisory Council,” <https://www.mcnc.org/who-we-are/advisory-council/>.

research organizations and cooperatives.¹⁶ MCNC also operates the North Carolina Telehealth Network serving hundreds of nonprofit healthcare institutions statewide.¹⁷ MCNC offers a wide variety of data and security services to educational and government entities as well as nonprofits.¹⁸

MCNC in 2020 reported \$52 million in revenue and \$54 million in expenses.¹⁹ Revenues included \$36 million in government fees and contracts and \$5 million in government grants, highlighting the importance of serving government customers.²⁰

MCNC uses a channel sales mechanism to enable ISPs to use excess capacity on the network by leasing dark fiber strands. “Channel partners” are sales agents, usually working on commission, that serve as brokers for providers of fiber and other connectivity services, including data center space. These channel partners make it more efficient and effective for fiber owners to market their assets to many potential buyers. MCNC selected one a partner through a competitive process to help market its available dark fiber. The partner receives between 5 and 15 percent of the contract amount, depending on the contract size and where the lead originated.²¹

5.2 Model 2: Vendor commercialization and service to public/nonprofit users

In this model, the Regions would dedicate not only the allocation of fiber intended for last mile and Enterprise commercialization and marketing, but also that portion of the fiber used for their own internal and member uses. In this scenario, as in Model 1, the Regions would select a private contractor to commercialize the fiber as an agent of the Regions and to operate all aspects of the network, including services to the Regions themselves, and their members.

This model allows the public fiber owners to benefit from their selected vendor’s expertise in commercializing fiber assets and seeks to optimize commercialization opportunities by aggregating middle mile assets.

At the same time, the public sector users and anchor institutions also receive the benefits of scale and the contractor’s expertise in network operations, while the revenues from public sector users can help subsidize operations in areas that are unprofitable to serve.

¹⁶ MCNC, “Who We Serve,” <https://www.mcnc.org/who-we-serve/>; MCNC, “Advancing Our State,” <https://www.mcnc.org/what-we-do/advancing-our-state/>.

¹⁷ MCNC, “Healthcare Institutions,” <https://www.mcnc.org/who-we-serve/healthcare-institutions/> (“In 2010, MCNC and the [North Carolina Telehealth Network Association (NCTNA)] executed an agreement that allows MCNC to be the broadband service provider for NCTNA”).

¹⁸ MCNC, “Our Solutions,” <https://www.mcnc.org/our-solutions/>.

¹⁹ MCNC, “Form 990” covering the tax year ending 06-30-2021, <https://www.guidestar.org/profile/58-1406628>.

²⁰ *Id.*

²¹ Telephone conversation with Joe Freddoso, Former President and CEO, MCNC.

This approach requires agreement among the public owners of the fiber regarding the vendor's public sector service obligations as well as agreement regarding standardization of commercialization terms across the networks.

5.2.1 Case study: Yuma, Arizona

Summary: In July 2021, Yuma County, AZ issued an Request for Proposal for a partner to provide the County with a dedicated, private fiber WAN for specified County locations, as well as a diverse, redundant, Open Access broadband backbone that provides service to all anchor locations and other internet service providers. The County sought a vendor willing to make a contractual commitment to make dark and lit services available at competitive rates across the network for both mobile and fixed broadband providers. The county committed a combination federal and state funds to pay for the project. The County ultimately selected Nebraska-based ALLO communications to build and operate the network. Once the network is complete, ALLO will provide connectivity to the County and other service providers, as well as to residential locations through its own last mile network extensions.

Ownership structure: *The network is owned by Yuma County*

Founded: 2019

Yuma County is a rural county in the southwestern corner of Arizona. The low population density limited the investment the County received in communication infrastructure, which has hindered economic development and limited the use of tele-medicine, tele-education, tele-business and AgTech applications.

The County's Broadband Task Force designed an RFP to select a vendor to design, construct, manage and maintain a roughly 140 mile middle mile fiber project, extending out to connect the larger population centers in the County—City of Yuma, City of Somerton, City of San Luis, Town of Wellton—as well as locations across the County that have, or could support, wireless towers for extending the broadband network for miles in all directions along the fiber route.

The RFP was designed so that the vendor would be responsible for delivering a private wide area network (WAN) to specified County locations for the County's internal use. Each County location will have a twelve-strand fiber lateral running to specified locations, and 2-4 lit fiber pairs delivering 10 Gbps service. The County reserved the right to interconnect with the network at meet-me manholes or mid-span splice locations, allowing the County's WAN to evolve over time.

In addition to making the network available to fixed and wireless broadband providers on an Open Access basis, the vendor was also encouraged to provide service directly to residential and

commercial locations, and to pursue grant support to finance last mile build outs in unserved and underserved areas of the county.

The County selected Nebraska-based ALLO Communications, citing its track record serving rural communities and its experience constructing and operating both backbone fiber, and last mile networks.

ALLO estimates the total cost of the middle mile network will be \$37.5 million. The County committed \$20.7 million of funds from the American Rescue and Recovery Plan for the project. The County received an additional \$10 million grant from the State's Arizona Broadband Development Grant Program to help complete the project. Construction began in 2022, and ALLO will continue to seek additional grant support. The company estimates it will invest a total of \$120 to 150 million of its own capital in Yuma County, inclusive of both the middle mile network, and last mile FTTP networks the company will build in the County's population centers.

5.2.2 Case study: MassBroadband 123 (Massachusetts)

Summary: MassBroadband 123 has struggled economically, partially because of a failure of execution by the state and its private vendors, and illustrates the types of issues that may arise from conflict between a public sector middle mile network owner and its private network vendor operator

Ownership structure: Owned by MassTech and governed by the MassTech board

Founded: 2009

The quasi-government Massachusetts Technology Collaborative (MassTech),²² won a \$45 million BTOP award in 2010 to build MassBroadband 123, which was planned to include 1,300 miles of fiber and link almost 1,400 anchor institutions²³ in 124 communities.

MassBroadband 123 is owned by MassTech and was constructed by a private vendor. At the same time as the construction contract was awarded in 2011, MassTech selected Axia, a private sector Canadian Open-Access operator, to serve as its operations vendor.²⁴

Even with this extensive footprint, however, customer sign-ups and revenues were less than half what had been anticipated. A MassTech RFP in 2017 reported only 533 anchor institution

²² Massachusetts Technology Collaborative, "History," <https://masstech.org/masstech/history>.

²³ NTIA, "Massachusetts Technology Park," <https://www2.ntia.doc.gov/grantee/massachusetts-technology-park>.

²⁴ Mary C. Serreze, *The Republican*, "MassBroadband123 operator files for Chapter 11 bankruptcy; blames state technology agency"

[MassBroadband123 operator files for Chapter 11 bankruptcy; blames state technology agency - masslive.com](https://www.masslive.com/massbroadband123-operator-files-for-chapter-11-bankruptcy-blames-state-technology-agency/).

customers and a modest \$3 million in annual revenue.²⁵ Local towns that might have been valuable customers have not signed with MassBroadband 123, in part due to high pricing and inadequate service reliability.²⁶ Some potential customers chose to use other service providers; for example, the large WiredWest coalition of towns initially planned to utilize MassBroadband 123 as their backbone connection²⁷ but instead, in 2017, signed a contract with Westfield Gas & Electric,²⁸ a local public power utility.

Axia, the private operator of the network, filed suit against MassTech in 2014, alleging that the network was delivered late and had been built to fewer anchor institution locations than had been promised, among other complaints.²⁹ Axia's Massachusetts subsidiary, then named KCST, declared bankruptcy in 2017 and won the lawsuit against MassTech in 2019.

In 2022, MassTech issued an RFP seeking proposals for a new operator for the network. As of this date, an awardee has not been announced.³⁰

5.3 Model 3: Public operations for commercialization and public/nonprofit users

In this model, all functions—including services to public users and Open Access commercialization—would be carried out by one of the Regions acting on behalf of the other two. Local public sector users and anchor institutions would all receive the benefits of scale, as well as the benefits of the demonstrated capabilities of most public entities to deliver high-end connectivity services to government and nonprofit users over fiber networks.

²⁵ MassTech, "RFP No. 2017-MBI-03: Operation of the MassBroadband 123 Middle mile Network," April 12, 2017, <https://mehi.masstech.org/sites/default/files/2022-04/Operator%20RFP%20Bidders%20Conference%20Presentation%20041117%20v4.pdf>.

²⁶ Larry Parnass, *The Berkshire Eagle*, "Towns ask state to improve reliability of 'middle mile' internet network" April 20, 2021, https://www.berkshireeagle.com/news/local/towns-ask-state-to-improve-reliability-of-middle-mile-internet-network/article_fb01ab1e-a222-11eb-b47d-73d77b96c849.html.

²⁷ WiredWest, "WiredWest Project History and Overview," April 6, 2017, <https://wiredwest.net/project-overview/>; Amy Porter, *The Westfield News*, "Westfield G+E is reaching out to the hilltowns," March 29, 2017, <https://thewestfieldnews.com/westfield-ge-reaching-hilltowns/>.

²⁸ Westfield Gas & Electric, <https://www.wgeld.org/>.

²⁹ Larry Parnass, *The Berkshire Eagle*, "A reset for former middle mile antagonists: Operator of MassBroadband 123 emerges from bankruptcy, pledges to work with state to strengthen fiber network," August 23, 2019, https://www.berkshireeagle.com/business/a-reset-for-former-middle-mile-antagonists-operator-of-massbroadband-123-emerges-from-bankruptcy-pledges/article_d213c3f0-0429-5158-8e63-9f26cf611e7c.html. ("When KCST brought its financial woes to the Worcester court, it claimed that the Massachusetts Technology Collaborative's failure to deliver all promised wholesale customers for the network, MassBroadband 123, cost it millions of dollars in losses and forced it to seek bankruptcy protection from creditors... KCST left the bankruptcy process in July, after 28 months, on a new financial footing. That's because the arbitrator handling the U.S. District Court case revised terms of the original contract in KCST's favor.")

³⁰ Massachusetts Technology Collaborative, "Request for Proposals for the Operation of the MassBroadband123 Network RFP No. 2023-MBI-01," <https://www.commbuys.com/bsa/external/bidDetail.sdo?docId=BD-23-1367-1367C-1367L-77132&external=true&parentUrl=close>; <https://broadband.masstech.org/request-proposals-operation-massbroadband123-network>.

While this model is potentially strong with respect to services to public and anchor institution users, the commercialization elements are more complex. In this model, the responsible public entity must have the expertise, staffing, and policies required for successful commercialization. However, it is challenging to develop the expertise required to successfully operate and commercialize a network from scratch, especially in the current labor market, and some public entities are not well suited to these tasks.

