

**CITY of ALBUQUERQUE**  
**TWENTY-FIFTH COUNCIL**

COUNCIL BILL NO. O-22-12 ENACTMENT NO. \_\_\_\_\_

SPONSORED BY: Brook Bassan, by request

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**ORDINANCE**

1  
2 **APPROVING A PROJECT INVOLVING PAJARITO POWDER, LLC PURSUANT TO**  
3 **THE LOCAL ECONOMIC DEVELOPMENT ACT AND CITY ORDINANCE F/S O-04-**  
4 **10, THE CITY'S IMPLEMENTING LEGISLATION FOR THAT ACT, TO SUPPORT**  
5 **THE LEASING, RENOVATION AND IMPROVEMENT COSTS FOR A RENEWABLE**  
6 **ENERGY TECHNOLOGY COMPANY AND CATALYST MANUFACTURING FACILITY**  
7 **LOCATED IN ALBUQUERQUE, NEW MEXICO; AUTHORIZING THE EXECUTION OF**  
8 **A PROJECT PARTICIPATION AGREEMENT AND OTHER DOCUMENTS IN**  
9 **CONNECTION WITH THE PROJECT; MAKING CERTAIN DETERMINATIONS AND**  
10 **FINDINGS RELATING TO THE PROJECT INCLUDING THE APPROPRIATION OF**  
11 **FUNDS; RATIFYING CERTAIN ACTIONS TAKEN PREVIOUSLY; AND REPEALING**  
12 **ALL ACTIONS INCONSISTENT WITH THIS ORDINANCE.**

13       WHEREAS, the City of Albuquerque (the "City") is a legally and regularly  
14 created, established, organized, and existing municipal corporation of the State of New  
15 Mexico (the "State"); and

16       WHEREAS, pursuant to Sections 5-10-1 through 5-10-13 NMSA 1978, as  
17 amended (the "Act"), the City is authorized to provide economic development  
18 assistance to eligible entities for certain projects located within the corporate limits of  
19 the municipality; and

20       WHEREAS, pursuant to the Act, the City has adopted Ordinance No. F/S 04-10  
21 (the "LEDA Ordinance"), approving an economic development plan for the City and  
22 authorizing the City to assist economic development projects in any legally permissible  
23 manner, subject to the terms of the LEDA Ordinance; and

24       WHEREAS, pursuant to the LEDA Ordinance, Pajarito Powder, LLC (the  
25 "Company"), has submitted to the Council and the Albuquerque Development

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1 Commission (the "Commission") an application (the "Application") requesting certain  
2 economic development assistance for the leasing, renovation and improvement of a  
3 catalyst manufacturing facility for a renewable energy technology company within the  
4 City (the "Project"); and

5 WHEREAS, the City will administer and disburse to the Company funds totaling  
6 up to \$275,000, of which \$250,000 is to be received by the City from the State  
7 Economic Development Department and \$25,000 are to be City funds; and

8 WHEREAS, the Act and the LEDA Ordinance require that the City and the  
9 Company enter into a project participation agreement meeting the requirements of the  
10 Act and the LEDA Ordinance; and

11 WHEREAS, City staff has worked with the Company to prepare, and has  
12 negotiated the terms of, a project participation agreement (the "Agreement") and related  
13 documents that will govern the relationship between the City and the Company with  
14 respect to the Project; and

15 WHEREAS, the form of the proposed Agreement has been filed with the City  
16 Clerk and presented to the Council; and

17 WHEREAS, the proposed Agreement contains the provisions required by the Act  
18 and the LEDA Ordinance and, among other things, provides that the Company will grant  
19 to the City a security instrument to secure the Company's obligations under the  
20 Agreement; and

21 WHEREAS, the City has obtained a cost-benefit analysis with respect to the  
22 Project on the basis of information provided to the City by the Company, which cost-  
23 benefit analysis shows that the City will recoup the value of its contribution within ten  
24 (10) years; and

25 WHEREAS, the Application, together with the cost-benefit analysis,  
26 demonstrates the benefits that will accrue to the community as a result of the donation  
27 of public resources and demonstrates that the Company, by completing the Project, will  
28 be making a substantive contribution to the community, as required by the LEDA  
29 Ordinance; and

30 WHEREAS, the Commission has considered the Project and the proposed  
31 Agreement and has recommended that the Council approve the Company's proposal;  
32 and

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1 WHEREAS, the total amount of public money expended and the value of credit  
2 pledged in each fiscal year in which money is expended by the City for the Project (and  
3 any other approved projects) pursuant to the Act does not and will not exceed ten  
4 percent of the general fund expenditures of the City in such fiscal year; and

5 WHEREAS, the City anticipates that the State will transfer to it, for subsequent  
6 transfer to or on behalf of the Company pursuant to an intergovernmental agreement  
7 between the City and the State, certain funds of the State that are available for the  
8 Project; and

9 WHEREAS, after having considered the Application and the Agreement, the  
10 Council has concluded that the economic and other benefits of the Project to the City  
11 will be substantial, that it is desirable and necessary at this time to authorize the City to  
12 enter into the Agreement, and that the City's provision of the assistance contemplated  
13 by the Agreement will constitute a valid public purpose under the Act; and

14 WHEREAS, there has been published in The Albuquerque Journal, a newspaper  
15 of general circulation in the City, public notice of the Council's intention to adopt this  
16 Ordinance, which notice was published at least fourteen (14) days prior to hearing and  
17 final action on this Ordinance.

18 BE IT ORDAINED BY THE COUNCIL, THE GOVERNING BODY OF THE CITY OF  
19 ALBUQUERQUE:

20 Section 1. RATIFICATION. All actions not inconsistent with the provisions of  
21 this Ordinance previously taken by the Council and the officials of the City directed  
22 toward the provision of economic development assistance in connection with the Project  
23 be approved and the same hereby are ratified, approved and confirmed.

24 Section 2. GOALS AND OBJECTIVES. The goals and objectives of the  
25 Project are, as set forth in the Agreement, to create and support an economic  
26 development project that fosters, promotes and enhances local economic development  
27 efforts and that provides job growth and career opportunities for Albuquerque-area  
28 residents and otherwise makes a substantive contribution to the community.

29 Section 3. THE PROJECT. The Project will consist of the leasing, renovation  
30 and improvement of a catalyst manufacturing facility for a renewable energy technology  
31 company, the addition of 51 new employees, and the operation of the facility within the  
32 City for a minimum of ten years.

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1 Section 4. FINDINGS. The Council hereby declares that it has considered all  
2 relevant information presented to it relating to the Project and the Agreement and  
3 hereby finds and determines that the provision of economic development assistance for  
4 the Project is necessary and advisable and in the interest of the public and will promote  
5 the public health, safety, morals, convenience, economy, and welfare of the City and its  
6 residents.

7 Section 5. AUTHORIZATION AND APPROVAL OF THE PROJECT AND THE  
8 AGREEMENT; APPROPRIATION OF FUNDS. The City hereby approves the Project  
9 and the Agreement, which provides, among other things, that the City will administer  
10 and disburse to the Company funds totaling up to \$275,000, of which \$250,000 is to be  
11 received by the City from the State Economic Development Department and \$25,000  
12 are to be City funds, in exchange for which the Company will complete the Project as  
13 specified in the Agreement. There is hereby appropriated for the Project up to \$250,000  
14 of funds received from the State Economic Development Department and up to \$25,000  
15 of City funds.

16 Section 6. AUTHORIZATION OF OFFICERS; APPROVAL OF DOCUMENTS.

17 (A) The form, terms, and provisions of the Agreement in the form  
18 presented to the Council with this Ordinance are in all respects approved, authorized,  
19 and confirmed, and the City is authorized to enter into the Agreement in substantially  
20 the form thereof, with only such changes as are not inconsistent with this Ordinance or  
21 such other changes as may be approved by supplemental resolution of the Council.

22 (B) The Council authorizes the Mayor or the Chief Administrative  
23 Officer of the City to execute and deliver the Agreement in the name and on behalf of  
24 the City, with only such changes therein as are not inconsistent with this Ordinance or  
25 such changes as may be approved by supplemental resolution of the Council.

26 (C) The Mayor, Chief Administrative Officer, Chief Financial Officer,  
27 City Treasurer, and City Clerk are further authorized to execute, authenticate and  
28 deliver such certifications, instruments, documents, letters and other agreements,  
29 including an intergovernmental agreement with the State Economic Development  
30 Department and any appropriate security agreements, and to do such other acts and  
31 things, either prior to or after the date of delivery of the executed Agreement, as are  
32 necessary or appropriate to consummate the transactions contemplated by the  
33 Agreement.

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1 (D) City officials shall take such action as is necessary in conformity  
2 with the Act, the LEDA Ordinance and this Ordinance to effectuate the provisions of the  
3 Agreement and carry out the transactions as contemplated by this Ordinance and the  
4 Agreement, including, without limitation, the execution and delivery of any documents  
5 deemed necessary or appropriate in connection therewith.

6 Section 7. SEVERABILITY. If any section, paragraph, clause or provision of  
7 this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity  
8 or unenforceability of that section, paragraph, clause, or provision shall not affect any of  
9 the remaining provisions of this Ordinance.

10 Section 8. REPEALER. All bylaws, ordinances, resolutions, and orders, or  
11 parts thereof, inconsistent with this Ordinance are repealed by this Ordinance but only  
12 to the extent of that inconsistency. This repealer shall not be construed to revive any  
13 bylaw, ordinance, resolution, or order, or part thereof, previously repealed.

14 Section 9. RECORDING; AUTHENTICATION; PUBLICATION; EFFECTIVE  
15 DATE. This Ordinance, immediately upon its final passage and approval, shall be  
16 recorded in the ordinance book of the City, kept for that purpose, and shall be there  
17 authenticated by the signature of the Mayor and the presiding officer of the City Council,  
18 and by the signature of the City Clerk or any Deputy City Clerk, and notice of adoption  
19 thereof shall be published once in a newspaper that maintains an office in, and is of  
20 general circulation in, the City, and shall be in full force and effect five (5) days following  
21 such publication.

