

**AGREEMENT BETWEEN MESA COUNTY
AND INNOVATIVE TEXTILES, INC. CONCERNING
PERSONAL PROPERTY TAX INCENTIVE PAYMENTS**

This Agreement concerning personal property tax incentive payments (the “Agreement”) is entered into this 14 day of May, 2024, between the Board of County Commissioners of the County of Mesa, Colorado (the “County”) and Innovative Textiles, Inc., a Colorado corporation (the “Company”).

WHEREAS, the welfare of the citizens of Mesa County is dependent, in part, upon the expansion of businesses in the County; and

WHEREAS, tax incentives are sometimes necessary in order to assist expanding businesses; and

WHEREAS, such incentives stimulate investment and economic development in the County and create new jobs; and

WHEREAS, section 30-11-123(2), C.R.S., authorizes counties to negotiate business personal property tax incentives with any taxpayer who expands a business facility in the County for the County’s portion of any business personal property taxes (“BPPT”); and

WHEREAS, the County adopted Resolutions MCM 2012-085 and MCM 2012-085(1), which allow for incentive payments to taxpayers who establish new business facilities or expand existing business facilities; and

WHEREAS, the County and the Company desire to enter into an agreement for incentive payments in accordance with the provisions of C.R.S. Section 30-11-123, thereby granting specified incentives to the Company for the County’s portion of BPPT as otherwise detailed herein.

NOW, THEREFORE, for and in consideration of the mutual promises hereinafter set forth, the County and the Company agree as follows:

1. The Company hereby certifies that on or before January 1, 2025, it shall complete its expansion of its business facility located at 559 Sandhill Lane, Grand Junction, CO 81505, in Mesa County.

2. The Company represents, certifies, and warrants to the County that said facility shall qualify as an expanded business facility under the provisions of C.R.S. Section 30-11-123(2), in that the Company’s investment in the expansion includes all of the equipment contained on the equipment list attached hereto and incorporated herein as Exhibit A, the value of which exceeds one million dollars and results in the employment of at least one full-time new business facility employee. Said equipment shall be referenced as the “new equipment” below. The Company agrees to allow Mesa County Assessor staff access to Company’s facility to inspect the new

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equipment within 45 days of this agreement being fully executed to confirm the Packaging Automation has been put into use by January 1, 2024 and that the Twisting Frame is capitalized by January 1, 2025. Company recognizes that if said new equipment is in use as of January 1, 2024, taxes shall be due in 2025. Company recognizes that if said new equipment is in use as of January 1, 2025, taxes shall be due in 2026. Once payment by the Company of all taxes due is made in 2025, an incentive payment will follow as outlined below.

3. The County agrees to an incentive payment to the Company of one hundred percent (100%) of the amount of BPPT levied by the County and paid by the Company on the new equipment added due to the expansion which constitutes taxable business personal property located at or within said facility, used in connection with the expanded business facility, and appearing on the personal property declaration schedules submitted by the Company to the County Assessor, for the 2024 tax year, payable in 2025, in a total amount not to exceed one hundred percent (100%) of the amount of the taxes levied by Mesa County upon the new equipment which constitutes taxable business personal property located at or within the Company's expanded business facility and used in connection with the operation of such expanded facility for the current property tax year. The term "tax year" as used herein shall mean the year in which said business personal property is assessed for tax purposes. Such business personal property must be located at the Company's facility as of January 1 of the tax year in question in order to be assessed. Business personal property that is moved to the Company's expanded facility subsequent to the assessment date of January 1 becomes taxable the following tax year. BPPT becomes due and payable on January 1 of the year following that in which they are assessed.

This Agreement is effective upon approval by the County, and the term of this Agreement is for eleven (11) tax years commencing with tax year 2024 and shall expire following tax year 2034 on December 31, 2035.

For tax years 2024 through 2034, the County agrees to waive one hundred percent (100%) of the amount of BPPT that would have been levied by the County and which would otherwise have been paid by the Company on taxable business personal property listed on Exhibit A, as it may be amended, located at or within said expanded business facility, and used in connection with the operation of such expanded facility for each listed property tax year. Such personal property must be located at the Company's facility as of January 1 of the tax year in question in order for the taxes to be waived. Nothing in this Agreement is intended to or does suggest or attempt to waive or rebate any portion of BPPT owed to any entity other than the County. The County and Company both understand that the County has no authority to waive or rebate any BPPT other than its own.

4. The Company shall comply with all of the provisions of C.R.S. Sections 39-5-107 and 39-5-108, concerning the filing of personal property schedules associated with the taxable personal property directly attributable to such expansion, located at or within such expanded business facility and used in connection with the operation of such expanded business facility. The 2024 tax year incentive payment shall be made to the Company by the County within sixty (60) days of the County Administrator's receipt of evidence reasonably satisfactory to the County Administrator of the full payment by the Company of all property taxes due and owing with respect to said business personal property, and the Company's **written waiver (which must be executed**

for each year's payment of taxes) of any rights to seek a refund of all or any part of said taxes in the form attached hereto and incorporated herein as **Exhibit B**. In the event the Company decides to seek an abatement or refund of all or any portion of the taxes levied on said personal property, no incentive payment shall be made by the County until such abatement or refund proceeding has been finally concluded and any personal property taxes found to be due by the Company are paid in full. Any documentation related to BPPT for entities other than the County will still be required within regularly required statutory deadlines.