5.3.1 Case study: Illinois Century Network

Summary: Illinois Century Network is a publicly funded statewide middle mile education network that has sustained itself over decades, initially by serving anchor institutions alone and, over the past 10 years, by also serving commercial customers with both dark fiber and lit services

Founded: 1999

Structure: Owned by the State of Illinois

Legislation enabling the Illinois Century Network (ICN) was signed in 1999 with the goal of creating a single, statewide educational network.³¹ In 2010, ICN received \$62 million in BTOP funds to deploy middle mile fiber in extensive areas of Illinois.³²

Today, ICN connects more than 6,000 community anchor institutions³³ with approximately 2,100 route miles of fiber.³⁴ ICN serves anchor institutions and service providers, with separate order processes for each, and offers both dark and lit fiber.³⁵ ICN has offered bandwidth to commercial service providers since 2013.³⁶

5.3.2 Case Study: OpenCape (Massachusetts)

Summary: OpenCape is a publicly funded Open Access middle mile network that is self-sustaining despite a challenging coastal geography and relatively small size by serving public and private entities and seeking new commercialization

³¹ Illinois Century Network, "ICN History," <https://www2.illinois.gov/icn/about/Pages/About-ICN.aspx>.

³² *Id.*; NTIA, "Illinois Department of Central Management Services," <https://www2.ntia.doc.gov/grantee/illinois-department-of-central-management-services>.

³³ ICN, "The Illinois Century Network is Open for Business!" https://www2.illinois.gov/icn/about/network/Documents/ICN_Brochure-1_Commercial_Providers.pdf. ICN serves "the education sector, as well as state agencies, the health care sector and public safety."

³⁴ Jordan Arnold & Jonathan Sallet, "If We Build It, Will They Come? Lessons from Open-Access, Middle mile Networks," December 2020, https://www.benton.org/sites/default/files/OAMM_networks.pdf at 6.

³⁵ ICN, "Order Services," <https://www2.illinois.gov/icn/services/Pages/OrderServices.aspx>.

³⁶ ICN, "The Illinois Century Network is Open for Business!" https://www2.illinois.gov/icn/about/network/Documents/ICN_Brochure-1_Commercial_Providers.pdf.

opportunities. Today, the network offers data and security services to government and commercial customers and is piloting services to residential customers.

Founded: 2009

Structure: 501(c)3

OpenCape is a nonprofit that received \$32 million in BTOP funding in 2010³⁷ to build 311 miles of fiber and a data center on Cape Cod. OpenCape later added microwave wireless connections. Private partner RCN was the initial network operator for OpenCape.³⁸ OpenCape owns and operates more than 550 miles of fiber³⁹ and the data center.⁴⁰

The network's small size has made it challenging to realize the efficiencies that would enable economic success, but the network is sustaining itself by moving beyond the middle mile to the last mile, offering services to public and private entities and piloting residential service.

OpenCape offers business internet as well as DDoS mitigation, dark fiber, voice over internet protocol (VoIP), municipal network management, and colocation.⁴¹

5.3.3 Case study: Mid-Atlantic Broadband Communities Corporation (Virginia)

Summary: MBC is a nonprofit Open Access middle mile network that has sustained itself for nearly 20 years and has been an engine for economic development through such high-profile expansions as connections to data centers and undersea cable landings.

Founded: 2004

Structure: 501(c)4 community welfare nonprofit corporation

The Mid-Atlantic Broadband Communities Corporation (MBC), previously a 501(c)12 cooperative,⁴² operates nearly 2,000 miles of Open Access fiber.⁴³

MBC was founded in 2004 and received \$36 million in grants over three years from the Virginia Tobacco Commission to build an Open Access fiber network.⁴⁴ In 2010, MBC won \$10 million in

³⁷ NTIA, "OpenCape Corporation," <https://www2.ntia.doc.gov/grantee/opencape-corporation>.

³⁸ OpenCape, "BTOP Application Part 1," https://www2.ntia.doc.gov/sites/default/files/grantees/opencape_application_part1.pdf at 20-21.

³⁹ OpenCape, LinkedIn profile, <https://www.linkedin.com/company/opencape-corporation/>.

⁴⁰ OpenCape, "FAQs," <https://opencape.org/faqs>.

⁴¹ OpenCape, "Services," <https://opencape.org/services>. OpenCape is "currently piloting residential connections."

⁴² MBC changed its corporate structure from a 501(c)12 cooperative to a 501(c)4 community welfare nonprofit corporation in 2012. MBC, "History," <https://mbc-va.com/history/>.

⁴³ MBC, "History," <https://mbc-va.com/history/>.

⁴⁴ *Id.*

BTOP funds to extend its existing network by building 170 miles of fiber.⁴⁵ MBC won two other awards under the American Recovery and Reinvestment Act of 2009 (ARRA) for a total of \$32 million.⁴⁶

MBC reported \$13 million in broadband services revenues and \$16 million in expenses in 2018.⁴⁷ MBC offers dark and lit fiber, Ethernet, and colocation services.⁴⁸

In 2010, MBC—and aid from the State of Virginia—brought a Microsoft data center to Southern Virginia, an investment worth \$499 million.⁴⁹ In 2016, the city of Virginia Beach, partnering with MBC, was selected to host a subsea cable landing facility for the transatlantic MAREA cable, built by Microsoft, Facebook, and Spanish telecommunications provider Telefónica.⁵⁰

In total, MBC estimates its network has brought more than 2,000 jobs and \$3.3 billion in investment to the region.⁵¹

5.3.4 Case study: Nutmeg Network (Connecticut)

Summary: Nutmeg Network represents a multi-agency middle mile network that has sustained itself by serving community anchor institutions that support a range of public sector goals.

Founded: 2009

Structure: Government-owned: Connecticut Education Network and Public Safety Data Network

The Public Safety Data Network (PSDN) and the Connecticut Education Network (CEN) together comprise the Nutmeg Network.⁵² The Connecticut Department of Information Technology,

⁴⁵ NTIA, “Mid-Atlantic Broadband Cooperative,” <https://www2.ntia.doc.gov/grantee/mid-atlantic-broadband-cooperative>.

⁴⁶ MBC, “History,” <https://mbc-va.com/history/>.

⁴⁷ MBC, “Form 990” covering the tax year ending 06-30-2019, <https://www.guidestar.org/profile/27-0076588>.

⁴⁸ MBC, “Services” <https://mbc-va.com/services/>.

⁴⁹ MBC, “History,” <https://mbc-va.com/history/>; Rich Miller, Data Center Knowledge, “Microsoft Picks Virginia for Major Data Center,” August 27, 2010, <https://www.datacenterknowledge.com/archives/2010/08/27/microsoft-picks-virginia-for-major-data-center> (“The fiber optic network of the Mid-Atlantic Broadband Cooperative (MBC) was described as a ‘key component’ in Microsoft’s decision to locate in Virginia”).

⁵⁰ *DailyPress*, “Region’s first transoceanic fiber cable station to be in Virginia Beach,” May 26, 2016, <https://www.dailypress.com/news/dp-nws-region-s-first-transoceanic-fiber-cable-station-to-be-in-virginia-beach-20160527-story.html>.

⁵¹ MBC, “History,” <https://mbc-va.com/history/>.

⁵² State of Connecticut, “Nutmeg Network,” <https://ctedunet.net/nutmegnetwork/>.

partnering with other state agencies, won a \$94 million BTOP grant in 2010⁵³ to build fiber and serve educational institutions, libraries, and the PSDN.

PSDN was founded in 2009 and CEN was founded in 2000; the combined Nutmeg Network was founded in 2009.⁵⁴ CEN provides service to schools, colleges and universities, libraries, state and municipal governments, healthcare, research, and Open Access institutions.⁵⁵

5.4 Model 4: State operations for commercialization and public/nonprofit users

In this model, the Regions would enter into an agreement with a willing State of Colorado agency to undertake all contemplated functions, including public sector operations and commercialization.

The willingness of a state to undertake these responsibilities and risks may depend on the revenue opportunity and the likelihood of risk that state subsidy would be required.

To our knowledge, there does not exist a locally-owned middle mile network that is managed and operated by a state agency. This is not to suggest that a state agency would not be interested or capable of such an arrangement, but we have simply not observed it in the market.

State agencies in many cases actually have considerable expertise in this area and large middle mile networks are operated by a range of different kinds of agencies, including departments of information technology and departments of transportation.

While state agencies do ably operate their own middle mile networks, they are generally far more successful with functions related to provision of services to public agencies than they are with commercialization functions. Most state operated networks are deployed for the express purpose of delivering services to public and nonprofit users—a core function of government that is ably executed by state agencies.

In contrast, however, we see few state agencies that choose to execute the commercialization element of a middle mile network and, indeed, even fewer that do so in a way that attracts many customers. Our observation and experience is that most state agencies are not well suited to operating such a commercial enterprise that requires levels of flexibility, staffing, and market intelligence that are not inherent to government operations.

5.5 Model 5: Private partner operations with risk transfer

In this model, the Regions would select a partner rather than a contractor, shifting costs and market risk to a private entity through a competitive process for a partner to operate and

⁵³ NTIA, “Connecticut Department of Information Technology,” <https://www2.ntia.doc.gov/grantee/connecticut-department-of-information-technology>.

⁵⁴ State of Connecticut, “Nutmeg Network,” <https://ctedunet.net/nutmegnetwork/>.

⁵⁵ *Id.*

commercialize the fiber as a means of maximizing ISP use of the fiber and reducing costs and risk. Public-private partnerships have a track record of delivering value and efficiency in other infrastructure sectors, including transportation and technology. Public entities can gain value through private sector capabilities, financial certainty, and risk transfer.

In the broadband area, one benefit is that most P3 bidders have been led by a non-conflicted P3 developer rather than by an ISP or carrier that owns its own networks and is most comfortable with a vertically-integrated model in which the company owns and operates the network, rather than operating a public asset. In short, P3 developers tend to deliver public infrastructure projects that are owned by public entities, which limits their conflicts of interest in broadband. These developers bring together the full range of expertise necessary to execute, which may include ISPs, as well as investment capital.