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**CITY OF ALBUQUERQUE**  
Albuquerque, New Mexico  
Office of the Mayor

Mayor Timothy M. Keller

**INTER-OFFICE MEMORANDUM**

February 15, 2022

**TO:** Isaac Benton, President, City Council

**FROM:** Timothy M. Keller, Mayor 

**SUBJECT:** Approving an Ordinance for Pajarito Powder, LLC Pursuant to the Local Economic Development Act

Attached is an ordinance for your consideration and approval authorizing the Pajarito Powder, LLC ("Pajarito Powder") Project pursuant to the Local Economic Development Act ("LEDA").

Pajarito Powder, a New Mexico limited liability company legally registered and headquartered in New Mexico, is seeking the City of Albuquerque to be the fiscal agent for State LEDA funds to be used for the acquisition and construction of a catalyst manufacturing facility (the "Project"). Pajarito Powder has been approved for \$250,000 in State LEDA funds and seeking \$25,000 in City LEDA funds for the Project. The City will act as fiscal agent for the State's LEDA funds.

The ordinance would allow reimbursement of approved Project costs so Pajarito Powder can undertake the acquisition and construction for its new manufacturing facility located in Albuquerque of up to \$275,000. Pajarito Powder anticipates occupying and operating its Project facilities and will hire and retain at least 51 employees as outlined in the Project Participation Agreement (PPA). Many of these jobs will provide opportunities and training for low/moderate income residents. The total payroll over ten (10) year will be \$3.47 Million. Pajarito Powder will maintain the Project's operations in Albuquerque for a minimum of ten (10) years.

Pajarito Powder is a venture-backed manufacturer of advanced catalysts for proton-exchange membrane and alkaline fuel cells and electrolyzers. Pajarito Powder will be expanding and relocating its catalyst manufacturing facility from its current location in Albuquerque to another location within the city limits of Albuquerque. The expectation is that that new facility will be operational and fully qualified for customer shipments by the end of 2022. Internal build-out of existing buildings will be used exclusively for the Project


The Project will generate additional benefits and costs for local taxing districts, a summary of which is provided below. The source of specific benefits and costs are provided in greater detail

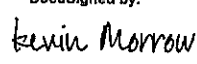
for each taxing district on subsequent pages. Overall, the City will receive approximately \$471,398 in cumulative net benefits over the 10-year period.

Approved:

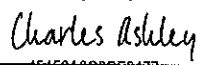
Approved as to Legal Form:

DS  
kaj

  
\_\_\_\_\_  
Sarita Nair                      Date  
Chief Administrative Officer                      2/25/22

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Esteban A. Aguilar, Jr.                      Date  
City Attorney

Recommended:

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Charles Ashley                      Date  
Director



**Project Participation Agreement**  
**City of Albuquerque and Pajarito Powder, LLC**  
**Local Economic Development Act Project 22-**

This Project Participation Agreement (the “Agreement”) is made as of this \_\_\_\_ day of \_\_\_\_\_, 2022 by and between the CITY OF ALBUQUERQUE, NEW MEXICO (the “City”), and PAJARITO POWDER, LLC, a Delaware corporation with a place of business at 3600 Osuna Road NE, Suite #309, Albuquerque, New Mexico 87109 (“Pajarito”). Together the City and Pajarito are called the “Parties,” and individually each a “Party.”

WHEREAS, it is the policy of the City to aid and encourage the location of desirable business enterprises in the City and to facilitate a favorable governmental atmosphere for enriching the lives of its citizens by supporting the development of a healthy economy; and

WHEREAS, pursuant to the Local Economic Development Act, Sections 5-10-1 to 5-10-13 NMSA 1978 (“LEDA”), the City has adopted Ordinance No. F/S O-04-10 (the “LEDA Ordinance”), approving an economic development plan for the City and authorizing the City to consider applications for economic development assistance; and

WHEREAS, Pajarito has submitted to the City an application in the form attached to this Agreement as Exhibit A (the “Pajarito Application”) proposing that, in exchange for certain LEDA assistance described below, Pajarito will undertake and complete a certain project, which is defined to include the following elements (the “Project”):

Leasing, renovation and improvement of a catalyst manufacturing facility for a renewable energy technology company to be located at located at 5555 McLeod NE in Albuquerque, New Mexico (the “Facility”);

Pajarito is a green energy company that designs and manufactures products related to green hydrogen production (electrolysis) and hydrogen-powered fuel cells. The end products into which Pajarito products are incorporated will substantially reduce the emissions from a variety of industries, including most notably transportation (cars, trucks, trains, ships), steel manufacturing, fertilizer through green ammonia and industries seeking to decarbonize through the use of green hydrogen;

Commitment to operate the Project for a minimum of ten (10) years;

Pajarito shall hire and retain employees as contemplated by this Agreement all in accordance with the schedule and other terms and conditions set forth in Section 7.A herein; and; and

WHEREAS, the Pajarito Application proposes that in exchange for Pajarito undertaking and completing the Project, the City funds obtained from the State Economic Development Department (the “State EDD”), pursuant to LEDA, in addition to local City LEDA funds, will be used to reimburse a portion of Pajarito’s leasing, renovation and improvement expenses related to the Project, on the terms set forth herein; and

WHEREAS, the Pajarito Application clearly demonstrates that Pajarito, by completing the Project, will be making a substantive contribution to the community, as required by the LEDA Ordinance; and

WHEREAS, the City anticipates receiving an appropriation of funds allocated from the State EDD with the direction of the State EDD to convey these funds to the benefit of Pajarito via LEDA; and

WHEREAS, LEDA and the LEDA Ordinance require the parties to enter into a Project Participation Agreement meeting the requirements of LEDA and the LEDA Ordinance; and

WHEREAS, the total amount of public money expended and the value of credit pledged in each fiscal year in which that money is expended by the City for economic development projects pursuant to LEDA does not and will not exceed ten percent of the general fund expenditures of the City in that fiscal year; and

WHEREAS, the City adopted Ordinance No. O-22-\_\_\_\_\_ on March \_\_, 2022 (the “Project Ordinance”) (i) finding that Pajarito is a qualifying entity as defined in Section 5-10-3(G) NMSA, (ii) approving the Pajarito Application for assistance with the Project pursuant to the LEDA Ordinance, which Application proposed that the City direct up to \$250,000 in funds to be received from the State EDD (the “State Contribution”) and \$25,000 in funds to be committed by the City (the “City Contribution”), all to finance certain statutorily eligible expenses of the Project consisting of reimbursement for the leasing, renovation and improvement of the Facility, and (iii) approving this Agreement.

NOW, THEREFORE, in consideration of these premises and the agreements by the parties set forth herein, Pajarito and the City further agree as follows:

1. Goals and Objectives. The goals and objectives of the Project are to create and support an economic development project that fosters, promotes, and enhances local economic development efforts. The goal is that the Project will provide job growth and career opportunities for Albuquerque-area residents and otherwise make a substantive contribution to the community as set forth in this Agreement and in the Pajarito Application.

2. Company Contribution. Pajarito shall undertake certain renovations and improvements to the Facility upon leasing; and anticipates occupying and operating the Facility commencing on or about \_\_\_\_\_, 2022, contingent upon the requisite Certificate of Occupancy from the City; will use the Facility for the research, development, and manufacturing of green energy technology including catalyst manufacturing; and will hire and retain employees as contemplated by this Agreement, all in accordance with the schedule and other terms and conditions set forth in this Agreement. Pajarito will maintain the Project’s operations in Albuquerque for a minimum of ten (10) years. Pajarito will comply with all applicable laws in

connection with the operation of the Facility and will timely pay all applicable property taxes with respect thereto.

3. The State Contributions; Procedure for Disbursement of the State Contributions. The City anticipates that the State Contribution of \$250,000 will be delivered to the City for subsequent disbursement to Pajarito, following enactment of the Project Ordinance and execution of this Agreement and an intergovernmental agreement between the State and the City. The City will submit an invoice to the State and request transfer of the State funds. Upon receipt, the City will place the State Contribution into a separate account established in connection with the Project, as required by law. If, and only if, the City receives the State Contribution, the City will disburse the State Contribution to Pajarito in the manner described in this Agreement. The State Contribution will be distributed upon achieving certain benchmarks.

A. \$150,000 in Project reimbursement distributed upon Pajarito obtaining an occupancy permit for the Facility.

B. \$100,000 in Project reimbursements distributed upon hiring an additional 8 employees on or before January 31, 2023 bringing total employment to 18.

Pursuant to Section 11, reimbursement requests shall include a copy of Pajarito's most recent quarterly Department of Workforce Solutions 903A, or its equivalent, to substantiate current employment levels. Payments may be withheld if Pajarito is not in good standing with City, State, or Federal agencies.

4. The City Contribution. Pursuant to the Project Ordinance and the LEDA Ordinance, the City has committed the amount of \$25,000 for use in connection with the Project. As required by the LEDA Ordinance, the City will deposit the proceeds of the City Contribution into a clearly identified separate account, which account will be subject to an annual independent audit. City funds will be dispensed upon Pajarito obtaining an Occupancy Permit for the Facility and hiring \_\_\_\_\_ additional full-time employees by January 31, 20\_\_, bringing total employment to \_\_\_\_\_.

5. Time Commitment. Pajarito intends to invest approximately [\$1,250,000] for the leasing, renovation, and improvement of the Facility and completion of the Project. Increased operations at the Facility are expected to begin following completion of renovations and improvements or as soon thereafter as possible. Pajarito will continue to occupy the Facility and diligently conduct operations in the Facility in the manner contemplated by this Agreement at least through January 31, 2032.

6. Use of Public Contributions. Pajarito will be eligible for reimbursement of up to \$275,000 for costs of the leasing, renovation and improvement actually incurred after the date hereof and paid for, subject to the receipt by the City of the State Contribution. The City will make payment to Pajarito following submission to the City of documentation reasonably satisfactory to the City evidencing receipt of the Occupancy Permit with respect to the Project, and meeting the occupancy, operations, and job creation targets.

No Project funds will be used to reimburse expenses from any individuals or a company that has a financial interest in Pajarito or its employees.