5. Any incentive payment shall be made only if the Company was eligible to receive this incentive payment under the provisions of C.R.S. Section 30-11-123, in such year. The tax incentive contemplated herein will apply only to the year listed and only for the new equipment listed in **Exhibit A**.

6. In the event of any dispute as to the amount of any incentive payment to be made to the Company hereunder, the Company and the County shall meet and confer in good faith to resolve such dispute. In the event the parties are unable for any reason to resolve such dispute within a period of sixty (60) days after notice of a dispute has been given by one party hereunder to the other, the decision of the Board of County Commissioners shall be final and conclusive.

7. This Agreement and the rights and obligations provided herein are not assignable, except that the Company may, with approval of the County Administrator, assign them to a successor entity, an entity that acquires all or substantially all of the assets of the Company, or an entity owned or controlled by the Company, its parent or their respective affiliates or subsidiaries, existing now or in the future, provided that any such assignee shall be an entity authorized to do business in Colorado.

8. Acceptance by the Company of an incentive payment shall be full and final satisfaction of any obligation of the County to make said payment for the tax year for which the payment is made.

9. This Agreement is subject to and shall be interpreted under the laws of the State of Colorado. Court jurisdiction for any dispute concerning this Agreement shall be exclusively in the District Court in and for Mesa County, Colorado.

10. All notices under this Agreement shall be effective when mailed by regular mail, postage prepaid to the following addresses:

A. If intended for the Company: Innovative Textiles, Inc.
c/o Konrad Krauland
Division President
559 Sandhill Lane
Grand Junction, CO 81505

With a copy to:
Shimano Legal
1 Holland Drive

Irvine, CA 92618

B. If intended for the County: Mesa County
c/o County Administrator
P.O. Box 20,000
Grand Junction, CO 81502

Or to such other address as either party may hereafter from time to time designate by written notice to the other party given in accordance with this paragraph.

11. Any potential expenditure for this Agreement outside the current fiscal year is subject to future annual appropriation of funds for any such proposed expenditure, pursuant to C.R.S. Section 29-1-110.

12. This Agreement, as to its subject matter, exclusively and completely states the rights, duties and obligations of the parties and supersedes all prior and contemporaneous representations, letters, proposals, discussions, and understandings by or between the parties. This Agreement may only be amended in writing and signed by both parties.

13. In the event of default of any provision of this Agreement by the Company, the County will provide thirty (30) a day prior written notice to the Company to cure said default. If said default is not so cured within the 30-day period, this Agreement may be terminated by the County without further notice. In the event of termination by the County, no damages, liquidated or otherwise, shall inure to the benefit of the Company.

14: Should any provision of this Agreement be determined by a court of competent jurisdiction to be unconstitutional or otherwise null and void, it is the intent of the parties hereto that the remaining provisions of this Agreement shall be of full force and effect.

15. This Agreement represents the entire and integrated agreement between the parties and supersedes all prior negotiations and representations whether written or oral. Nothing herein shall be deemed to create any contractual relationship, either express or implied, between the Company and any other consultant or contractor or material supplier to Mesa County. Nothing herein shall be deemed to give anyone not a party to this Agreement any right of action against a party which does not otherwise exist without regard to this Agreement.

THE BOARD OF COUNTY COMMISSIONERS
OF THE COUNTY OF MESA, COLORADO

BY: _____
Bobbie Daniel, Chair

Date: _____

ATTEST:

Mesa County Clerk & Recorder

Date: _____

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APPROVED AS TO CONTENT:

Pete Baier, Acting County Administrator

Date: _____

APPROVED AS TO FORM:

Todd Starr, County Attorney

Date: _____

APPROVED AS TO FISCAL CONTENT:

Diane Dziewatkoski, Budget Manager

Date: _____

INNOVATIVE TEXTILES, INC.

By: *Konrad Krauland*
Konrad Krauland, Division President

Date: May 14, 2024

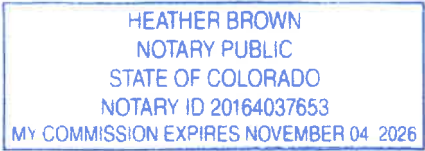
STATE OF COLORADO)
) ss.
COUNTY OF Mesa)

The foregoing instrument was acknowledged before me this 14 day of May, 2024, by Konrad Krauland, Division President for Innovative Textiles, Inc.

My commission expires: 11/4/2026.