- 1. Achieve material risk transfer through robust & enforceable contractual framework.** A robust contractual framework requires clear performance criteria, a monitoring system, and contractual enforcement mechanisms to give Regions the tools to ensure the network operator's continued performance. A single long-term contract between the public agency and the P3 partner ensures clear risk allocation and avoids ambiguity about operational and financial responsibilities, thus limiting financial exposure and liability for the public agency. The contract terms (duration, service specifications, supervening events, etc.) can be tailored to the public agency's needs and desire for future operational flexibility.
- 2. Ensure fair market pricing & competition on the network.** An arrangement that supports achievement of key policy objectives, ensures fair market pricing, and encourages competition for services on the network protects the public interest. A long-term P3 contract would incorporate strong Open Access obligations and other safeguards for ensuring a competitive environment for service providers using the new fiber and fair market pricing for the end-users.
- 3. Minimize future expense obligations from public agency funding.** Following investments by Regions to build the network, future operational expenses and investments in equipment could be largely supported by network-generated revenues and not rely on public agency funding. While the fiber assets will be funded by Regions, future equipment upgrades can be funded by the P3 partner.
- 4. Leverage private sector operational capabilities, innovation, & lifecycle costing.** Building on differences in incentives, the private sector can play a key role in identifying efficiency gains, keeping up with technological advancements, and capitalizing on lifecycle cost

optimization potential. As the P3 partner's commercial success is directly tied to its operational capabilities and long-term cost structure, the P3 partner is highly incentivized to identify innovative ways to efficiently deliver quality services, including through lifecycle cost optimization.

- 5. Leverage private sector commercialization capabilities.** Unlocking the network's revenue potential requires the operators to have top-notch commercialization capabilities and be financially incentivized to commercialize new markets and compete in existing markets. The P3 partner would be incentivized to run the fiber as a robust business and put together a team with significant capabilities in middle mile commercialization, including in markets that a public or not-for-profit organization may not naturally pursue. Besides delivering service to ISPs, this may include serving large institutional clients as well as wireless backhaul.

A well-structured partnership agreement can protect and advance policy objectives, including those related to pricing and Open Access, while protecting against poor performance. Partnership agreements can contain protections such as periodic benchmarking requirements to put a ceiling on the prices the partner can charge. And to fully ensure these protections, project agreements can contain robust enforcement mechanisms for performance, ensuring that a selected partner is financially incentivized to provide high-quality service.

5.5.1 Case study: Pennsylvania Tollway Authority

Summary: Funded through state transportation funds, the Pennsylvania Turnpike Authority is building a fiber network to serve its own needs. The Authority was unsuccessful in identifying a commercial partner who would fund the infrastructure but has been successful in identifying a partner that will operate and commercialize excess fiber on the network while paying the Authority both a fixed fee and a revenue share for access to the fiber – and committing to additional investment in the network.

Structure: *Owned by the Pennsylvania Turnpike Commission*

Founded: *2017*

The Pennsylvania Turnpike Commission selected a consortium to commercialize and extend a state-funded fiber asset. The Commission built the fiber to serve roadway monitoring and surveillance needs, with excess capacity for middle mile. The project is in activation stage and financial data are not yet available.

The state constructed 220 miles of fiber along the Pennsylvania Turnpike and used a separate competitive procurement for fiber operations, maintenance, and commercialization services for

25-year term, resulting in a contract to Plenary Broadband Infrastructure—a joint venture between Plenary Americas and Tilson Infrastructure (Plenary).

The contract includes a commercial net revenue share that is subject to a minimum revenue guarantee to the Commission. The contract enables Plenary to provide lit fiber services, lease dark fiber, market empty ducts, and install new cell towers within the Commission’s right of way subject to approval on a case-by-case basis. PBI is also responsible for operations and maintenance services for the infrastructure.

The Pennsylvania experience suggests that the commercialization model is of interest to the market. While an earlier P3 procurement failed to find a partner to assume all construction and market risk, a fully-funded middle mile asset was attractive to the P3 market given the commercialization opportunity.

- The market sought ways to deploy some capital in this P3 but was resistant to full financing absent robust revenue guarantees.
- The P3 consortium committed to operations and maintenance, as well as financing and building laterals to connect institutional and ISP customers.
- The selected consortium includes two entities that are not incumbent ISPs and that are incented to prioritize Open Access and competition.
- The state is guaranteed a minimum revenue stream.
- Plenary has access to state ROW for fiber expansion & cell tower sites.

5.5.2 Case study: North Carolina Department of Transportation

Summary: The North Carolina Department of Transportation selected a commercial partner to operate and commercialize fiber that is built by NCDOT with state funds. The partner has agreed to pay both a fixed fee and a revenue share for access to the fiber and made commitments to invest in wireless expansion of the network. The partner also has a revenue guarantee in the form of anchor tenancy by NCDOT itself.

Structure: *Owned by the North Carolina Department of Transportation*

Founded: *2018*

The state constructed 580 miles of fiber along North Carolina interstates and used a separate competitive procurement for a 30-year operations contract. The partnership includes Plenary as an equity investor, lead developer, and financial arranger; Tilson Infrastructure as an equity investor and commercialization manager; and Tilson Technology Management as O&M

contractor, and builder of commercial facilities. Project priorities include revenue generation and expansion of middle mile to unserved areas on an Open Access basis. Plenary has committed not only to commercialize the fiber, but also to invest in wireless assets to make use of the fiber. NCDOT selected Plenary to maintain and operate network assets, as well as commercialize excess capacity. The state built the fiber to connect NCDOT facilities and Intelligent Transportations Systems. The project is in activation stage and financial data are not yet available.

The North Carolina example demonstrates industry interest in the concessionaire model for commercialization of an existing asset. NCDOT pursued a dual track procurement, soliciting proposals for two potential deal structures: 1) an integrated P3 contract covering the construction, operations, maintenance, financing, and commercialization of the network, and 2) separate contracts for a) design-build and b) long-term operations, maintenance, and commercialization of the network.

After reviewing the proposals, NCDOT decided to pursue the second contractual structure and selected the Plenary-Tilson consortium to operate, maintain, and commercialize the network. The consortium committed also to make investments in laterals and complementary wireless infrastructure.

While the consortium will pay a revenue share to NCDOT, NCDOT will also pay the P3 partner to provide services to DOT facilities over the state fiber, guaranteeing a base revenue stream by serving as an anchor tenant.

Allocation of Risks and Responsibilities	
Design	State
Build	State
Finance	State, with committed additional investments in lateral infrastructure by Plenary
Operate	Plenary, with Tilson Technology for operations of state network assets, commercial network operations center services, and commercialization
Maintain	Plenary, with execution by Tilson

5.5.3 Case study: KentuckyWired

Summary: KentuckyWired is a state-owned Open Access middle mile network that has failed to meet financial expectations for a range of reasons related to predicted problems with execution, including (1) delays in permitting and pole access; (2)

delays associated with reconsideration of the project by a new administration of a different party; (3) unrealistic revenue expectations; and (4) unfavorable, hastily-negotiated P3 contracts that assigned both construction and market risk to the State

Structure: Owned by the Commonwealth of Kentucky Finance Cabinet; Public-Private Partnership, with a concession granted to private operator

Founded: 2015

KentuckyWired is a statewide middle mile, Open Access fiber network launched in 2015 and completed in late 2022,⁵⁶ several years after the anticipated completion date of 2018.⁵⁷

The delays in construction of KentuckyWired resulted in extensive costs to the State of Kentucky, based on a P3 arrangement with the selected bidder, Macquarie Capital, that placed most **construction risk** on the State and required ongoing payments to the bidder regardless of whether the network was built and operational.⁵⁸

The delays resulted from a combination of factors, including an effective moratorium on development that took place when a new governor took office and required reconsideration of the effort launched under his predecessor of the opposing political party.

Additional, considerable delays resulted from challenges with permitting and access to utility poles in large areas of Kentucky. The risk of delays for such permitting were assigned to the State by the P3 contract with Macquarie, against the guidance of counsel and experts.⁵⁹ When permitting for the use of utility poles controlled by AT&T took far longer than the single month that Macquarie itself had predicted, Macquarie claimed a penalty payment.⁶⁰

⁵⁶ KentuckyWired, Map, September 2022, <https://kentuckywired.ky.gov/SiteCollectionDocuments/Maps/Construction%20September%202022%20Final.jpg>.

⁵⁷ Federal Highway Administration, "Project Profile: Kentucky Wired," https://www.fhwa.dot.gov/ipd/project_profiles/ky_kentuckywired.aspx (showing \$324 million initially estimated costs plus \$88 million in additional costs).

⁵⁸ Alfred Miller, *Louisville Courier-Journal* published in *ProPublica*, "Kentucky's \$1.5 billion Information Highway to Nowhere," May 8, 2019, <https://www.propublica.org/article/matt-bevin-kentucky-information-highway-high-speed-internet>.

⁵⁹ Alfred Miller, *Louisville Courier Journal*, "Audit: State officials pushed on with KentuckyWired against advice of lawyers, consultants," December 18, 2019, <https://Kentucky.pursued.KentuckyWired.against.expert.advice.auditor.says>.

⁶⁰ Alfred Miller, *Louisville Courier-Journal* published in *ProPublica*, "Kentucky's \$1.5 billion Information Highway to Nowhere," May 8, 2019, <https://www.propublica.org/article/matt-bevin-kentucky-information-highway-high-speed-internet>.

The financial challenges of the network have been further exacerbated by the unfavorable **market risk** terms agreed to by the State with the selected P3 partner. The contract requires the State to make payments to Macquarie worth \$1.2 billion over 30 years regardless of the revenue generated by the network,⁶¹ even as the State itself has only partial control over potential revenues and Macquarie and its vendors are responsible for sale and service delivery.

And for those revenues that the State can control, political considerations have complicated delivery; for example, state spending on connectivity that was intended to support KentuckyWired was instead redirected to other service providers, even those without comparable capabilities, by an administration of the opposing political party that succeeded the administration that developed the network.⁶²

The State also counted on revenues that were unrealistic. For example, KentuckyWired's business plan depended upon federal E-rate funding for delivering broadband to schools, but the network did not qualify for E-rate, leaving a shortfall of 45 percent of projected income.⁶³ The unlikelihood of receiving such revenues under E-rate awards were known but were disregarded by negotiators who used overly optimistic financial projections to enter into the unfavorable contract terms with Macquarie.^{64 65}

Despite these challenges, KentuckyWired is serving its core public policy purpose of creating new broadband opportunities in rural and remote areas of Kentucky. Today, the network includes more than 3,300 miles of Open Access fiber that reaches every county in the state.

KentuckyWired's exclusive partner Accelecom, owned by Macquarie,⁶⁶ offers "dedicated fiber" as well as DDoS mitigation, ethernet, unified communications as a service (UCAas), and disaster recovery.⁶⁷

⁶¹ Alfred Miller, *Louisville Courier-Journal* published in *ProPublica*, "KentuckyWired: Our Rural Broadband Investigation, Explained," May 14, 2019, <https://www.propublica.org/article/kentuckywired-our-rural-broadband-investigation-explained>.