7. Job Commitment and Clawbacks.

A. Number of Jobs. Pajarito will employ at least the following: 2023-8 new employees for total employment of 18, 2024-4 new employees for total employment of 22, 2025-4 new employees for total employment of 26, 2026-6 new employees for total employment of 32, 2027-4 new employees for total employment of 36, 2028-5 new employees for total employment of 41, 2029-5 new employees for total employment of 46, 2030-5 new employees for total employment of 51, 2031-5 new employees for total employment of 56, and 2032-5 new employees for total employment of 61, at an average salary of at least \$63,000 plus benefits, and maintenance of at least 90% of projected employees through January 31, 2032 as measured for the preceding year on an annual basis beginning January 31, 2023. A Job will represent an employment position for a person for at least one pay period consisting of at least 32 hours of work per week and offering the employee the full range of benefits offered to other similarly situated Pajarito employees. Positions filled by contract, part-time and temporary workers will not be considered Jobs. All references herein to “employees” mean employees in Jobs as contemplated by this Section 7.A.

B. Wages and Benefits. Pajarito anticipates that the Jobs will fall within the wage ranges and will come with the benefits shown on Exhibit B. However, failure to meet the wage and benefit projections shown on Exhibit B shall not constitute an Event of Default (defined below) or form the basis for any clawback payment as long as the wage and benefit projections fall within 90% of those projected in Exhibit B.

C. Performance Clawbacks. If Pajarito does not employ and maintain at least 90% of the required number of full-time employees as set forth in Section 7.A herein by January 31, 2023, or by January 31 of any year thereafter through the year 2032, then subject to the remainder of this Section 7.C, Pajarito will repay to the City, within sixty (60) days of the due date of the annual report referred to in Section 11 below, the State Contribution and City Contribution paid on behalf of Pajarito pursuant to this Agreement that has already been disbursed to Pajarito for such year as of the date of repayment (the “Performance Clawback”) in accordance with the following table:

<b>Job Creation Commitment and Schedule</b>						
<u>Year</u>	<u>Annual Full Time Job Creation Target</u>	Min Job* (90% of target new jobs)	<u>Cumulative Payroll for New Jobs</u>	<u>Job Determination Period</u>		<u>%-Clawback</u>
1	10+8=18	10+8=18	\$988,432	Ordinance Date	1/31/23	100%
2	18+4=22	18+3=21*	\$1,418,125	01/01/23	1/31/24	100%
3	22+4=26	21+4=25	\$1,690,048	01/01/24	1/31/25	100%
4	26+6=32	25+5=30*	\$1,967,623	01/01/25	1/31/26	100%
5	32+4=36	30+4=34	\$2,132,575	01/01/26	1/31/27	75%
6	36+5=41	34+4=38*	\$2,384,512	01/01/27	1/31/28	50%
7	41+5=46	38+5=43	\$2,644,627	01/01/28	1/31/29	50%
8	46+5=51	43+4=47*	\$2,913,130	01/01/29	1/31/30	25%
9	51+5=56	47+5=52	\$3,190,238	01/01/30	1/31/31	25%
10	56+5=61	52+4=56*	\$3,476,173	01/01/31	1/31/32	25%
<b>Total</b>	<b>10 + 51 = 61</b>					
Additional Notes: Starting Headcount 10 as of 1/31/2021 as defined by ES903A or its equivalent shown as Exhibit B						

For the purposes of this table:

(i) The “Clawback Penalty” is a penalty that Pajarito will be required to pay to the City upon Pajarito’s failure to meet the Job Target on or before the conclusion of the applicable Job Determination Period, if such Job Target is not otherwise reached by Pajarito during the Cure Period. The Clawback Penalty shall be equal to the product of the Percentage Hiring Shortfall (as defined herein), multiplied by the total amount of funds paid under this Agreement to Pajarito as of that time. For purposes of this subsection, the “Percentage Hiring Shortfall” shall be the quotient of (i) the Minimum Full-Time Job Creation for the applicable Job Determination Period, minus the actual number of jobs Pajarito maintains at the Facility at that time, divided by (ii) the Minimum Full-Time Job Creation for the applicable Job Determination Period. See Exhibit D hereto for examples of Clawback Penalty Calculations. Notwithstanding anything herein to the contrary, in no event shall the aggregate Clawback Penalty paid by Pajarito exceed the total amount of funds paid under this Agreement.

(ii) “Cure Period” is the period of 180 days after the end of each Job Determination Period during which time Pajarito shall have the opportunity to cure any shortfall in meeting the Minimum Full-Time Job Creation. For the avoidance of doubt, if Pajarito meets the Minimum Full-Time Job Creation at any time during the Cure Period, Pajarito shall have no obligation to pay a Clawback Penalty corresponding to the applicable Job Determination Period. If Pajarito fails to reach the Job Target during the Cure Period, Pajarito shall pay the City a Clawback Penalty determined in accordance with the table set forth above.

Notwithstanding the foregoing, if Pajarito fails to employ the required full-time employees as identified in Section 7.A herein, and believes Business Climate Changes were the

cause for its failure to meet such requirements, Pajarito will so advise the City and State EDD in writing describing the Business Climate Changes in detail. “Business Climate Changes” mean substantial changes outside of the control of Pajarito, in the segment of the business management and support industry in which Pajarito operates, that cause a significant decrease in the amount of sales Pajarito is able to achieve. The shifting of Pajarito operations to another Project, whether within or outside of Albuquerque, will not constitute a Business Climate Change.

If the City determine that Business Climate Changes affect Pajarito’s ability to maintain employment levels, it may waive or modify the Performance Clawback, but only related to the City Contribution and the City shall consult with the State EDD as to any potential waiver of the Performance Clawback or a portion thereof related to the State Contribution. Any Performance Clawback due will be paid within 30 days after the City notifies Pajarito of its decision or the decision of the State EDD. If Pajarito does not attribute the failure to meet employment requirements to Business Climate Changes, the payment of any Performance Clawback due will be submitted to the City within ten (10) days after the due date of the annual report reflecting the failure to maintain the required employment level.

D. Project Closure Clawback. Should Pajarito cease operation, or notify the City and State of its intent to cease operation, of the Project (i.e., cease to conduct operations at the Facility) before January 31, 2032, Pajarito shall, within ninety (90) days of the cessation of operations, pay to the City, in cash, an amount equal to a specified percentage of the amount of the State Contribution paid pursuant to this Agreement, with the specific percentage based on the date of cessation of operations in accordance with the following table (each percentage inclusive of any Performance Clawback already paid by Pajarito):

Date of Cessation of Operations	Percent of Public Contributions to be Repaid
On or before January 31, 2027	100%
From February 1, 2027 through January 31, 2029	60%
From February 1, 2030 through January 31, 2032	25%

Winding down of the Company’s operations at the Project in preparation for a cessation of operations may be considered a cessation of operations, and any such determination will be made by the State in its sole reasonable discretion.

E. Maximum Clawback; Unpaid Payments. Notwithstanding anything herein to the contrary, the maximum aggregate clawback payable hereunder will be \$275,000, not including interest. Any clawbacks not paid when due shall bear interest at the Prime Rate plus 2% per annum from the due date until paid. “Prime Rate” means the U.S. prime rate as reported from time to time in *The Wall Street Journal* in its Bonds, Rates and Yields table, or successor table.

7. Security. To secure the performance of its obligations under this Agreement, prior to Pajarito receipt of any part of the State Contribution or City Contribution, Pajarito shall furnish the City with a surety bond, or some alternative form of security in a form mutually acceptable to the parties (the "Security"). The maximum obligation secured by the Security (the "Maximum Obligation") will be \$275,000.

8. Events of Default and Remedies.

A. Failure to Comply with Obligations. Failure by Pajarito to comply with any obligation under this Agreement, including without limitation, the failure to make timely payment of any clawback payment due hereunder, shall be an Event of Default. Notwithstanding the foregoing, failure to meet employment projections or failure to meet wage and benefit projections shall not be considered an Event of Default; however, the failure to make timely payment of any clawback payment due as a result thereof shall be an Event of Default.

B. Notice of Event of Default. If any Event of Default occurs, the City shall notify Pajarito in writing specifying the alleged failure's nature and, where appropriate, how the alleged failure may be cured, and Pajarito shall have thirty (30) days in which to cure such Event of Default; but if the Event of Default is of a nature requiring more than thirty (30) days to cure, Pajarito shall have up to an additional sixty (60) days to cure the alleged failure unless the City agrees to provide Pajarito with additional time to cure the alleged failure. If the Event of Default is not cured within such thirty-day period, the City shall have and may exercise any remedies available at law or in equity.

9. Fees. Pajarito will promptly pay or reimburse the City for all reasonable third-party expenses incurred by the City in connection with this Agreement and the Project, provided, however, that Pajarito shall not be liable for costs incurred by the City that are the responsibility of the City in the ordinary course of business. If so determined by the City, in its sole discretion, such third-party expenses may be offset against or reimbursed from the City Contribution or the State Contribution. Although the City does not anticipate incurring significant third-party expenses during the term of this Agreement, such expenses shall consist of expenses associated with performance reviews or audits with respect to the Project and legal fees for outside counsel in the event of any proposed amendment to this Agreement or any necessary enforcement action with respect to this Agreement.

10. Annual Reporting Requirement, Performance Review and Termination. Annually (beginning in 2023), on or before April 1 or other date specified by the City, Pajarito will provide to the City data for the previous calendar year regarding its workforce and such other information necessary for the City or its independent contractor to determine whether Pajarito has met its obligations under this Agreement. As required by the LEDA Ordinance, the Project will be subject to an annual performance review conducted by City staff, which will evaluate whether the Project is attaining the goals and objectives set forth in Section 1 of this Agreement. This review shall be presented to the City administration and the City Council. If the goals and objectives are not being attained, the City Council at a public hearing may terminate assistance to the Project by passage of an ordinance which terminates this Agreement and specifies the disposition of all assets and obligations of the Project, after satisfying this Agreement and all rights of the parties arising under this Agreement through the date of such termination. In

addition, pursuant to LEDA, the City may enact an ordinance terminating the LEDA Ordinance and dissolving or terminating any or all projects. In the event that the City terminates the LEDA Ordinance or this Agreement, the City will specify the disposition of all assets and obligations of the Project after satisfying this Agreement and all rights of the parties arising under this Agreement through the date of such termination.

Additionally, Pajarito will provide to the State EDD their most recent quarterly Department of Workforce Solutions 903A Report or its equivalent on a quarterly basis beginning with January 31, 2023 and continuing on April 30, July 31, and October 31 of each year until the completion of this agreement.