Witness my hand and official seal

Heather Brown
Notary Public



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EXHIBIT A

{Insert list of equipment}

Capital Equipment Investments

1. Packaging Automation Capitalized in December 2023

\$	202	May-	Capitalized and starting
846,345.63	3	Dec	depreciation Dec

2. Twisting Frame to be capitalized in April of 2024

\$	202		
1st Payment	174,174.56	2	Sep
2nd	\$	202	
Payment	181,590.07	4	Feb
\$	202		
Freight	9,336.47	4	Mar
Final	\$	202	
Payment	40,000.00	4	Apr
	<u>36,478 Euros Ex</u>		
	<u>Rate 1.09</u>		
\$	405,101.10		

\$	
Total Spend	<u>1,251,446.73</u>

EXHIBIT B

WAIVER OF RIGHTS TO SEEK REDUCTION OR REFUND OF BUSINESS PERSONAL PROPERTY TAXES FOR TAX YEAR 20_____

This waiver of rights to seek reduction or refund of taxes in order to receive an incentive payment of business personal property taxes (BPPT) is executed this _____ day of _____, 20__, by _____, a _____ Corporation ("Company").

RECITALS

A. In 20__, the Company and Mesa County ("County") entered into an agreement concerning BPPT incentive payments on new equipment constituting taxable personal property located at and used in connection with the Company's expanded business facility located at _____, Grand Junction, Colorado 81505.

B. Paragraph 3 of that agreement provides that the County agrees to an incentive payment to the Company of one hundred percent (100%) of the amount of personal property taxes levied by the County and paid by the Company concerning such new property, and appearing on the personal property declaration schedules submitted by the Company to the County Assessor, for tax year 20_____.

C. Paragraph 4 of the agreement provides that said incentive payment shall be made to the Company by the County within sixty (60) days of the County Administrator's receipt of evidence reasonably satisfactory to the County Administrator of the full payment by the Company of all property taxes due and owing with respect to said personal property, and the Company's written waiver of any right to seek any additional reduction or refund of the amount of such BPPT owed.

D. The Company has requested that the County process an incentive payment to the Company of one hundred percent (100%) of the amount of BPPT levied by the County on the new equipment constituting taxable personal property located at the Company's expanded business facility, _____, Grand Junction, Colorado 81505, used in connection with the facility, and appearing on the personal property declaration schedules submitted by the Company to the County Assessor for tax year 20___. In connection with the request for the incentive payment, the Company desires to waive any rights it may have to seek any additional reduction or refund of the amount of such taxes owed with respect to said new equipment for the year 20_____.

WAIVER

NOW, THEREFORE, in consideration of said incentive payment, the Company waives any rights it may have to seek any additional reduction or refund of the amount of BPPT owed for

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March 29, 2024

Mesa County Commissioners
Department 5010
PO Box 20,000
Grand Junction, CO 81502-5001

Dear Commissioners;

I, Konrad Krauland, President of Innovative Textiles Inc. hereby certify that Innovative Textiles Inc. is an Expanded Business Facility as defined under C.R.S. 30-11-123(2) and that my investment of \$1,251,446.73 qualifies my company for a waiver of up to 100% of Mesa County's portion of the business personal property tax for a period of up to ten years.

This investment will make us more cost competitive on the global stage by reducing scrap and improving efficiency. We will continue to train and upskill our employees as we introduce high tech equipment. This will allow Innovative Textiles to provide higher skill/higher paying opportunities to the more than 150 families that currently rely on us for employment. We pride ourselves in employing candidates with barriers whenever possible. For example, we have had successes by hiring employees through Community Corrections, and currently have 2 "graduates" sitting on our supervisory staff. We have employed interns through CMU, apprentices through CareerWise, and are currently partnering with STRiVE employing IDD part time employees.

Since our founding in 1992, we have helped thousands of individuals and their families who are members of our community. They buy cars and homes, shop at our stores and eat at our restaurants. We bring in revenues from all over the world creating a multiplying effect for Grand Junction and Mesa County.

It would be an honor to have you, our commissioners, visit for a plant tour.

Thank you for your consideration in providing support to Innovative Textiles, and maintaining this valuable resource in our community.

Best regards,
Innovative Textiles, Inc.

Konrad L. Krauland
Division President



April 18, 2024

Mesa County Board of Commissioners
Department 5010
P.O. Box 20,000
Grand Junction, CO 81502-5001

Mesa County Board of Commissioners:

Please accept this letter as indication of the Grand Junction Area Chamber's full support of Innovative Textiles as qualifying for a rebate of 100% of Mesa County's portion of business personal property taxes on their new investment in 2023 and 2024 of over \$1 million for a period of ten years.

The company as noted above has invested \$1,251,446 as required to be eligible for this business incentive. We are requesting the full amount of the rebate available. A list of the equipment purchased is attached.

We appreciate your speedy attention to this matter and look forward to seeing a draft agreement that can be shared with Innovative Textiles in advance of action by the County Commissioners. Do not hesitate to contact me if you have any questions with this request as we are working on it jointly.

Your commitment to supporting our existing businesses through this impactful incentive is truly appreciated and we look forward to hearing from you soon.

Sincerely,

A handwritten signature in black ink that reads 'Candace Carnahan'.

President & CEO

Grand Junction Area Chamber of Commerce
candace@gjchamber.org | 970-263-2919