⁶² Alfred Miller, *Louisville Courier-Journal* published in *ProPublica*, "Kentucky's \$1.5 billion Information Highway to Nowhere," May 8, 2019, <https://www.propublica.org/article/matt-bevin-kentucky-information-highway-high-speed-internet>.

⁶³ *Id.*

⁶⁴ *Id.*

⁶⁵ See also, Alfred Miller, *Louisville Courier Journal*, "Audit: State officials pushed on with KentuckyWired against advice of lawyers, consultants," December 18, 2019, <https://Kentucky.pursued.KentuckyWired.against.expert.advice.auditor.says>.

⁶⁶ Ben Tobin and Emma Austin, *Louisville Courier-Journal*, "With KentuckyWired 'substantially complete,' exclusive provider looks to attract customers," February 19, 2021, <https://www.courier-journal.com/story/news/local/2021/02/19/kentuckywired-broadband-networks-exclusive-provider-accelecom/4494763001/>.

⁶⁷ Accelecom, "Services," <https://accelecom.net/services/>.

Appendix A. The policy and business case for middle mile services over fiber to government and nonprofit users

Government-owned middle mile fiber networks have a 25-year track record of delivering unique and valuable services to government and nonprofit users, including in health care, education, and public safety. Where public agencies establish the terms for these networks, they tend to offer benefits—with respect to control, pricing, and service quality—that may not be available on the commercial market at any price. These benefits can include:

Control and Management. Where a local agency or other anchor institution buys connectivity from a commercial provider, it cannot fully evaluate the reliability or availability of the service because it has no knowledge of the service provider’s proprietary network or physical infrastructure, and has no control or management of the services. In contrast, publicly-owned fiber is completely under the public agency’s control and allows for full transparency, control, and management. Leased network services are in essence a “black box” in terms of control, management, and physical network architecture attributes impacting performance and reliability. Public agencies are forced to rely on a service provider to maintain and operate the core equipment of a leased service, including tasks such as configuring the equipment, monitoring the hardware and physical infrastructure, and performing routine maintenance.

Although commercial providers offer financial damages when SLA parameters are not met, typically limited to some percentage of the monthly service fees, these damages are generally not significantly stringent to warrant the engineering of a public safety grade network by commercial providers. In other words, it may be more cost-effective for a provider to discount monthly fees on relatively rare occasions than to build a network with sufficient resiliency to serve first responders or other critical anchor institutions in an emergency situation.

Independence of Public Networks. Leased services are not independent of the networks used by the public and are therefore less secure and reliable. Publicly-owned, fiber-based middle mile networks are independent of the physical infrastructure, equipment, and other resources that carry public traffic over commercial networks. The advantage of an independent network is that it is not affected by public traffic or public network outages.

Network Security. Where commercial services are provided to public and anchor institutions, the agency does not have control over network security between endpoints. In contrast, on a public network, the public agency controls end-to-end security throughout the network infrastructure. In addition to data security, the fiber connection to the anchor allows the public agency to manage physical security as well as network security and the staff who manage and operate the network. This physical control is a proven best practice for providing secure communications, particularly for public safety and other critical public facilities, and includes such matters as:

access to facilities and networking rooms; passwords to edge equipment and firewalls; network access and authentication, and equipment placement and provisioning.

Capacity Needs of Anchor Institutions. While there is no precise way to scientifically project capacity needs over the long lifespan of fiber optic cables, past trends offer some insight. Neilsen’s Law,⁶⁸ which states that a high-end user's connection speed grows by 50 percent per year, suggests that only 100 Mbps of utilization today forecasts more than 5 Gbps (5,000 Mbps) of capacity demand in just ten years. K-12 schools, for example, represent some of the heaviest institutional users of network capacity, with multi-gigabit per second capacity demands more likely to occur in the near term.

Mitigation of the Risk of Unknown Future Costs. The ever-increasing communications needs of state agencies and other anchor institutions mean that public entities need to continuously increase leased circuit capacity—at an ever-increasing recurring cost. In contrast, publicly-owned, regional networks can be easily and cost-effectively scaled to meet demand. While pricing of commercial services will be based on market factors, networks such as those owned by the Regions are capable of operating 10 Gbps and 100 Gbps connections to each anchor site, with future network equipment refresh cycles enabling cost-effective migration to higher speeds at predictable costs for hardware and with no increase in operating costs.

The economic challenge is in getting the physical infrastructure built, not in increasing capabilities once that infrastructure is in place. Stated otherwise, the construction of fiber to public agency facilities and other anchor institutions enables dramatic cost savings over time because network operations and equipment upgrades are highly cost-effective relative to purchasing commercial services. Connecting anchor institutions over a publicly owned fiber network mitigates the risk that future needs will exceed the capacity of commercial services that each entity can afford, thereby containing the associated exposure to price increases.

Construction of fiber to key facilities thus represents a cost mitigation strategy and a best practice for ensuring adequate and best-in-class services to key anchor segments—such as state and local government, public safety, health care, and education—for whom connectivity is mission-critical, not optional.

⁶⁸ <https://www.nngroup.com/articles/law-of-bandwidth/>

Appendix B. The policy and business case for Open Access commercialization of middle mile fiber

Contiguous, Open Access middle mile fiber frequently offers unique benefits that cannot be matched by existing commercial fiber. This is because, in some areas, even if middle mile fiber already exists, it: (1) may not be available to competing ISPs, whether at competitive prices or at any price; (2) may not connect all the way to from the internet backbone to all key community facilities; (3) may not deliver state-of-the-art services to competing ISPs or community anchors; and (4) may be capable of delivering such services—but not at a price that competing ISPs or community anchors can afford.

In other words, existing fiber is not guaranteed to provide the full suite of benefits that public, Open Access middle mile fiber is designed to deliver high-bandwidth services all the way to key community facilities; additional fiber available to local entrepreneurs to reduce barriers to entry; and state-of-the art communications facilities that will drive economic development and competitive markets.

The following are the ways in which existing fiber, assuming it exists, does not necessarily provide the optimal functionality for the community and the competitive market that public, Open Access middle mile is designed to enable.

Commercial fiber networks are not comparable to Open Access middle mile unless it is comprehensive and ubiquitous. Open Access middle mile is designed to deliver fiber into the heart of rural communities—to the key community anchor institutions such as schools and libraries, and close to neighborhoods that could be served by last mile providers.

For the new fiber to represent a true overbuild, the existing fiber must be contiguous, and it must completely cover the proposed service route—partial routes are not equivalent. In many parts of rural America, where population centers may be 10, 20, or more miles apart, having existing fiber near a town does not necessarily mean that the town can be served by that infrastructure without significant and costly additional construction.

Commercial fiber is not comparable to Open Access middle mile unless it is connected with no fiber gaps to the internet backbone. To be truly duplicative of public, Open Access middle mile, the existing fiber must connect (either itself or over other available fiber) all the way back to the internet backbone, such that an ISP user of the fiber has a direct route to secure cost-effective transport to the internet and commodity internet bandwidth. Absent this full routing to a major internet point of presence (POP), the existing fiber is a rural island—and its users will face bottlenecks when attempting to connect from the fiber islands to the internet backbone. Public, Open Access middle mile is designed to connect all the way through—linking islands back to the

internet POPs in major metropolitan areas that enable them to purchase cost-effective internet bandwidth.

Without knowing whether that fiber connects without gaps to the internet backbone, we cannot regard public, Open Access middle mile infrastructure as duplicative.

Commercial fiber is not comparable to Open Access middle mile unless it is accessible via interconnection points at appropriate locations. It is insufficient for the fiber to simply pass through an area. For the new middle mile to be a true overbuild, the existing fiber must have interconnection points that are available to competitive providers to enable them to build broader networks that connect to other fiber resources for the rest of the state or region. In our experience, fiber frequently passes through rural areas, but is unavailable to ISPs or other users because the fiber owner cannot or will not create interconnection points such that the fiber can be accessed in that rural area. In contrast, public, Open Access middle mile includes frequent, affordable interconnection points in rural areas, allowing access to ISPs and rural carriers. Public, Open Access middle mile is intended to provide interconnection at any location where it has a splice point or can accommodate a mid-span splice, thus providing a wide range of options for local entrepreneurs to cost-effectively make use of the new fiber.

Commercial fiber is not comparable to Open Access middle mile unless it is openly available to any qualified user. Existing fiber is not truly available unless its owner is willing to lease access to qualified users, including competitors, on a non-discriminatory basis. If fiber is available, there are many technical possibilities for enabling access, through leasing of individual strands of optical fiber, or through the use of technologies (such as wave-division multiplexing) that allow fiber owners to increase the number of users of a strand. As a consequence, there is rarely, if ever, a purely technical limitation to providing capacity over fiber. Rather, such limitations only exist because of a business decision. Existing fiber is not truly “available”—and therefore not truly duplicated by new middle mile—unless the owner chooses to make it so. The Open Access middle mile business model requires sale of access to its fiber to any qualified entity on a non-discriminatory basis.

Commercial fiber is not comparable to Open Access middle mile unless offered at a viable price. In addition to being openly available, the fiber must be offered at a price that is viable for potential ISP and other users. Price is an effective barrier to entry if it is too high for local ISPs and entrepreneurs. The entire community suffers from a lack of competition and market domination that results from a monopoly fiber owner who can set the price as high as it chooses. Even where there is currently fiber, it is therefore not “available” when price remains a barrier to access.

Commercial fiber is not comparable to Open Access middle mile unless it is available for a reasonable period of time through an IRU. Existing fiber is not truly “available” unless its owner is willing to enter into binding agreements for long-term use of the fiber. Such agreements are known as Indefeasible Rights of Use (IRUs) and can range in duration from a few years to more than 20 years. The IRU mechanism provides a negotiated, guaranteed right of use that enables local ISPs and entrepreneurs to develop their business over time with an assurance that they will at least have an opportunity to recover investments made toward building their own service offerings over a reasonable timeframe. Public, Open Access middle mile offers fiber IRU agreements for any of its fiber routes, providing a stable, sustainable source of middle mile connection to any service provider.