11. Dispute Resolution. The parties will work in good faith to resolve any disputes that arise hereunder. In the event of a dispute between the parties, the Chief Executive Officer of Pajarito, or his/her designee, and the Director or Deputy Director of the City's Economic Development Department shall meet and attempt in good faith to resolve the dispute. If they are unable to resolve the dispute, the President of Pajarito and the City's Chief Administrative Officer shall meet and attempt in good faith to resolve the dispute. Nothing contained in this Agreement constitutes a waiver of any Party's right to seek judicial relief.

12. Discrimination Prohibited. In performing the Services required hereunder, the parties hereto shall not discriminate against any person on the basis of race, color, religion, gender, sexual preference, sexual orientation, national origin or ancestry, age, physical handicap, or disability as defined in the Americans With Disabilities Act of 1990, as now enacted or hereafter amended.

13. ADA Compliance. In performing the Services required hereunder, Pajarito agrees to meet all the requirements of the Americans with Disabilities Act of 1990, and all applicable rules and regulations (ADA), which are imposed directly on Pajarito or which would be imposed on the City as a public entity. Pajarito agrees to be responsible for knowing all applicable requirements of the ADA and to defend, indemnify and hold harmless the City, its officials, agents and employees from and against any and all claims, actions, suits or proceedings of any kind brought against said parties as a result of any acts or omissions of Pajarito or its agents in violation of the ADA.

14. Audits and Inspections. At any time during normal business hours and as often as the City may deem necessary, there shall be made available to the City for examination all of Pajarito's records with respect to all matters covered by this Agreement. Pajarito shall permit the City to audit, examine, and make excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment and other data relating to all matters covered by this Agreement. Pajarito understands and will comply with the City's Accountability in Government Ordinance, §2-10-1 et seq. and Inspector General Ordinance, §2-17-1 et seq. R.O.A. 1994, and also agrees to provide requested information and records and appear as a witness in hearings for the City's Board of Ethics and Campaign Practices pursuant to Article XII, Section 8 of the Albuquerque City Charter.

15. Indemnity. Pajarito agrees to defend, indemnify and hold harmless the City and its officials, agents and employees from and against any and all claims, actions, suits or



proceedings of any kind brought against said parties because of any injury or damage received or sustained by any person, persons or property arising out of or resulting from the Services performed by Pajarito or Pajarito's agents under this Agreement or by reason of any asserted act or omission, neglect or misconduct of Pajarito or Pajarito's agents or employees or any subcontractor or its agents or employees. The indemnity required hereunder shall not be limited by reason of the specification of any particular insurance coverage in this Agreement.

16. No Collusion. Pajarito represents that this Agreement is entered into by Pajarito without collusion on the part of Pajarito with any person or firm, without fraud and in good faith. Pajarito also represents that no gratuities, in the form of entertainment, gifts or otherwise, were, or during the term of this Agreement, will be offered or given by Pajarito or any agent or representative of Pajarito to any officer or employee of the City with a view towards securing this Agreement or for securing more favorable treatment with respect to making any determinations with respect to performing this Agreement.

17. Applicable Law and Venue. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New Mexico, and the laws, rules and regulations of the City of Albuquerque. The venue for actions arising out of this Agreement is Bernalillo County, New Mexico.

18. Enforcement. Pajarito agrees to pay to the City all costs and expenses including reasonable attorney's fees incurred by the City in exercising any of its rights or remedies in connection with the enforcement of this Agreement.

19. Electronic Signatures. Authenticated electronic signatures are legally acceptable pursuant to Section 14-16-7 NMSA 1978. The parties agree that this Agreement may be electronically signed and that the electronic signatures appearing on the Agreement are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

20. Further Assurances and Mutual Cooperation. Each Party agrees to deliver and execute any and all notices, certificates, instruments and other such documents and take any and all actions as any Party hereto reasonably may require to carry out this Agreement and such transactions hereby contemplated, and no Party will take any action that may deprive the other Party of the enjoyment of the rights this Agreement secures. Each Party further agrees to select its own legal counsel and to retain such legal counsel at that Party's expense.

21. Severability. If any part or provision of this Agreement is found to be or becomes unenforceable or illegal for any reason, such part or provision may be modified as necessary to render this Agreement enforceable and legal. If such part or provision cannot be modified as such, the part or provision shall be severed from this Agreement, and the remaining parts and provisions of this Agreement shall remain in full force and effect.

22. Force Majeure. Neither Party shall be liable to the other Party for any failure to perform any provisions or obligations of this Agreement if such failure to perform is caused by or results directly or indirectly from Force Majeure. "Force Majeure" means any cause beyond the reasonable control of a Party affected, including but not limited to, any acts of God, fire, flood, storm, strike, riot or civil disturbance, war, earthquake, lightning, epidemic, labor

disturbance, sabotage, or restraint by court or public authority, or any other cause beyond the reasonable control of a Party affected whether similar or dissimilar to the ones listed, which makes it impossible or unreasonably difficult for a Party to perform its obligations under this Agreement. Nothing contained in this paragraph shall be construed to require either Party to prevent or settle a strike against its will. The Party unable to perform its obligations due to Force Majeure will provide notice to the other Party within five (5) days of it becoming aware of the Force Majeure of its inability to perform and its expectations as to when, if ever, it will be able to resume its obligations.

23. Notice. All notices or other written communications, including requests for disbursement, that are required or permitted to be given pursuant to this Agreement must be in writing and delivered personally, by a recognized courier service, by a recognized overnight delivery service, by fax, by electronic mail, or by registered or certified mail, postage prepaid, to the parties at the addresses shown in the signature block of this Agreement. If notice is mailed, it will be deemed received on the earlier of actual receipt or on the third business day following the date of mailing. If a notice is hand-delivered or sent by overnight delivery service, it will be deemed received upon actual delivery. If any written notice is sent by facsimile or electronic mail, it will be deemed received upon printed or written confirmation of the transmission. A party may change its notice address by written notice to the other party to this Agreement.

24. Assignment by Pajarito. Generally, this Agreement may not be assigned without the prior, written consent of the non-assigning Parties, and the City retains the right to determine whether any assignee is a qualifying entity pursuant to LEDA and the LEDA Ordinance. Regardless of any other provision herein, this Agreement may be assigned by Pajarito as part of a sale of all, or substantially all, of Pajarito's assets, provided, however, that if such an assignment occurs before January 31, 2032, (i) the assignee assumes, in writing, Pajarito's obligations under this Agreement, which will include (a) confirmation that the commitment of Pajarito remains in place through January 31, 2032 or (b) the assignee provides another form of security reasonably satisfactory to the City, and (ii) Pajarito provides to the City, at least five (5) days prior to such assignment's effective date, a copy of the assignment and (x) such confirmation of Pajarito's commitment or (y) such form of security reasonably satisfactory to the City. Notwithstanding any of the foregoing, Pajarito may terminate this Agreement in the event that Pajarito sells all, or substantially all, of Pajarito's assets.

25. Miscellaneous. This Agreement binds and inures to the benefit of the City and Pajarito and their respective successors and permitted assigns. This Agreement may not be assigned without the written consent of the non-assigning Party. This Agreement, together with the Surety Bond, represents the entire agreement of the Parties on the subject hereof and supersedes all prior agreements or understandings between the parties, whether written or verbal. This Agreement may be amended or modified, and the performance by any Party of its obligations under this Agreement may be waived, only in a written instrument duly executed by both Parties. This Agreement may be executed in any number of counterparts, each of which is an original and all of which taken together constitute one instrument. This Agreement is governed by and is to be construed in accordance with the laws of New Mexico applicable to agreements made and to be performed in New Mexico.

26. Effective Date. This Agreement will be effective on \_\_\_\_\_, 2022 (the “Effective Date”).

[Signature Page Follows]

CITY OF ALBUQUERQUE,  
NEW MEXICO

PAJARITO POWDER, LLC  
a Delaware limited liability company

By \_\_\_\_\_  
Name: Sarita Nair, JD, MCRP  
Title: Chief Administrative Officer  
Date: \_\_\_\_\_

By \_\_\_\_\_  
Name: Thomas Stephenson  
Title: Chief Executive Officer  
Date: \_\_\_\_\_

Address for notice:  
One Civic Plaza NW  
Albuquerque, NM 87102  
Attention: Economic Development Director  
Tel: (505)768-3000  
Email: [dlara@cabq.gov](mailto:dlara@cabq.gov)

Address for notice:  
Pajarito Powder, LLC  
Attention: Chief Executive Officer  
3600 Osuna Road NE, Suite 309  
Albuquerque, NM 87109  
Tel: (505) 293-5367  
Email: [tstephenson@pajaritopowder.com](mailto:tstephenson@pajaritopowder.com)

With a copy to:  
City Attorney  
One Civic Plaza NW  
Albuquerque, NM 87102  
Tel: (505)768-3000  
Email: [ej@cabq.gov](mailto:ej@cabq.gov)

Mailing Address:

P.O. Box 1293  
Albuquerque, NM 87103

Exhibits

Exhibit A	Application for LEDA Assistance
Exhibit B	Wages and Benefits
Exhibit C	Surety Bond
Exhibit D	Clawback Example

**EXHIBIT B – WAGES AND BENEFITS**

Job Title	6/30/2022		1/31/2023		1/31/2024		1/31/2025		1/31/2026		1/31/2027		1/31/2028		1/31/2029		1/31/2030		1/31/2031	
	Annual Comp. (\$)	# Employees	Annual Comp. (\$)	# Employees	Annual Comp. (\$)	# Employees	Annual Comp. (\$)	# Employees	Annual Comp. (\$)	# Employees	Annual Comp. (\$)	# Employees	Annual Comp. (\$)	# Employees	Annual Comp. (\$)	# Employees	Annual Comp. (\$)	# Employees	Annual Comp. (\$)	# Employees
Admin	\$ 33,852	1					\$ 35,914	1	\$ 36,991	1	\$ 38,101	1	\$ 39,244	1			\$ 41,634	1		
Business Development									\$ 81,955	1									\$ 103,818	1
CFO					\$ 150,000	1														
Chemical Process Eng.	\$ 63,960	1			\$ 65,879	1														
Chemical Technician	\$ 55,640	1	\$ 58,422	1			\$ 59,028	2	\$ 60,799	1	\$ 62,623	1	\$ 64,502	2	\$ 66,437	2	\$ 68,430	2	\$ 70,483	2
CTO - Prod. & Eng.			\$ 150,000	1																
Grants Manager										\$ 85,000	1									
HR Manager													\$ 98,000	1						
Maintenance Tech.	\$ 50,440	1																		
Marketing									\$ 81,955	1										
Purch./Shipping Clerk					\$ 61,800	1			\$ 67,531	1										
R&D Chemist			\$ 90,324	1			\$ 95,825	1			\$ 101,660	1	\$ 104,710	1	\$ 107,852	1	\$ 111,087	1	\$ 114,420	1
Sales Engineer			\$ 63,960	1	\$ 65,879	1	\$ 67,855	1			\$ 71,988	1	\$ 74,147	1	\$ 76,372	1	\$ 78,663	1	\$ 81,023	1
Net New Jobs		4		4		4		5		5		5		5		5		5		5
Total Jobs		18		22		26		31		36		41		46		51		56		61
Total Compensation (*)	\$ 203,892		\$ 362,706		\$ 343,558		\$ 317,650		\$ 329,230		\$ 359,372		\$ 347,105		\$ 415,097		\$ 368,244		\$ 440,226	

(\*) Total annual compensation – assumes every employee hired in a given period is employed for the entire period.

