

Opportunity Zone Investment Profile



Agile Space Industries

Location: **Durango, CO**

Congressional District: **CO-3**

Opportunity Fund Name: **CORI Innovation Fund**

Opportunity Fund Manager: **Center on Rural Innovation**

Investment Date: **Q2 2020**

Project Details: **Innovation startup in a rural community**

Innovation Startup Hires Residents and Diversifies the Economic Base in Rural Community

Nestled in the southwest corner of Colorado, the small town of Durango has long relied on tourism and the oil and gas industries to support its local economy. Like many towns throughout the nation, Durango is working to diversify its economic base in order to hedge against the volatility that can occur when local jobs are concentrated in a limited number of industries. The COVID-19 pandemic decimated Durango's tourist economy, and further emphasized the importance of attracting new businesses to the community and supporting their growth.

Fortunately, the city has experienced an increase in new business formation in recent years, according to EIG's [Distressed Communities Index](#), including aerospace startup [Agile Space Industries](#) (Agile). Agile designs, manufactures, and tests integrated aerospace propulsion systems, and has the only independent propulsion test facility in the country. Agile has experienced consistent growth since launching, and is now raising capital to accelerate its expansion.

The 20-employee company expects to double its staff over the next six months and grow to 65 employees in 2021. Agile's growth will attract highly-skilled engineers to Durango: new residents that will invest in the town and patronize local businesses. Agile is also committed to training and hiring local residents to fill new positions. In fact, more Agile employees have graduated from Durango's Fort Lewis College than any other college or university. To replicate this success, the startup will launch a workplace vocational training program in 2021 with the local Southern Ute Indian Tribe, providing members training and employment opportunities as machine operators for Agile's additive manufacturing (3-D printing) initiatives.

Projected Impact*

New Jobs Created at Agile:	50 (from 2020-21)
Indirect Jobs Created:	209
Training for Underrepresented Population:	24 people over 4 years

* A [multiplier](#) developed by the Economic Policy Institute was used to project the number of indirect jobs created.

Community Stats

	Census Tract: 9404	MSA: Durango, CO
Median Family Income:	\$78,125	\$85,418
Poverty Rate:	7.6%	8.7%
Adults Not Working:	16.9%	17.7%
Minority Population:	18.8%	21.3%
Bachelor's Degree or Higher:	34.1%	43.9%
Housing Vacancy:	8.2%	8.8%

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Capital Stack

Agile's Series Seed round consisted of direct investments in a Seed Preferred round and the conversion of a prior convertible round. The convertible round totaled \$850,000 and \$1.64 million has been closed in the Seed Preferred round to-date. Opportunity Zones equity totaling \$950,000 has been invested, comprising 40 percent of capital raised through both rounds.

OZ Equity - 40%

About the Investment

Agile is among a portfolio of five companies that have received Opportunity Zones equity from the [CORI Innovation Fund](#) (CIF). In Q4 2019, the Center on Rural Innovation (CORI) launched CIF to invest in growth businesses located in rural Opportunity Zones across the nation to enhance economic growth and support wealth and job creation in small communities. CORI had not planned to launch an equity fund prior to the enactment of Opportunity Zones. However, once zones were established, CORI determined that an Opportunity Zones-focused innovation fund could drive high-impact investment in underserved rural regions.

CIF's [investment strategy](#) was featured as part of EIG's Webinar Series.

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“I see the community growing with interesting and diverse people coming from all over the country to relocate. And hopefully they are coming to start businesses like Agile, or work for businesses like Agile, and 10-15 years from now, we'll have a thriving rural innovative business community that isn't reliant solely on tourism as its foundation.”

- Jeffrey Max, CEO of Agile Space Industries

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The Impact of Opportunity Zone Financing

According to Agile, securing Opportunity Zones financing has been foundational to its accelerated growth in 2020 despite the impact of the pandemic. The infusion of Opportunity Zones equity supported the startup's ability to continue Internal R&D of a propulsion system for Lockheed Martin, respond to multiple RFPs totaling nearly \$26 million in potential future contracts, and hire key staff. Based on the market positioning made possible by Opportunity Zones financing, Agile anticipates nearly doubling its workforce from 20 to 35 staff members over the next six months, and doubling again to a staff of 65 in 2021. Agile's continued expansion will have a material positive impact for both the startup and the community.

About Opportunity Zones

Opportunity Zones are a new national investment tool designed to spur economic growth and community development by encouraging long-term private equity investment in distressed urban, suburban, and rural communities across America. In 2018, local leaders in every state, U.S. territory, and Washington, D.C. supported the nomination of more than 8,700 low-income census tracts for Opportunity Zone designation. Individuals and companies can receive a series of graduated tax benefits based on the amount of time invested in a Qualified Opportunity Fund, which must have 90 percent of assets invested in real property or operating businesses located in Opportunity Zones. The Opportunity Zones policy is based on the bipartisan Investing in Opportunity Act, which was championed by a regionally and politically diverse coalition of congressional cosponsors.

About The Economic Innovation Group (EIG)

EIG is a bipartisan ideas laboratory and advocacy organization whose mission is to advance solutions that empower entrepreneurs and investors to forge a more dynamic American economy. Headquartered in Washington, D.C., EIG convenes leading experts from the public and private sectors, produces original research, and works to advance creative legislative proposals that will bring new jobs, investment, and economic growth to communities across the nation.