Commercial fiber is not comparable to Open Access middle mile unless it is connected directly to end users. To be truly duplicative of public, Open Access middle mile, the existing fiber must connect directly to the end users the new fiber is intended to benefit. In our experience throughout the country, in many rural areas existing fiber frequently does not directly connect the key anchor institutions at their most important facilities. Rather, the fiber will often go only as far as a central office (CO) or internet point of presence (POP), with the final connection to the user provided over aging copper. For this reason, one cannot claim that new, Open Access middle mile is “overbuilding” if it is building fiber directly to an anchor that is not currently served directly over fiber. It is not sufficient for the existing carrier or service provider to be in the general area of fiber, as the additional charge for a direct fiber connection may be prohibitive.

Commercial fiber is not comparable to Open Access middle mile unless comparable services are cost-effectively provided over that fiber. We also note that existing infrastructure does not necessarily mean that services are available. This is particularly true in rural areas. Even when a single provider in the vicinity may be able to cost-effectively expand its fiber, the service provider may not necessarily provide affordable service. In our experience, the cost of intranet and internet services in rural areas are often exponentially higher than in competitive metro-area markets.

The new Open Access middle mile fiber is designed to bring competition to new markets by enabling many ISPs and entrepreneurs to access the new fiber assets, which will be made available on a non-discriminatory basis.

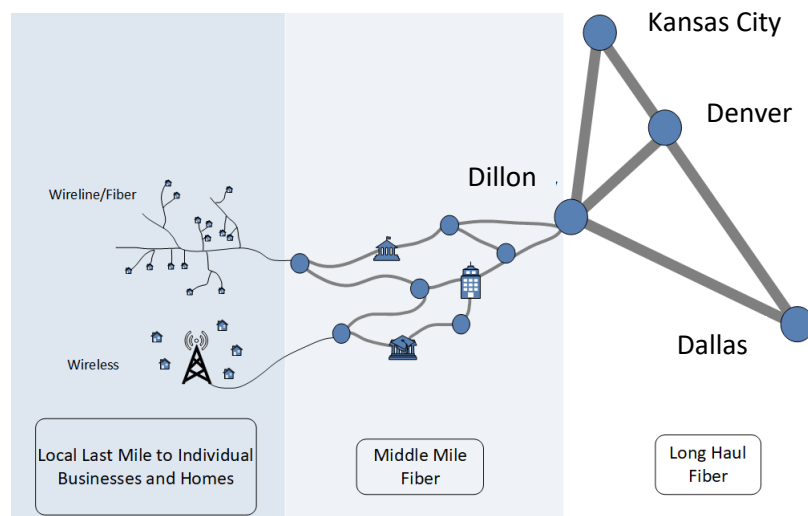
Appendix C: The definition of middle mile

While the term “middle mile” is infrequently used in commercial circles, for the public policy community, this term refers to facilities used for connecting local networks in towns, neighborhoods, and cities (known as “last mile”) to the metro-area interconnection points that enable local traffic to connect to the internet backbone and thus to the national and global internet. In public policy terms, the last mile is the portion of the network that connects the middle mile directly to the home, business, or mobile device of the user.

In one commonly used analogy, communications networks are compared to roads: the “internet backbone” is comparable to the Interstate Highway System; the “middle mile” is like the network of smaller highways that reach to the edge of a neighborhood; and the “last mile” comprises the neighborhood streets and driveways that lead directly to users.

These core infrastructure elements of the broadband internet are illustrated in the following figure.

Figure 1: Diagram of middle mile in relation to last mile and long-haul networks



Generally, middle mile optical fiber is designed to bridge gaps and deliver high-bandwidth connectivity all the way from the internet backbone to rural communities and community anchor institutions, enabling access to those communities for local providers and bringing some measure of parity to rural areas and rural anchor institutions relative to those in metropolitan areas.

Publicly-owned middle mile fiber also usually provides services to public and nonprofit users, including anchor institutions, and this provision of services to public entities is frequently one of the principal public policy purposes of development of a publicly-owned middle mile network.

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ATTORNEY – CLIENT PRIVILEGED COMMUNICATION (revised draft)

TO: Laura Lewis Marchino, Executive Director
Region 9 Development District of Southwest Colorado

Michelle Haynes, Executive Director
Region 10 League for Economic Assistance & Planning

Jon Stavney, Executive Director
Northwest Colorado Council of Governments

FROM: Kenneth S. Fellman, Esq.
Wilson D. Scarbeary, Esq.

CC: Joanne Hovis, President, CTC Technology and Energy

RE: Middle Mile Governance Project

DATE: December 24, 2023

I. OVERVIEW

Pursuant requests from the Region 9 Development District of Southwest Colorado (“Region 9”), the Region 10 League for Economic Assistance & Planning (“Region 10”) and the Northwest Colorado Council of Governments, also known as Region 12 (“NWCCOG”) (collectively, the “Regions”), we have been asked to identify and evaluate legal issues related to possible governance models to operate and maintain the middle mile broadband network assets currently owned or controlled as well as improvements and additional assets that may be owned or controlled by the Regions in the future.

Additionally, the Regions requested this memorandum with preliminary feedback be delivered at this time to assist in your consideration of a possible grant application to obtain the necessary funding to move forward with a more detailed business and legal evaluation of combining network assets and developing a new governance model for a combined Western Colorado Middle Mile Network (the “Project”). This memorandum will outline the high level options for governance of the Project, and discuss pros and cons of various models. As preliminary decisions are made about options for moving forward, additional analyses will be necessary for any preferred governance options under consideration.

Further, from our initial meetings, it is our understanding that the following is a rough outline of the Regions' goals for the Project:

- Protect the investments the Regions have already made in their individual networks and network assets;
- Create a framework for increasing capacity for the existing networks and expand middle mile coverage throughout your combined regions;
- Continue and build upon the success of the NWCCOG and Region 10 middle mile networks that currently serve many rural and resort communities across the Western Slope, provide affordable, redundant and robust broadband services, and is used for critical infrastructure for local governments, schools, 911 call centers, higher education, hospitals and other anchor institutions.
- Ensure that existing and future network infrastructure is built and managed in a way that focuses on long-term sustainability;
- Create a framework for cooperation among the Regions to share resources to advance common goals for the network; and
- Be in a position to move forward with a new governance model in no more than two years' time.

Finally, we note that this memorandum was prepared in parallel with a memorandum from CTC Technology and Energy ("CTC"). CTC's memorandum primarily addresses *business models* for the Project, while this memorandum focuses on *governance models*. After initial feedback from you to the first draft of this memorandum, and after further discussion with CTC, Kissinger & Fellman and CTC have modified our respective memoranda to use similar terminology and to note, where appropriate, how different business and governance models may synergize or overlap. After review of these updated drafts, further edits may be suggested by the Regions before they are finalized for wider distribution among your members.

Review of Current Networks

As part of our initial work on the Project, we were provided with copies of several Indefeasible Right to Use ("IRU") agreements and several similar, but differently titled agreements for infrastructure currently being operated and maintained to provide middle-mile transport services. We have not reviewed documentation regarding NWCCOG and Region 10's current business models and network operating practices, although we are aware from our discussions with you that the two middle mile networks are operated differently. As the Project moves forward, it will be important to conduct a comprehensive review of every IRU or other agreement related to the Regions' existing network holdings, as well as an analysis of network management practices and the legal challenges in either combining them or developing new, agreed upon management practices.

Without addressing any IRU or other agreement in particular, we note that the documents we reviewed generally require consent of the grantor for any assignment of the rights thereunder. Regardless of the governance option selected, the Regions will need to seek consent from grantors to

assign or otherwise transfer their interests to a new entity. As discussed in more detail below, the governance model selected may impact efforts to obtain consent to assign from existing grantors.

II. GOVERNANCE MODEL OPTIONS

Below, we have outlined several potential governance options for the Project.

A. TRANSFER ASSETS TO PRIVATE SECTOR ENTITY

It is always possible for the Regions to get out of the middle mile business altogether. This could be accomplished by a sale or other form of transfer of the Regions' current assets to a private sector partner, including either other middle-mile network providers, direct-to-consumer internet service providers, other utilities who want to get into this business or unaffiliated nonprofits.

One potential benefit of transferring control to a private corporation would be eligibility for grant programs which may exclude local governments or other public entities. For example, the State's Broadband Deployment Fund, made available through the Colorado Broadband Office ("CBO") is not available to local governments, but is available to private entities. *See* <https://broadband.colorado.gov/broadband-deployment-board-fund>.

However, a private corporation would be ineligible for a variety of other grants that are either currently available to public sector entities, or that might become available in the future. As you know from your own experience, the Colorado Department of Local Affairs ("DOLA") has previously and continues to offer grant funding for broadband projects. A private entity would be ineligible for these, and other similar kinds of grant programs.

Our understanding is that some of the Regions' current assets were funded (at least in part) by grant funds from the State. While we have not reviewed any specific documents related to those grants or assets, we are aware of similar grant awards that typically prohibit the transfer of any publicly funded assets to a private corporation within a specific period of time. This could negatively impact the ability to have a new governance model in place within two years.

Moreover, while there is certainly a possibility that the Regions may find a private sector partner that shares the goals for the Project, there is no way to ensure that such a private entity continues to use – let alone use in a way that aligns with the Regions goals – any sold assets for the remainder of their effective life. Accordingly, we do not recommend this as a viable governance model for the project.

B. SPECIAL DISTRICT

You have asked us to review the possibility of using a special district as a governance model. Special districts are frequently used in Colorado to provide various services within local and regional jurisdictions. However, Colorado's Special District Act, C.R.S. § 32-1-101, *et seq.*, only allows for the creation of special districts for specific, statutorily-enumerated purposes. *See* C.R.S. § 32-1-103(10). The Special District Act does not authorize any kind of a special district (including metropolitan districts) to be created for the purposes of providing broadband network services of any kind. *See Id.*

However, it would be possible for the Regions to lobby the Colorado General Assembly to change the law and authorize special districts to provide for middle-mile transport services and perhaps even a wider range of broadband services. A notable benefit to such a modification would be that once created, such a special district would have the power to levy and collect taxes. *See* C.R.S. § 32-1-1201, *et seq.* (providing the statutory authority for special districts to collect taxes); *also* Colo. Const. Article X, § 20 (requiring that any new tax be approved by the registered electors of the taxing jurisdiction). Such taxes could be used to fund capital investment and ongoing operations of the Project.

We have some concerns that while technically possible, there is a significant amount of uncertainty in attempting to create such a legislative change. Moreover, we cannot guarantee that even assuming appetite and interest at the General Assembly, that such a change could be made within the two-year window for the Project. Given the typical pace of the General Assembly's legislative agenda, if the Regions were to begin laying the groundwork now, while there is some chance a late bill could be brought forward in the upcoming legislative session, we would not anticipate new legislation being introduced and considered until the 2025 legislative session.