Health Benefits

- Company pays for employee’s premiums at 80% (medical, dental, and vision).
- Dependents’ medical premiums are covered at 50%, and dental and vision are covered at 50%.

Additional Benefits

- Life Insurance + Accidental Death & Dismemberment Insurance; access to additional employee-paid life insurance coverage
- Unit Option grants (equity participation)
- 125 “Cafeteria” plan for pre-tax deduction of employee-paid premiums
- Gym reimbursement credit up to \$50/month

Time Off

- 3 weeks of PTO; 4 weeks for employees who have worked for the company for more than 5 years; PTO not charged for any COVID-19-related absences.
- Up to 160 hours rollover of PTO; 200 hours for employees who have worked for the company for more than 5 years.
- 12 Paid Holidays including 2 employee-designated “floating holidays.”

**Local Economic Development Act Hearing**

Case #2022-5

**LEDA-22-4:** Pajarito Powder LEDA Project

**REQUEST:** Approving an Ordinance for Pajarito Powder, LLC Pursuant to the Local Economic Development Act

**PROJECT SUMMARY:**

Pajarito Powder, LLC (“Pajarito Powder”), a New Mexico limited liability company legally registered and headquartered in New Mexico, is seeking the City of Albuquerque to be the fiscal agent for State LEDA funds to be used for the acquisition and construction of a catalyst manufacturing facility (the “Project”). Pajarito Powder has been approved for \$250,000 in State LEDA funds and seeking \$25,000 in City LEDA funds for the Project. The City will act as fiscal agent for the State’s LEDA funds.

Pajarito Powder anticipates occupying and operating its Project facilities and will hire and retain at least 51 employees as outlined in the Project Participation Agreement (PPA). Many of these jobs will provide opportunities and training for low/moderate income residents. The total payroll over ten (10) year will be \$3.47 Million. Pajarito Powder will maintain the Project’s operations in Albuquerque for a minimum of ten (10) years.

The ordinance would allow reimbursement of approved Project costs so Pajarito Powder can undertake the acquisition and construction for its new manufacturing facility located in Albuquerque of up to \$275,000. The total investment in the acquisition and construction for its new distribution facility is estimated at \$7,100,000.

Pajarito Powder, LLC is a venture-backed manufacturer of advanced catalysts for proton-exchange membrane and alkaline fuel cells and electrolyzers. Our primary products include Platinum Group Metal (PGM) catalysts and Engineered Catalyst Supports™ (ECS products) for Fuel Cell Electric Vehicles (FCEV), advanced catalysts for electrolyzers, Engineered Electrolyzer Catalysts™ (EEC products), and Precious Metal Free™ (PMF) catalysts that are entirely free of PGMs. Our proprietary VariPore© manufacturing platform provides the basis for high-performing, high-durability catalyst products, manufacturable at scale, today.

Pajarito Powder will be expanding and relocating its catalyst manufacturing facility from its current location in Albuquerque to another location within the city limits of Albuquerque. Pajarito Powder will be expanding and relocating its catalyst manufacturing facility from its current location in Albuquerque to another location. The expectation is that that new facility will be operational and fully qualified for customer shipments by the end of 2022. Internal build-out of existing buildings will be used exclusively for the Project

Pajarito Powder provides well-paid employment and opportunities to gain highly sought-after experience through on-the-job training. The jobs provided will exceed median wages for the industry in Albuquerque and are considered full-time positions, with full employee benefits.

## LEDA 22-4: Pajarito Powder LEDA

Pajarito Powder offers health insurance, and dental and vision insurance, 80% paid by the company for the employee and 50% paid by the company for spouse and dependents. The company also offers unit (stock) options for all employees in the company. Life insurance and AD&D coverage for employees will be implemented in 2022.

The Project will generate additional benefits and costs for local taxing districts, a summary of which is provided below. The source of specific benefits and costs are provided in greater detail for each taxing district on subsequent pages. Overall, the City will receive approximately \$471,398 in cumulative net benefits over the 10-year period. Pajarito Powder will maintain the Project's operations in Albuquerque for a minimum of ten (10) years.

The State of New Mexico and its local governments are empowered to offer discretionary incentives to companies that support economic development projects that foster, promote, and enhance local economic development efforts. Qualifying entities for these projects include:

**A corporation, limited liability company, partnership, joint venture, syndicate, association or other person that is one or a combination of two (2) or more of the following:**

**A business in which all or part of the activities of the business involves the supplying of services to the general public or to governmental agencies or to a specific industry or customer, but, other than as provided in paragraph E of this definition; not including businesses primarily engaged in the sale of goods or commodities at retail;**

The LEDA application, as shown in Exhibit 1, provides details of the project and the number and types of jobs to be created.

Exhibit 2 delineates the required Project Participation Agreement ("PPA") between Pajarito Powder and the City. The PPA is summarized in Section V.

This project includes a fiscal impact analysis provided to the City from the New Mexico Economic Development Department, utilizing the IMPACT DataSource economic impact model. The fiscal impact determination of the project is from information the company provided. The analysis shows that the company will be making a substantive contribution to the community.

### **FINDINGS:**

1. LEDA 22-4 is a qualified project as defined by the State's Local Economic Development Act and the City enabling legislation (F/S O-04-10); and
2. LEDA 22-4 would make positive substantive contributions to the local economy and community by creating 51 base jobs; and



3. Subject to the development of acceptable security documents, LEDA 22-4 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives, including remaining in operation for 10 years; and

4. Subject to the development of acceptable security documents, LEDA 22-4 would adequately meet the evaluation criteria established by the City for Local Economic Development Act projects, including the requirement that the City recoup the value of its investment within 10 years.

**PROJECT ANALYSIS:** The project, as proposed in the project application, will be analyzed in accordance with the City’s LEDA project evaluation criteria.

## **I. PROJECT ELIGIBILITY**

### **1. QUALIFYING ENTITY**

City enabling legislation (F/S O-04-10), as well as the State Local Economic Development Act, establishes a definition for a “Qualifying Entity” eligible for LEDA funding assistance. Pajarito Powder qualifies under the Act and the Ordinance by meeting the following definition:

**As stated in the Summary, qualifying entities for these projects include**

**A corporation, limited liability company, partnership, joint venture, syndicate, association or other person that is one or a combination of two (2) or more of the following:**

**1. An industry for the manufacturing, processing, or assembling of any 16 agricultural or manufactured products;**

### **2. ECONOMIC DEVELOPMENT POLICIES AND OBJECTIVES**

The City’s enabling legislation also states that applications for LEDA assistance, which meet the policies and objectives of the City’s community economic development plans, shall receive priority. Pajarito Powder qualifies as the type of project that meets the City’s identified economic development priorities under (F/S O-04-10) in the following categories:

**(2) Private companies seeking to build, expand or relocate facilities;**

**(3) Private companies which provide facilities or services which enhance the ability of Albuquerque businesses to operate;**

**(6) Projects in industry clusters listed above are particularly encouraged,**

## **II. LAND USE, PLAN AND DESIGN ELEMENTS**

LEDA 22-4: Pajarito Powder LEDA

1. PLAN & ZONING:

Current proposed site is an existing vacant building in Northeast Albuquerque. Legal address is 5555 McLeod NE. Legal description: LOT 3 OF TRACT S-1 OF THE LAND OF ASSOCIATED INVESTORS A CO-PARTNERSHIP. Note that this is currently under negotiation and if negotiations fall through, a different location will need to be secured.

The development site for Pajarito Powder is currently zoned as NON-RESIDENTIAL – BUSINESS PARK ZONE DISTRICT (NR-BP). IDO Zone District is MX-H, IDO District Definition is High Intensity

The project also conforms to the City’s Economic Development strategies:

Smart Recruitment, Retention, and Expansion – The Economic Development Department (EDD) is focused on recruiting companies from specific industries that build upon Albuquerque’s existing assets. The EDD supports new enterprise creation, cluster development, and strategic attraction and recruitment of businesses that align with and complement existing strengths.

2. LAND USE:

The proposed site is currently a vacant building that had been originally designed as a fitness club then refurbished as a school. It will be renovated on the inside to support the operations of the company. The new facility will allow expansion of the business to meet the current sales demand, allow the hiring of 51 new employees over the next 10 years, and ensure the continued viability of the company.

3. INFILL:



4. DESIGN AND CONSERVATION:

Manufacturing process is currently using 3,200 liters per month (850 gallons/month). With increases in production under the project, this will increase to 320,000 liters per month (85,000 gallons/month) before water reduction and re-use initiatives. Coupled with the increases in manufacturing we will both implement re-cycling programs and investigate the ability to directly re-use water.

No individuals, families, or businesses will be displaced by the activities outlined in this plan.

5. RENEWABLE ENERGY:

Pajarito Powder is a renewable energy technology company. All its products will ultimately be used in equipment for the generation or use of renewable energy, specifically electrolyzers for hydrogen generation, and fuel cells for zero emission hydrogen consumption for transportation, back-up and stationary energy applications.

### III. ECONOMIC BENEFITS

6. COMPETITION:

There are no local companies that could potentially be considered as competitive with Pajarito Powder.

7. JOBS:

The salaries for the 51 jobs profiled meet or exceed the average for similar positions within the community.

These employment classifications, salaries, and benefits are more fully detailed below and attached as an exhibit to the application.

Pajarito Powder estimates that the majority of the new permanent jobs will be filled by current Albuquerque residents. No jobs will be relocated from another location. The jobs will exceed the median wages for the industry within the community and will match the skills of current city residents.

During the onboarding process, employees receive general company training as well as position-specific training. The duration of the training can vary and is based on the specific requirements of the position.

8. LOCAL PURCHASES

Current estimated annual expenditures subject to NM GRT: \$138,000. In the first full year after implementation of the project, this is expected to increase to approximately \$200,000, with an annual increase of 20% per year thereafter.

#### **IV. PROJECT FEASIBILITY**

**9. COST/ FEASIBILITY/ FINANCING:**

The Pajarito Powder project will be capitalized with the following capital structure:

- o Equity - \$2,650,000
- o Debt - \$460,000
- o Total Project Costs - \$3,110,000

Funding is subject to City Council approval.

**10. DEVELOPER'S RECORD:**

The developer has a demonstrated track record of success and growth. Find more information at: [www.pajaritopowder.com](http://www.pajaritopowder.com)

**11. EQUITY:**

Based upon financial information provided, the company appears capable of managing and completing the project. The company is venture-backed. Verge I II Combined is a venture capital fund, which makes investments into various companies.

**12. MANAGEMENT:**

Based on the description given in the project plan, management appears to be qualified to manage the project.

Owners over 20%:

Verge I II Combined, L.P.

Officers:

Thomas J. Stephenson, CEO and Chairman

Barr Zulevi, President and CTO

Managers (equivalent to directors in an LLC):

Christian Mohrdieck

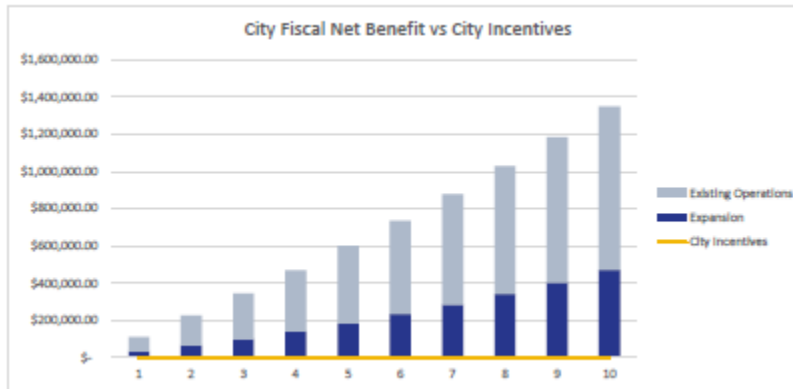
Paul Short

Thomas J. Stephenson (Chairman)

Sukhwan Yun

**13. FISCAL IMPACT ANALYSIS**

This project includes a fiscal impact analysis provided to the City from the New Mexico Economic Development Department, utilizing the IMPACT DataSource economic impact model.



Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 32,094	\$ 949	\$ 31,145	\$ 31,145
2	\$ 33,774	\$ 1,455	\$ 32,319	\$ 63,464
3	\$ 36,301	\$ 1,973	\$ 36,328	\$ 99,792
4	\$ 43,395	\$ 2,745	\$ 40,650	\$ 140,442
5	\$ 47,266	\$ 3,292	\$ 43,974	\$ 184,416
6	\$ 52,104	\$ 3,972	\$ 48,132	\$ 232,548
7	\$ 57,312	\$ 4,668	\$ 52,645	\$ 285,193
8	\$ 62,497	\$ 5,379	\$ 57,118	\$ 342,311
9	\$ 68,047	\$ 6,106	\$ 61,941	\$ 404,252
10	\$ 73,996	\$ 6,850	\$ 67,146	\$ 471,398

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 140,234	\$ 29,658	\$ 110,576	\$ 110,576
2	\$ 144,262	\$ 30,811	\$ 113,452	\$ 224,027
3	\$ 151,195	\$ 31,989	\$ 119,207	\$ 343,234
4	\$ 158,754	\$ 33,436	\$ 125,318	\$ 468,552
5	\$ 165,150	\$ 34,674	\$ 130,476	\$ 599,028
6	\$ 172,575	\$ 36,060	\$ 136,515	\$ 735,543
7	\$ 180,436	\$ 37,478	\$ 142,958	\$ 878,501
8	\$ 188,338	\$ 38,927	\$ 149,411	\$ 1,027,912
9	\$ 196,673	\$ 40,409	\$ 156,263	\$ 1,184,175
10	\$ 205,476	\$ 41,925	\$ 163,551	\$ 1,347,726

## V. PROJECT PARTICIPATION AGREEMENT

Pursuant to the Local Economic Development Act, Sections 5-10-1 to 5-10-13 NMSA 1978 ("LEDA"), the City adopted Ordinance No. F/S 04-10 (the "LEDA Ordinance"), approving an economic development plan for the City and authorizing the City to consider applications for economic development assistance. The Ordinance calls for the preparation and approval of a Project Participation Agreement (PPA), which is the formal document, which states the contributions and obligations of all parties in the LEDA project. The agreement must clearly state the following items:

- (1) **The economic development goals of the project;**
- (2) **The contributions of the City and the qualifying entity;**
- (3) **The specific measurable objectives upon which the performance review will be based;**

- (4) **A schedule for project development and goal attainment;**
- (5) **The security being offered for the City's investment;**
- (6) **The procedures by which a project may be terminated and the City's investment recovered; and,**
- (7) **The time period for which the City shall retain an interest in the project. Each project agreement shall have a "sunset" clause after which the City shall relinquish interest in and oversight of the project.**

**B. Each project participation agreement shall be adopted as an ordinance and adopted by the Council at a public hearing.**

The primary terms of the Pajarito Powder Project Participation Agreement are summarized and attached as an Exhibit.

1. Goals and Objectives. The goals and objectives of the Project are to create and support an economic development project that fosters, promotes, and enhances local economic development efforts. The goal is that the Project will provide job growth and career opportunities for Albuquerque-area residents and otherwise make a substantive contribution to the community as set forth in this Agreement and in the Pajarito Application.
2. Company Contribution. Pajarito shall undertake certain acquisition, renovations and improvements to the Project Facility; and anticipates occupying and operating the Project Facility commencing on or about \_\_\_\_\_, 2022, contingent upon the requisite Certificate of Occupancy from the City; will use the Project Facility for the research, development, and manufacturing of green energy technology including catalyst manufacturing; and will hire and retain employees as contemplated by this Agreement, all in accordance with the schedule and other terms and conditions set forth in this Agreement. Pajarito will maintain the Project's operations in Albuquerque for a minimum of ten (10) years. Pajarito will comply with all applicable laws in connection with the operation of the Project Facility and will timely pay all applicable property taxes with respect thereto.
3. The State Contributions; Procedure for Disbursement of the State Contributions. The City anticipates that the State Contribution of \$250,000 will be delivered to the City for subsequent disbursement to Pajarito, following enactment of the Project Ordinance and execution of this Agreement and an intergovernmental agreement between the State and the City. The City will submit an invoice to the State and request transfer of the State funds. Upon receipt, the City will place the State Contribution into a separate account established in connection with the Project, as required by law. If, and only if, the City receives the State Contribution, the City will disburse the State Contribution to Pajarito in the manner described in this Agreement. The State Contribution will be distributed upon achieving certain benchmarks.

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\$150,000 in Project reimbursement distributed upon Pajarito obtaining an occupancy permit for the Project Facility.

\$100,000 in Project reimbursements distributed upon hiring an additional 8 employees on or before January 31, 2023 bringing total employment to 18.

Pursuant to Section 11, reimbursement requests shall include a copy of Pajarito's most recent quarterly Department of Workforce Solutions 903A, or its equivalent, to substantiate current employment levels. Payments may be withheld if Pajarito is not in good standing with City, State, or Federal agencies.

4. The City Contribution. Pursuant to the Project Ordinance and the LEDA Ordinance, the City has committed the amount of \$25,000 for use in connection with the Project. As required by the LEDA Ordinance, the City will deposit the proceeds of the City Contribution into a clearly identified separate account, which account will be subject to an annual independent audit. City funds will be dispensed upon Pajarito obtaining an Occupancy Permit for the Facility and hiring \_\_\_\_\_ additional full-time employees by January 31, 20\_\_, bringing total employment to \_\_\_\_\_.

5. Time Commitment. Pajarito intends to invest approximately [\$1,250,000] for the acquisition, renovation, and improvement of the Project Facility and completion of the Project. Increased operations at the Project Facility are expected to begin following completion of renovations and improvements or as soon thereafter as possible. Pajarito will continue to occupy the Project Facility and diligently conduct operations in the Project Facility in the manner contemplated by this Agreement at least through January 31, 2032.

5. Use of Public Contributions. Pajarito will be eligible for reimbursement of up to \$250,000 for costs of the acquisition, renovation and improvement actually incurred after the date hereof and paid for, subject to the receipt by the City of the State Contribution. The City will make payment to Pajarito following submission to the City of documentation reasonably satisfactory to the City evidencing receipt of the Occupancy Permit with respect to the Project, and meeting the occupancy operations, and job creation targets.

No Project funds will be used to reimburse expenses from any individuals or a company that has a financial interest in Pajarito or its employees.

6. Job Commitment and Clawbacks.

A. Number of Jobs. Pajarito will employ at least at least the following: 2023-8 new employees for total employment of 18, 2024-4 new employees for total employment of 22, 2025-4 new employees for total employment of 26, 2026-6 new employees for total employment of 32, 2027-4 new employees for total employment of 36, 2028-5 new employees for total employment of 41, 2029-5 new employees for total employment of 46, 2030-5 new employees for total employment of 51, 2031-5 new

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employees for total employment of 56, and 2032-5 new employees for total employment of 61, at an average salary of at least \$63,000 plus benefits, and maintenance of at least 90% of projected employees through January 31, 2032 as measured for the preceding year on an annual basis beginning January 31, 2023. A Job will represent an employment position for a person for at least one pay period consisting of at least 32 hours of work per week and offering the employee the full range of benefits offered to other similarly situated Pajarito employees. Positions filled by contract, part-time and temporary workers will not be considered Jobs. All references herein to “employees” mean employees in Jobs as contemplated by this Section 8.A.