Accordingly, while a special district is not a likely not a viable structure for the Project within the current two-year window, if a change is made to Colorado law, a special district could be a viable long-term option for governance of the Project.

C. *TRANSFER ASSETS TO A STATE ENTITY*

One potential option for governance would be a transfer of the middle mile network assets to a State of Colorado entity, and to have that State entity operate and maintain the network going forward.

As an initial matter, we note that there is at present, no State governmental entity with existing authority to take over and manage this or any similarly situated network. Therefore, some form of legislative authorization from the Colorado General Assembly is a necessary prerequisite to this approach. The State could temporarily create a management authority administratively, but when it has done similar things in the past, it has realized that permanent, long term solutions require legislative action. For example, the CBO – which currently leads statewide efforts to expand broadband coverage – was initially created pursuant to a series of executive orders from Governors Hickenlooper and Polis. *See* Executive Order D 2012 037, Executive Order B 2020 009, Executive Order D 2022 009, and Executive Order D 2022 023.

However, later recognizing that additional statutory authorization would better enable the CBO to assist in broadband deployment, in 2021 the General Assembly enacted HB 21-1289 (“HB 1289”). HB 1289 codified the authority of the CBO to assist and promote the development of broadband infrastructure across Colorado. *See* HB 1289 (codified at C.R.S. § 24-37.5-901, *et seq.*) A similar approach was also previously taken by the General Assembly in creating the Colorado Statewide Internet Portal Authority (“SIPA”) – which is currently charged with assisting local governments in providing efficient, effective, and user-friendly internet portals to allow citizens to electronically access government information. *See* SB 04-244 (codified at C.R.S. 24-37.7-101, *et seq.*)

We understand that there may be some discussion underway at the state level regarding the possible creation of a State enterprise to own, operate and maintain middle mile networks in Colorado. What we have learned to date is that the discussions are not being led by the Colorado Office of Information Technology and the Colorado Broadband Office, and at this time, these administrative bodies are not at the table. The discussions are apparently being taken within the General Assembly's Joint Technology Committee (JTC), which is a committee comprised of both State Senators and Representatives. Our recommendation is to continue efforts to communicate with the state about this possibility, and specifically if there is interest, begin direct communications and advocacy with members of the JTC. Regardless of whether you decide that a state entity may be a viable option for the Project, you also want to be following what the General Assembly is doing to maximize the chances that whatever they do, it does not limit your opportunities and options.

While this memorandum is primarily addressing the legal benefits and drawbacks of various governance models, it is important to mention the significant political risks inherent in turning over the ownership and the operations of these networks to the State. Similar to transferring assets to a private entity, the Regions will lose all control over the future of network operations. This is inconsistent with your goals to ensure the future success of your current investments and network offerings. Once in the hands of the State, the future success of the Project is dependent on continuing political will and capital, as well as State funding. We are currently experiencing a State Administration and General Assembly that has been, for the most part, supportive of broadband deployment efforts. It was not too long ago however, when we were not so fortunate and it was difficult if not impossible to get legislative approval of equitable broadband measures, or support from Colorado's Governor – and this occurred with governors of both political parties. If the network is in the control of the State, in whatever form that may take, the Project will be impacted by the priorities of the those in power at the time. It is not out of the realm of possibility that even after a successful start as a State run network, a new Administration might determine the better practice would be to sell the network to a large private provider. Unlike some of the other governance models, where you can retain control by a coalition of local governments similar to what you have today, giving the network to the State will require relinquishing local control.

Another potential hurdle for transferring the Project to State control would be the time it will take to decide if it wants to do this and if so, what specifically needs to be done to make it happen. The State will necessarily need to consider if it takes over this network, would it be in a position to take over similar regional middle mile networks and perhaps ultimately own, operate and maintain a state-wide middle mile network. It will take the State considerable time to figure this out. Particularly in light of the Partner's stated goals of providing for the long-term sustainability of the Project, as well as the need to have a new model in place within two years, we would caution against pursuing a transfer of the network to the State of Colorado. At the same time, if the state pursues creation of a middle mile network enterprise as noted above, this recommendation should be reevaluated.

D. INTERGOVERNMENTAL AGREEMENTS

Colorado law authorizes local governments to enter into intergovernmental agreements ("IGAs") with other local governments to manage shared interests. Specifically, IGAs may be formed to provide any "function, service, or facility lawfully authorized" to each participating government entity. C.R.S. § 29-1-203(4). Additionally, IGAs may create and outline the governance for a new legal entity tasked

with implementing the goals of the IGA. *Id.* Colorado’s IGA-enabling law sets forth some basic requirements for all IGAs, such as requiring that any IGA “shall set forth fully the purposes, powers, rights, obligations, and the responsibilities, financial and otherwise” of the parties. *Id.* at (2).

We envision two possible routes for forming an IGA as a governance model for the Project. First, the IGA could keep the network assets owned as they currently are, and create a process for one of your three entities to operate and maintain the network. The second option would create a new, separate intergovernmental entity that would take ownership of all network assets and be responsible for operating and managing the Project.

Regardless of which IGA Option is selected, we have highlighted several important issues in drafting an IGA that the Regions will want to consider.

1. Purpose

The purpose statement of any IGA is an important limiting principle that will define the scope of the Project. As noted above, an IGA can be entered into to provide for any function or service which the participating governments are legally authorized to conduct. In the 2023 legislative session, SB 183, in addition to eliminating the requirement that local governments hold an election prior to entering the broadband business, specifically authorized local governments to provide middle-mile networks and services. *See*, C.R.S. § 29-27-103(2)(d). Either IGA option will need to address whether the Project will be limited to operating and potentially expanding the current middle-mile transport infrastructure, or whether it will allow for the possibility of providing direct-to-consumer internet access service using existing and new infrastructure. While a decision on the scope of the Project will be critical to setting the foundation of the initial IGA, the agreement will also provide a mechanism for amendments, so if the initial intent is to limit the Project to middle mile work, that could be changed in the future if the Partner so decide the terms.

2. Legal Entity

We are aware that there are differences in how the Region 10 and NWCCOG’s networks are currently managed. Either IGA option should address the operations and management model that the Regions intend for the combined network going forward.

An IGA creating a new entity will address the management and policy structure of the Project, include how a new entity’s Board of Directors is appointed, the powers the Board has, and what control the Regions or their member governments have over the Board or the new entity. Additionally, if a new entity is created, the new entity will be required to register with the Department of Local Affairs (“DOLA”), and file an annual audit with the State Auditor.

If a new legal entity is not created, the IGA still address which of the Regions will have primary responsibility for the Project, how the Regions will share all other obligations and responsibilities of the Project. Some of the provisions that address these issues are identified below in subsection 3.

3. *Other Key Terms*

The following is a brief summary of some of the other issues that will need to be addressed by an IGA, regardless of the specific IGA option selected by the Regions:

- All financial obligations of the Regions (and a new IGA entity) are subject to annual appropriation, and not intended to create a multi-fiscal year obligation in violation of the Taxpayer's Bill of Rights ("TABOR");
- Financial obligations each Partner will have with respect to the Project, and other non-monetary contributions such as providing staff, and assigning or sharing rights to use existing assets;
- The initial term of the agreement¹, as well as the potential for renewal terms, if necessary;
- How IGA modifications/amendments can be made;
- Whether, and how, new Regions may be brought into the Project and a process for Partner wishing to leave the Project;
- Insurance coverages and protections of Board members and Partner entities;
- Appointment and removal of board members and officers;
- Requirements for adoption of certain policies, such as personnel, budget and finance; procurement, etc.;
- A mechanism for settling disputes between the Regions concerning interpretation of the IGA or conflicts regarding Project operations, and the consequences for the network and the Regions if one or more Regions terminate their participation in an IGA.

4. *Final Notes on IGAs*

Keep in mind that if you create an IGA entity, it will be an intergovernmental entity, similar to some of your own organizations, and subject to a variety of state laws related to governmental entities. You will follow state requirements for records retention. You will be subject to the State Open Meetings Law (C.R.S. § 24-6-401, *et seq.*), Public Officials Disclosure Law (C.R.S. § 24-6-201, *et seq.*), and the Colorado Open Records Act (C.R.S. § 24-72-210, *et seq.*). While these obligations are not necessarily "negatives," you should consider that if there were private sector actors who opposed a governmental entity getting into "their business" they could use laws like CORA to consistently pepper the entity with records requests, which could consume a lot of time and cause the entity to incur costs that would be better spent on network operations. The entity would also be subject to TABOR, which will impact how it is funded, how it spends money, and how it contracts with other entities that require payments over periods of time that extend beyond one year.

E. NONPROFIT CORPORATION

In some ways, creating a new nonprofit corporation would be similar to entering into an intergovernmental agreement in terms of high level governance strategies. The Regions would determine the governance structure to be set forth in the articles of incorporation and the bylaws of the

¹ Colorado law allows an IGA to be formed for any length of time. C.R.S. § 29-1-203(1).

entity. As opposed to for profit corporations that have shareholders, nonprofits have members. A potential nonprofit corporation could be set up so that all three Regions are the members of the nonprofit entity. The Regions could additionally determine how many Directors will serve on the Board, and if so desired, what entities within or outside of current organizations would be represented on the Board.

A potential benefit of this approach is that as a nonprofit corporation, this new entity would not be subject to the various legal requirements placed on local government entities. Without providing an exhaustive list, a nonprofit corporation would be exempt from:

- Colorado’s Public Officials Disclosures, Open Meetings and Open Records laws identified in subsection D.4 above;
- TABOR – the Constitutional provisions do not govern private entities;
- The various ethical requirements imposed on government officers codified in State law regarding things like conflicts of interest do not apply to private entities. *See* C.R.S. § 24-18-101, *et seq.* To be clear, a nonprofit corporation’s members and Board directors will still be bound by common law fiduciary duties and should adopt its own ethical rules.

However, the nonprofit corporation structure for the project also contains drawbacks. As noted in Section III.A, above, a non-governmental entity such as a nonprofit corporation would be ineligible for receiving grants from DOLA, and would likely be excluded from other public grant programs.

Additionally, a nonprofit corporation might not get the current favorable treatment the Regions currently receive from other State entities like CDOT when entering into IRU or other agreements to build or lease infrastructure. It might not have these problems, as we have recently analyzed in connection with similar issues for Region 10, but there is some risk that CDOT policies could change and it could take the position in the future that even a nonprofit corporation whose structure and purpose is to support local government efforts is still not a local government entity and not eligible for the arrangement it offers to local governments. For this reason, if the nonprofit option is pursued further before a final decision is made, it is recommended that we meet with officials at CDOT and the Attorney General’s office to see if we can obtain agreement that a nonprofit entity created and operated by local governments for this purpose will be treated favorably in dealings with CDOT going forward.