B. Wages and Benefits. Pajarito anticipates that the Jobs will fall within the wage ranges and will come with the benefits shown on Exhibit B. However, failure to meet the wage and benefit projections shown on Exhibit B shall not constitute an Event of Default (defined below) or form the basis for any clawback payment as long as the wage and benefit projections fall within 90% of those projected in Exhibit B.

C. Performance Clawbacks. If Pajarito does not employ and maintain at least 90% of the required number of full-time employees as set forth in Section 8.A herein by January 31, 2023, or by January 31 of any year thereafter through the year 2032, then subject to the remainder of this Section 8.C, Pajarito will repay to the City, within sixty (60) days of the due date of the annual report referred to in Section 12 below, the State Contribution paid on behalf of Pajarito pursuant to this Agreement that has already been disbursed to Pajarito for such year as of the date of repayment (the “Performance Clawback”) in accordance with the following table:

<b>Job Creation Commitment and Schedule</b>						
<u>Year</u>	<u>Annual Full Time Job Creation Target</u>	<u>Min Job* (90% of target new jobs)</u>	<u>Cumulative Payroll for New Jobs</u>	<u>Job Determination Period</u>		<u>%-Clawback</u>
1	10+8=18	10+8=18	\$988,432	Ordinance Date	1/31/22	100%
2	18+4=22	18+3=21*	\$1,418,125	01/01/22	1/31/23	100%
3	22+4=26	21+4=25	\$1,690,048	01/01/23	1/31/24	100%
4	26+6=32	25+5=30*	\$1,967,623	01/01/24	1/31/25	100%
5	32+4=36	30+4=34	\$2,132,575	01/01/25	1/31/26	75%
6	36+5=41	34+4=38*	\$2,384,512	01/01/26	1/31/27	50%
7	41+5=46	38+5=43	\$2,644,627	01/01/27	1/31/28	50%
8	46+5=51	43+4=47*	\$2,913,130	01/01/28	1/31/29	25%



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9	51+5=56	47+5=52	\$3,190,238	01/01/29	1/31/30	25%
10	56+5=61	52+4=56*	\$3,476,173	01/01/30	1/31/31	25%
<i>Total</i>	10 + 51 = 61					
Additional Notes: Starting Headcount 10 as of 1/31/2022 as defined by ES903A or its equivalent shown as Exhibit B						

For the purposes of this table:

(i) The “Clawback Penalty” is a penalty that Pajarito will be required to pay to the City upon Pajarito’s failure to meet the Job Target on or before the conclusion of the applicable Job Determination Period, if such Job Target is not otherwise reached by Pajarito during the Cure Period. The Clawback Penalty shall be equal to the product of the Percentage Hiring Shortfall (as defined herein), multiplied by the total amount of funds paid under this Agreement to Pajarito as of that time. For purposes of this subsection, the “Percentage Hiring Shortfall” shall be the quotient of (i) the Minimum Full-Time Job Creation for the applicable Job Determination Period, minus the actual number of jobs Pajarito maintains at the Project Facility at that time, divided by (ii) the Minimum Full-Time Job Creation for the applicable Job Determination Period. See Exhibit D hereto for examples of Clawback Penalty Calculations. Notwithstanding anything herein to the contrary, in no event shall the aggregate Clawback Penalty paid by Pajarito exceed the total amount of funds paid under this Agreement.

(ii) “Cure Period” is the period of 180 days after the end of each Job Determination Period during which time Pajarito shall have the opportunity to cure any shortfall in meeting the Minimum Full-Time Job Creation. For the avoidance of doubt, if Pajarito meets the Minimum Full-Time Job Creation at any time during the Cure Period, Pajarito shall have no obligation to pay a Clawback Penalty corresponding to the applicable Job Determination Period. If Pajarito fails to reach the Job Target during the Cure Period, Pajarito shall pay the City a Clawback Penalty determined in accordance with the table set forth above.

(iii) A “Job” means a permanent, full-time employment position (at least 32 hours per week) offering the employee the full range of benefits offered to other full-time employees of Pajarito.

Notwithstanding the foregoing, if Pajarito fails to employ the required full-time employees as identified in Section 7.A herein, and believes Business Climate Changes were the cause for its failure to meet such requirements, Pajarito will so advise the City and State EDD in writing describing the Business Climate Changes in detail. “Business Climate Changes” mean substantial changes outside of the control of Pajarito, in the segment of the business management and support industry in which Pajarito operates, that cause a significant decrease in the amount of sales Pajarito is able to achieve. The

shifting of Pajarito operations to another Project, whether within or outside of Albuquerque, will not constitute a Business Climate Change.

If the State determines that Business Climate Changes affect the ability of Pajarito to maintain employment levels, it may waive or modify the Performance Clawback. Any Performance Clawback due will be paid within 15 days after the State EDD notifies Pajarito of its decision. If Pajarito does not attribute the failure to meet employment requirements to Business Climate Changes, the payment of any Performance Clawback due will be submitted to the City within ten (10) days after the due date of the annual report reflecting the failure to maintain the required employment level.

D. **Project Closure Clawback.** Should Pajarito cease operation, or notify the City and State of its intent to cease operation, of the Project (i.e., cease to conduct operations at the Project Facility) before January 31, 2032, Pajarito shall, within ninety (90) days of the cessation of operations, pay to the City, in cash, an amount equal to a specified percentage of the amount of the State Contribution paid pursuant to this Agreement, with the specific percentage based on the date of cessation of operations in accordance with the following table (each percentage inclusive of any Performance Clawback already paid by Pajarito):

Date of Cessation of Operations	Percent of Public Contributions to be Repaid
Years 1-5 (Year 1 shall commence on the first of the year of the date of passing of this Ordinance. All subsequent years are based on that anniversary date.)	100%
Year 6	75%
Year 7	50%
Year 8	25%
Year 9	25%
Year 10	25%

Winding down of the Company’s operations at the Project in preparation for a cessation of operations may be considered a cessation of operations, and any such determination will be made by the State in its sole reasonable discretion.

E. **Maximum Clawback; Unpaid Payments.** Notwithstanding anything herein to the contrary, the maximum aggregate clawback payable hereunder will

be \$250,000, not including interest. Any clawbacks not paid when due shall bear interest at the Prime Rate plus 2% per annum from the due date until paid. "Prime Rate" means the U.S. prime rate as reported from time to time in *The Wall Street Journal* in its Bonds, Rates and Yields table, or successor table.

7. Security. To secure the performance of its obligations under this Agreement, prior to Pajarito receipt of any part of the State Contribution, Pajarito shall furnish the City with a surety bond, or some alternative form of security in a form mutually acceptable to the parties (the "Security"). The maximum obligation secured by the Security (the "Maximum Obligation") will be \$250,000.

8. Events of Default and Remedies.

A. Failure to Comply with Obligations. Failure by Pajarito to comply with any obligation under this Agreement, including without limitation, the failure to make timely payment of any clawback payment due hereunder, shall be an Event of Default. Notwithstanding the foregoing, failure to meet employment projections or failure to meet wage and benefit projections shall not be considered an Event of Default; however, the failure to make timely payment of any clawback payment due as a result thereof shall be an Event of Default.

B. Notice of Event of Default. If any Event of Default occurs, the City shall notify Pajarito in writing specifying the alleged failure's nature and, where appropriate, how the alleged failure may be cured, and Pajarito shall have thirty (30) days in which to cure such Event of Default; but if the Event of Default is of a nature requiring more than thirty (30) days to cure, Pajarito shall have up to an additional sixty (60) days to cure the alleged failure unless the City agrees to provide Pajarito with additional time to cure the alleged failure. If the Event of Default is not cured within such thirty-day period, the City shall have and may exercise any remedies available at law or in equity.

9. Fees. Pajarito will promptly pay or reimburse the City for all reasonable third-party expenses incurred by the City in connection with this Agreement and the Project, provided, however, that Pajarito shall not be liable for costs incurred by the City that are the responsibility of the City in the ordinary course of business. If so determined by the City, in its sole discretion, such third-party expenses may be offset against or reimbursed from the State Contribution. Although the City does not anticipate incurring significant third-party expenses during the term of this Agreement, such expenses shall consist of expenses associated with performance reviews or audits with respect to the Project and legal fees for outside counsel in the event of any proposed amendment to this Agreement or any necessary enforcement action with respect to this Agreement.

10. Annual Reporting Requirement, Performance Review and Termination. Annually (beginning in 2023), on or before April 1 or other date specified by the City, Pajarito will provide to the City data for the previous calendar year regarding its workforce and such other information necessary for the City or its independent contractor to determine whether Pajarito has met its obligations under this Agreement. As required by the LEDA Ordinance, the Project will be subject to an annual performance review conducted by City staff, which will evaluate whether the Project is attaining the goals and

## LEDA 22-4: Pajarito Powder LEDA

objectives set forth in Section 1 of this Agreement. This review shall be presented to the City administration and the City Council. If the goals and objectives are not being attained, the City Council at a public hearing may terminate assistance to the Project by passage of an ordinance which terminates this Agreement and specifies the disposition of all assets and obligations of the Project, after satisfying this Agreement and all rights of the parties arising under this Agreement through the date of such termination. In addition, pursuant to LEDA, the City may enact an ordinance terminating the LEDA Ordinance and dissolving or terminating any or all projects. In the event that the City terminates the LEDA Ordinance or this Agreement, the City will specify the disposition of all assets and obligations of the Project after satisfying this Agreement and all rights of the parties arising under this Agreement through the date of such termination.

Additionally, Pajarito will provide to the State EDD their most recent quarterly Department of Workforce Solutions 903A Report or its equivalent on a quarterly basis beginning with January 31, 2023 and continuing on April 30, July 31, and October 31 of each year until the completion of this agreement.

### **FINDINGS:**

1. LEDA 22-4 is a qualified project as defined by the State's Local Economic Development Act and the City enabling legislation (F/S O-04-10); and
2. LEDA 22-4 would make positive substantive contributions to the local economy and community by creating 51 base jobs; and
3. Subject to the development of acceptable security documents, LEDA 22-4 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives, including remaining in operation for 10 years; and
4. Subject to the development of acceptable security documents, LEDA 22-4 would adequately meet the evaluation criteria established by the City for Local Economic Development Act projects, including the requirement that the City recoup the value of its investment within 10 years.