Finally, as a corporation, this entity would be required to make tax filings with the IRS, instead of the audit filings that a local government run IGA entity would make with the State Auditor.

III. PUBLIC-PRIVATE COOPERATION

CTC’s memorandum refers to both “public private partnerships” and “vendor commercialization” as two distinct business models for the Project. We note that for the purposes of our memorandum, we consider both of these options as effectively different categories of public-private partnership or cooperation with private industry to operate the Project. CTC’s memorandum primarily focuses on the different business considerations between these two types of models, with particular emphasis on how risk is allocated between public and private entities under these business models. The CTC “vendor commercialization” model involves a private entity running the network, but doing so

under a contract where they are paid for their services, and the private entity does this work without assuming financial risk in connection with the network. CTC's "public-private partnership" models involve a private sector entity operating the network, but also coming in with obligations on potential activities like network expansion, where the private partner obtains more long term benefits if the network is successful, and also assumes more risks in the business relationship. In this memorandum, we use the term "Public Private Cooperation" or "PPC" to refer to both of these business models from a governance perspective.

Some version of a public private cooperation model could be used in connection with the IGA governance models highlighted above. And while not "public" – private cooperation per se, a similar arrangement can be used with the nonprofit governance model. These would involve the new governing entity's entering into an agreement with a third party (usually a private sector entity with experience in managing these kind of networks) to operate and maintain the network.

There are a number of advantages to a PPC or similar arrangement. The entity that owns the network would not need to employ the staff or outside consultants to do the actual work of operating and maintaining the network. Entering into this kind of agreement with a private entity that has a track record of successful network management would address your goals for long term sustainability of the Project. And a PPC or similar agreement could be structured to maintain some input and control in the entity that will continue to own the assets – either through the IGA model or nonprofit model.

The downside is the recognition that by bringing a new entity into the mix, the Regions will lose some element of control. The arrangement will also need to address compensation to the network operator, which means that it will not just be the network owners that will receive revenue from the operations. Given the focus on long term sustainability, and recognizing that these networks were never intended to be profit centers, a P3 or similar arrangement would appear to be an option worth pursuing further.

In 2022, Senate Bill 22-130 ("SB 130") became law, codified at C.R.S. § 24-94-101, *et seq.* This legislation addressed the development of state infrastructure through P3s (including broadband), and it does *not* apply to local or regional governmental entities. SB 130 created a Public-Private Partnership Collaboration Unit within the Colorado Department of Personnel and Administration ("CDPA"), and CDPA has published a set of guidelines for state agencies regarding soliciting and responding to unsolicited proposals for public private partnerships (the "P3 Guidelines"). If potential P3s are pursued by the Regions in connection with a chosen governance model, it may be helpful to review and understand what the State imposes on itself for P3s, and consider whether to follow similar guidelines.

IV. CONCLUSION AND RECOMMENDATIONS

It is our hope that this memorandum will provide you with the necessary information to begin to narrow the options to be considered in more detail as the Regions move this process forward. It should also assist in giving you a greater understanding of the issues that need to be considered further, together with those business related issues that will need to be explored further that are identified in the white paper that CTC is developing for you. It is our understanding that you intend to take the information gathered from our memo and CTC's white paper to seek guidance from your individual Boards to

determine how to proceed with the Project. Accordingly, you asked us to provide recommendations here. Those recommendations, which are based upon both legal and policy considerations, are as follows:

First, regardless of the final governance model selected or desired, it is our recommendation that the Regions enter into an IGA to set the terms for their current and future collaboration on the Project. For example, if the Regions decide that they wish to pursue the necessary legislative changes to establish a Special District to govern the Project, an IGA could outline how the Regions will share resources and determine advocacy strategy towards accomplishing that goal. Similarly, if the Regions decide to pursue a PPC approach, an IGA could create a new public entity to assume the Regions' side of the PPC and outline what resources each Region would be obliged to dedicate to the PPC.

Second, regardless of the specific governance model selected, we recommend that the Regions pursue some form of public-private collaboration for the Project. As an example, this could take the form of a new IGA entity created by the Regions to own the middle mile network, where that new public entity would pursue a P3 with a private entity to operate the network and invest in it going forward. As discussed in more detail in CTC's white paper, collaboration with private sector partners can provide the Regions with access to resources including increased funding and technical expertise that may be critical to the goals of the Project. It can also be done in a way that keeps ownership in public entity hands, providing more control if the relationship with a private entity needs to be modified. If a decision is made to pursue some form of public – private cooperation, you will need to invest significant time and effort working with your consultants to develop an agreement that protects your collective interests, including by way of example and not limitation, maintaining the public ownership of the network, and ensuring viable methods to protect those assets if there are compliance problems with the agreement. While such an agreement may delegate significant operational control to a private sector entity, there will need to be appropriate mechanisms for oversight of the private management.

Third, the recommendations in our memo and CTC's white paper, especially those concerning the viability of transferring assets or collaborating with State entities may need to be reevaluated in the event of legislative changes in Colorado. For example, as we noted in Section 3, above, while there is currently a lack of viable options for transferring some ownership or control of the Project to the State of Colorado, there may be legislation before the General Assembly in the 2024 or 2025 sessions that could change this. To the extent that the Regions believe that one or more of options that require legislative changes should be pursued, it is recommended that a strategy and budget be developed somewhat quickly in order to determine whether any of these options can realistically be addressed in the 2024 session.

We remain available to you at any mutually convenient time to discuss any questions or concerns that you may have about the matters discussed in this memorandum.

SWCCOG/ Region 9 Board of Directors Meeting

Wednesday, December 13, 2023, 10-11:30 am

Discussion items and meeting notes are in bold/italic.

Board Members		Region 9 Staff	
X	Chauncey McCarthy	Town of Rico	X Elizabeth Heine
X	Clyde Church	La Plata County	X Laura Marchino
X	Dan Fernandez	Dolores County At-Large	X Shak Powers
X	Drew Sanders	City of Cortez	x Shirley Jones
X	Jennifer Green	Town of Pagosa Springs	
X	Katie Sickles	Town of Bayfield	
X	Kelly Koskie	City of Cortez	
X	Mark Garcia	Town of Ignacio	
X	Mary Jo Coulehan	Archuleta County At-Large	
X	Robert Whitson	La Plata County At-Large	
X	Steve Garchar	Dolores County	
X	Tommy Crosby	City of Durango Alt.	
X	Veronica Medina	Archuleta County	
X	Bernadette Cuthair	Ute Mountain Ute Tribe	
X	Leigh Reeves	Town of Dolores	
X	Olivier Bosmans	City of Durango	

Attendance as marked above.

* Indicates elected at this meeting

A. Call the Meeting to Order

The meeting was called to order at 10:02 am by Jennifer Green, Board Chair.

B. Amendments to the Agenda

C. SWCCOG Executive Terms

The SWCCOG officers are elected annually and if anyone is interested in serving on the SWCCOG Executive Committee, please let Region 9 staff know. Currently, all three have expressed interest in continuing.

D. Public Comment and Public Hearing regarding SWCCOG Budget

The meeting will be open to any member of the public who would like to address the Board. The SWCCOG Budget Public Hearing was publicly noticed.

None

E. Financial Report

1. Approval of Resolution #23-02 – 2024 Budget

The proposed 2024 budget has been reviewed by the SWCCOG Executive Committee. **The recommended action is for the Board to approve the 2024 budget and Resolution #23-02.**

Meeting Discussion and Shirley's highlights:

- Shirley presented the budget with general funds totaling \$557,450.00.
- The audit had the Dark Fiber funds as separate and restricted. However, this is not necessarily the case, and we will adjust the allocations based on the auditor's recommendation.
- Noted that all of the COG income will cover grant expenses (All Hazards and SWIMT).
- We do anticipate using the Dark Fiber funds. 50% goes to the governments for the leased fiber and 50% gets put back in the Fiber account. Any use of the Fiber Fund needs to be approved by the COG Board.
- The three-year comparison was reviewed with the starting fund balance. Shirley noted that she used the same format that the COG used previously.
- Noted that the budget has gotten a bit leaner.
- Any DOLA Grants and the Broadband fund will be under the COG, but moving forward any grants will be under Region 9.
- The bulk of expenditures are grant funding related. Many have been closed out, but there are still a couple on the books.
- The fee for shared services was originally in the budget since it was for Zoom licenses for 2023 and it has been dropped for 2024. Originally, the hope was to get more of a discount to benefit the governments, but it is not cost effective.
- The 2024 budget has all of the grant money that could possibly be expended, but in the estimate it was difficult to narrow down what could have actually been expended. That is the differentiation between the budget and the estimate.
- Currently, we have clean starting balance numbers for the 2024 budget.
- The audit provided year-end numbers that are reflected in the budget for accurate reporting.
- There is no current plan on how we will spend Dark Fiber money. It should only be ~~set aside~~ for fiber projects.
- The \$60,000 in income refers to existing fiber leases through the SCAN fiber. 50% goes back to the governments.
- Laura stated that if we determine that the allocations in the Resolution need to be combined a revised Resolution will be brought to the COG Executive Committee.

Motion from Mark Garcia to approve Resolution #23-02 and 2024 Budget as presented with the start date of January 1, 2024 and ending December 31, 2024. Second: Katie Sickles; Motion passed unanimously.

2. Approval of SWCCOG Audit

The audit was clean and without findings. Region 9 feels that the process will run much smoother and on a quicker timeline moving forward. **The recommended action approve the 2022 Audit as presented.**

Meeting Discussion and Shirley's highlights:

- *We have good numbers and there were zero findings.*
- *Jennifer Frank, our auditor, reviewed the audit with our executive committee.*
- *Compared with the Region 9 Audit, it was fairly simple.*
- *There is ~\$11,000 for undeposited funds; Shirley clarified that it is funds that was in transition from 12/31/22 into 1/1/23.*

Motion from Clyde Church to approve the 2022 SWCCOG Audit as presented.

Second: Kelly Koskie; Motion passed unanimously.

3. Approval of Financial Statements through November 30, 2023

Shirley went over revenue, expense, and income for the year. The financials were reviewed by the SWCCOG Executive Committee, and the recommended action is for the Board to approve the financial statements through Nov. 30, 2023.

Motion from Mark Garcia to approve the Financial Statements through November 30, 2023 as presented.

Second: Leigh Reeves; Motion passed unanimously.

F. Executive Director Report

1. Compliance Plan for All Hazards Audit

The Plan addresses Region 9/SWCCOG's next steps to meet the recommendations from their site visit and audit this past fall. Staff is already working on the policy updates and recommendations and will bring to the full Board at the January and April meetings to meet the recommended timelines. This plan still needs to be approved by the Homeland Security audit team and is provided for the Executive Committee's information.

Meeting Discussion:

- *All Hazards is positive for all our communities. It was originally brought about by the former executive director.*
- *There are 8 items that need be changed- some from 2019 and some from 2021.*
- *There is no jeopardy of claw back of the funds as long as we take care of our compliance issues.*

2. Region 9/SWCCOG MOU

There is a proposed draft between Region 9 and the SWCCOG that is a Memorandum of Understanding rather than an annual contract for services. Noted that Region 9 attorney, Tyler Denning, was available for further questions. Discussion and possible action was requested.

Meeting Discussion:

- *The MOU is very high level with the focus on memorializing what is already being done.*
- *Parties retain independence, but Region 9 acts as an agent.*
- *This agreement can always be terminated.*
- *This is very straight forward, high level, and should not be controversial.*

Motion from Clyde Church to approve Region 9/SWCCOG MOU as presented.

Second: Leigh Reeves; Motion passed unanimously.

3. Approve close-out of DOLA Grant BBFS-22-005 La Plata Carrier Neutral

The grant came in under budget and has already been audited and is closed out. **However, DOLA is requesting Board approval to de-obligate the remaining \$18,504.59 and accept that the CNL has been completed.**

4. Motion from Steve Garcher to approve the close-out of DOLA Grant BBFS-22-005 La Plata Carrier Neutral grant as requested and de-obligate the remaining funds.

Second: Kelly Koskie; Motion passed unanimously.

G. Other Business

1. Next Region 9/SWCCOG Board Meeting: January 25, 2024

H. Adjourn Region 9

The meeting was adjourned at 10:53am by Jennifer Green, Board Chair after a motion from Leigh Reeves. Seconded by Katie Sickles.

Minutes Provided by Elizabeth Heine

SWCCOG Executive Committee Minutes

Monday, December 11, 2023

Committee discussion items and notes are in bold/italic.

Board Members		Region 9 Staff	
X	Mark Garcia		Town of Ignacio – Sec/Treasurer
X	Veronica Medina		Archuleta County Alt. – Vice Chair
X	Jennfier Green		Town of Pagosa Springs- Chair
			Guests
		X	Jennifer Frank, Auditor

A. Call the Meeting to Order

1. The meeting was called to order at 2:03 PM by Jennifer Green, Board Chair.

B. Amendments to Agenda

None

C. Approval of Minutes from October 10,2023

Noted that Mark Garcia’s name has a typo that will be corrected for the final rendition of the October 2023 minutes.

Veronica Medina motioned to approve the October 10 minutes with the requested change. Seconded by Mark Garcia. Motion passed unanimously.

D. Financial Report

1. SWCCOG 2022 audit review

A copy of the SWCCOG 2022 audit was provided to the committee. Jennifer Frank provided an overview and stated that it was a clean audit with no findings. Region 9 staff are confident that the audit will be much smoother moving forward as numerous grants closed and programs were successfully transferred to Region 9. We now have ending balances that we are comfortable moving forward with. **The recommended action is to recommend the SWCCOG Board approve the 2022 Audit as presented.**

Jennifer Frank’s comments:

- There weren’t a lot of significant changes in the net position.
- We don’t have any reconciling items.

- We had an unmodified clean opinion.
- There were no findings for the COG during the audit.
- Noted that Region 9 will be able to give information over to the auditors more efficiently in the future.
- Restricted funds are shown as Dark Fiber Fund dollars. 50% of those leases will go into a checking account. Any use of these funds will have to be agreed upon by the SWCCOG Board. The other 50% will be paid to the participating governments.
- We may change the language regarding the restricted funds to allocated funds. A formal resolution may need to be created. Laura believes we have documentation of the SWCCOG board decision regarding that and she will find it and send it to Jennifer.
- \$85,694 for total assets is down from previous years. Our current assets are a combination of restricted and unrestricted cash. Jennifer went over specific numbers.
- The CNL is not a part of the SWCCOG assets since it was paid for by DOLA funds and is a leased space. However, it will be further looked at in next year's audit.
- For next year's audit, we can expect a 60-day turnaround.

Veronica Medina motioned to approve the SWCCOG 2022 audit with noted changes as discussed. Seconded by Mark Garcia. Motion passed unanimously.

2. SWCCOG Financial Report through Nov. 30, 2023

The SWCCOG financials through November 30, 2023 were provided to the committee for review. Shirley went through the financials which were provided for the Executive Committee's review and the financial statements will also be brought to the full Board for approval.

Shirely's Notes:

- *We received another year of grant navigator funds.*
- *The SCAN and Broadband accounts will be combined moving forward.*
- *We will have some shared service costs in the 2023 financials but not in the 2024 budget.*
- *TPR is through Region 9 now. We still have SWIMT.*
- *We do anticipate having a net income for the end of December.*
- *A summary page was requested by Mark Garcia from Shirley. Shirley directed the Executive Committee to the total column which was further explained.*
- *Revenue was noted at \$75,183.93.*

3. Review of Budget and Resolution #23-02

Our Attorney combined the Budget and appropriation approval into one resolution, but we were not initially sure the numbers were correct. Since the packet was sent out, those numbers have

been confirmed. The Resolution might need to be updated as the Fiber Fund is not restricted. The SWCCOG Board will be notified.

Highlights:

- **Noted that we are taking out the shared services fund in 2024.**
- **We expect to have \$10,000 in the fiber fund income by the end of 2024.**
- **Shirley noted that there will be changes in how the budget will be presented moving forward.**
- **The budget that was presented in October has not changed significantly with the exception of having a beginning and ending fund balance and estimates for moving forward.**

E. Executive Director Report

1. SWCCOG Grant Update

An updated summary of SWCCOG grants since the last Executive Committee meeting in October was provided.

DOLA Grant EIAF 2284 – CDL This grant is being closed out. There were eight CDL classes held between Feb 2022-July 2023 across the region (1-UMU, 2-LP, 4-Archuleta, 1-Montezuma). Number of certifications/permits unknown as not able to follow up with each attendee to discover whether their training resulted in a permit and/or a job. However anecdotally, each class had attendees that passed the tests, obtained permits, retained their job, secured a new job, or were awarded raises after completing the course. Partnered with Eclipse-DOT to lower the cost of training for attendees, but specifically for small businesses across the region. -Partnered with Mancos School District and Eclipse DOT to develop and help fund a CDL certification course for 18-year-old students who want to pursue driving as a job after high school. The program will start with 2-3 students this fall and expects to scale to three sessions by next year so students can enroll for fall or summer courses.

All Hazards 2019 grant – The project funds in this grant were expended and this closed out. We still have 2020, 2021, and 2022 open. An application for 2023 is expected.

Transit – ICAM grant to create a mobility hub in Southwest Colorado is in the process of being transferred to CDOT as they are working on a statewide effort. but we have not officially signed any paperwork.

TPR – The Administration of the TPR moved under Region 9 as of July 1, 2023.

The DOLA grant for the Carrier Neutral Location was audited and is closed out. We underspent our projected budget by \$18,504.59 and there is action on the full Board meeting to de-obligate those funds and accept that the CNL has been completed.

Tiffany Broderon is back from maternity leave, and Region 9 expects to receive a 2nd year of grant funding (\$100K) from the States. We are also exploring a USDA grant to pay for a study around the timber industry potential looking at a 75-mile radius. It looks like funds will be available within the next month.

On November 8th, the SWORD Council approved the allocation of \$1.5M dollars to the region's opioid abatement efforts. Though under Region 9, SWORD represents all governments. The total amount represents years 1 and 2 distributions from the State Opioid Funds to our region. It will be split among four approved areas of use as follows: 63% of available funding to high intensity sustained recovery residential; 10% for Enriching Support for a Recovery Ready Region; 20% for Community Choice; and 7% to Region 17 Consulting Services. Region 9 worked with La Plata County's finance department to submit the funding request to the state November 15th. La Plata County serves as the fiscal agent for SWORD. A possible location will be donated by Mancos. There has been no formal process for that property just yet.

2. All Hazards Compliance Plan

The All-Hazards Compliance Plan was submitted to the Department of Homeland Security. The Plan addresses Region 9/SWCCOG's next steps to meet the recommendations from their site visit and audit this past fall. The staff is already working on the policy updates and recommendations and will bring them to the full Board at the January meeting and April meeting if more time is needed. This plan still needs to be approved by the audit team and is provided for the Executive Committee's information.

Notes:

- *There are 9 items that need to be addressed as well as some items to look at for best practice.*
- *Noted that there is a lot of bureaucracy and 'red tape' with All Hazards the and the Tribes don't even participate anymore.*

3. Broadband Operating/Management Grant match

Three regions (9, 10 and 12) have been meeting to look at options for long-term operating and management structures for Broadband. The current regional broadband model has had success in improving access to middle mile infrastructure, demonstrated by improved speeds available in the region's operating networks. However, the three COGS have limited capacity (staffing, technical skills, and finances) to efficiently operate the larger networks as they expand beyond the COG regional boundaries. As the networks become, in essence, publicly funded covering much of the Western Slope, with expected connections in more and more counties, greater efficiency and capacity will be required to operate at an efficient level. Connection and coordination of these networks under a combined operational model (as the COGS continue to own the assets) could address needed efficiency and capacity issues. Region 9 contributed \$20K for an initial review of potential network operational models, with our two partners and now would like to expand the review into a planning effort, developing a coordinated operating model across the state. The scope of work would be performed by hiring a consultant and legal counsel to provide viable recommendations and assist with the stakeholder engagement. A grant to DOLA was planned for submission for the Dec. 1st deadline, but Regional Manager asked us to hold off until the new DOLA Executive Director is on board as this could benefit the entire State and they want to make sure it is an eligible application. Also, Shak has been working with our Broadband technical team on a letter to submit to DOLA requesting that Broadband funding continue to be a priority for them. They are looking to end funding of the Broadband technical advisors in a year. When the DOLA request is submitted, Region 9 will likely be asked for match dollars.

Meeting discussion

- ***Noted that this Grant Match seems like something that we should participate in.***
- ***This will not be brought up at the Wednesday, December 13th meeting but for the Executive Committee's information.***

F. Other Business

Executive Committee elections are upcoming.

G. Adjourn Meeting

The meeting was adjourned at 3:00pm by Jennifer Green, Board Chair.

Minutes provided by Elizabeth Heine

DRAFT