### **STAFF RECOMMENDATION:**

Based on the above findings, staff recommends approval of LEDA 22-4 as proposed in the project plan application.

Economic Development Department



**EDD** ECONOMIC  
DEVELOPMENT  
DEPARTMENT

9/8/2021

## FISCAL IMPACT ANALYSIS AND ECONOMIC IMPACT OF THE CURRENT OPERATIONS AND EXPANSION OF PAJARITO POWDER

Prepared by:

New Mexico Economic Development Department  
Joseph Montoya Building  
1100 S. St. Francis Drive  
Santa Fe, New Mexico 87505





## Purpose and Limitations:

This report and analysis, provided by the New Mexico Economic Development Department, relies on prospective estimates of business activity. These estimates, which are provided by the company, may not be realized due to unforeseen events that are outside the control of the company and unknown to the New Mexico Economic Development Department.

The New Mexico Economic Development Department made reasonable efforts to ensure that the estimates provided by the company, are realistic estimates of future activity.

The model was created by the New Mexico Economic Development Economists and used assumptions to generate the final report. The report and analysis provided by the New Mexico Economic Development Department is not a guarantee that any of the estimates or results contained in this report will actually be achieved.

## Introduction:

This report and analysis presents the results of an economic impact analysis performed using a model developed by the New Mexico Economic Development Department. The report estimates the impact that a potential project may have on the state and local economies and estimates the costs and benefits for the state and local economies over a 10-year period. The report and analysis uses RIMS II Multipliers produced by the U.S. Bureau of Economic Analysis (BEA).

Most projects produce a growth in population and/or a growth in the workforce in a City, County and the State of New Mexico. All growth comes at a cost, the additional economic activity and population growth stimulated by the project will generate additional costs in terms of providing basic infrastructure (roads and utilities) and public services (including public safety and schools). For example, if the applicant hires employees from outside the State, County and City, those workers who end up relocating their residence to within one or all of those areas, the population for which the government must provide services also increases. The costs associated with the expansion are broken down into two categories: 1) New residents to the State, County and City. 2) New Mexican residents hired to work for the company. The analysis assumes that all workers will live in the area of the expansion.

## Description of the Company:

Pajarito Powder, LLC is a venture-backed manufacturer of advanced catalysts for PEM and alkaline fuel cells and electrolyzers. Our primary products include Platinum Group Metal (PGM) catalysts and Engineered Catalyst Supports™ (ECS products) for Fuel Cell Electric Vehicles (FCEV), advanced catalysts for electrolyzers, Engineered Electrolyzer Catalysts™ (EEC products), and Precious Metal Free™ (PMF) catalysts that are entirely free of PGMs. Our proprietary VariPore© manufacturing platform provides the basis for high-performing, high-durability catalyst products, manufacturable at scale, today.

## Description of the Project:

Pajarito Powder will be expanding and relocating its catalyst manufacturing facility from its current location in Albuquerque to another location within the city limits of Albuquerque.



# Total Impacts



## Fiscal Impact of Existing and Expanded Operations Over the Next Ten Years

### Cumulative Net Benefits

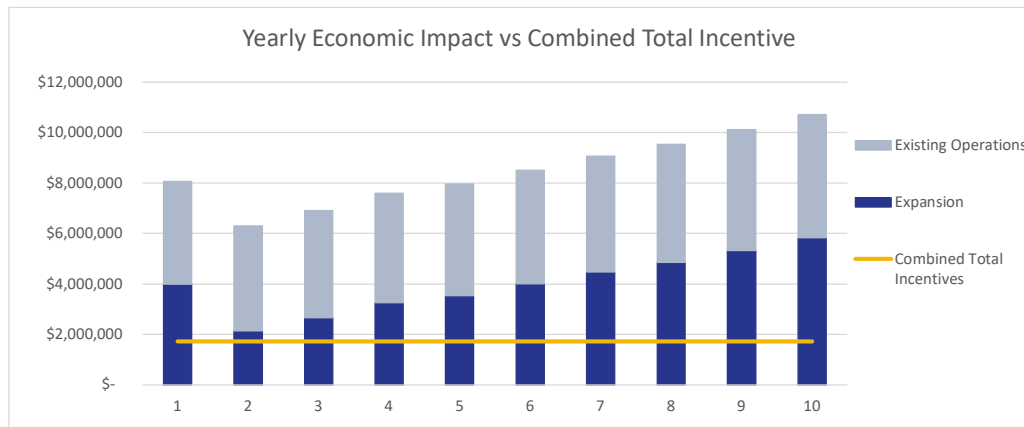
	Existing Operations	Expansion	Existing & Expanded Operations	Present Value of Net Benefits*
State of New Mexico	\$ 1,942,503	\$ 3,126,621	\$ 5,069,124	\$ 3,861,074
County	\$ 472,370	\$ 248,883	\$ 721,253	\$ 576,507
City	\$ 876,328	\$ 471,398	\$ 1,347,726	\$ 1,073,362
School District	\$ 77,324	\$ 67,097	\$ 144,420	\$ 118,898
Special Taxing District	\$ 74,546	\$ 61,721	\$ 136,267	\$ 112,112
<b>Total</b>	<b>\$ 3,443,071</b>	<b>\$ 3,975,719</b>	<b>\$ 7,418,790</b>	<b>\$ 5,741,952</b>

\* The Present Value of Net Benefits expresses the future stream of net benefits received over several years as a single value in today's dollars. Today's dollar and a dollar to be received at differing times in the future are not comparable because of the time value of money. The time value of money is the interest rate or each taxing entity's discount rate. This analysis uses a discount rate of 5% to make the dollars comparable.

\*\* In the cumulative net benefits of the existing and expanded operations for the State of New Mexico, corporate income tax has been removed from the existing operations total to avoid double counting.

### Total Economic Impact

	Total
Combined Estimated Economic Impact Over 10 Years:	\$ 84,771,664
Combined Total Incentive Over 10 Years:	\$ 1,728,754
Economic Impact Rate of Return:	4,804%

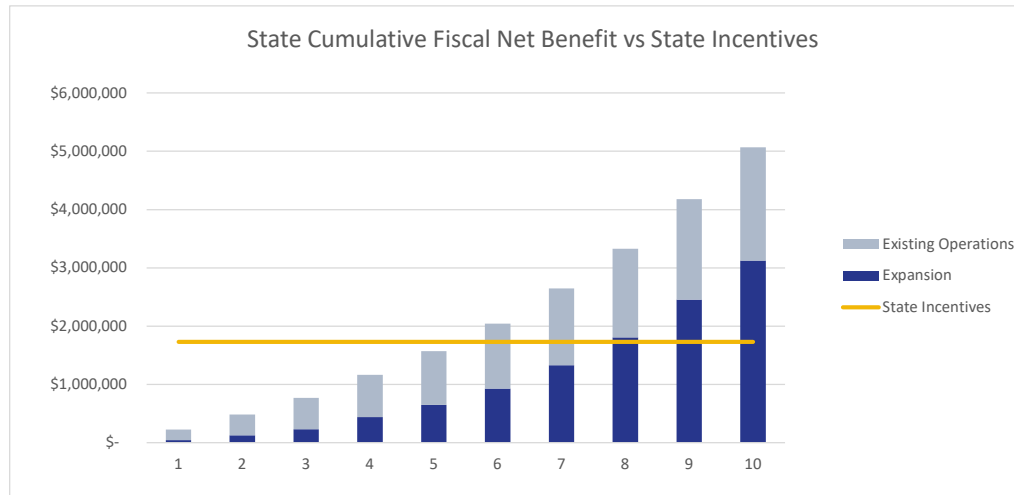


### Workers and New Residents over 10 years

	Direct	Indirect and Induced
Number of Jobs Created:	51	72
Estimated Number of Construction Workers:	0	
Estimated Number of New Residents to the State:	5	
Estimated Number of New Residents to the County:	9	
Estimated Number of New Residents to the City:	9	

# State Impacts





### Incentives

Total State Incentive:	\$ 1,728,754
State Incentive Per Job:	\$ 33,897

### Combined Payback and Return

State Payback Period Combined:	5.33 Years
State Rate of Return Combined:	123%

### Expansion Only Payback and Return

State Payback Period Expansion:	7.83 Years
State Rate of Return Expansion:	33%

### State Net Benefits Of Current Operations

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 203,448	\$ 27,681	\$ 175,767	\$ 175,767
2	\$ 207,925	\$ 28,304	\$ 179,620	\$ 355,387
3	\$ 212,506	\$ 28,941	\$ 183,565	\$ 538,952
4	\$ 217,195	\$ 29,592	\$ 187,603	\$ 726,554
5	\$ 221,994	\$ 30,258	\$ 191,736	\$ 918,290
6	\$ 226,907	\$ 30,939	\$ 195,968	\$ 1,114,258
7	\$ 231,935	\$ 31,635	\$ 200,300	\$ 1,314,558
8	\$ 237,083	\$ 32,347	\$ 204,736	\$ 1,519,295
9	\$ 242,353	\$ 33,075	\$ 209,278	\$ 1,728,573
10	\$ 247,749	\$ 33,819	\$ 213,930	\$ 1,942,503

### State Net Benefits Of Expansion

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 50,202	\$ 915	\$ 49,287	\$ 49,287
2	\$ 82,744	\$ 1,403	\$ 81,341	\$ 130,628
3	\$ 103,857	\$ 1,902	\$ 101,955	\$ 232,583
4	\$ 209,316	\$ 2,647	\$ 206,670	\$ 439,253
5	\$ 217,286	\$ 3,174	\$ 214,112	\$ 653,366
6	\$ 282,984	\$ 3,830	\$ 279,155	\$ 932,520
7	\$ 405,297	\$ 4,500	\$ 400,797	\$ 1,333,317
8	\$ 481,339	\$ 5,186	\$ 476,152	\$ 1,809,470
9	\$ 648,772	\$ 5,888	\$ 642,885	\$ 2,452,354
10	\$ 680,871	\$ 6,605	\$ 674,266	\$ 3,126,621

### State Combined Net Benefits

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 253,649	\$ 28,596	\$ 225,053	\$ 225,053
2	\$ 290,669	\$ 29,707	\$ 260,962	\$ 486,015
3	\$ 316,363	\$ 30,843	\$ 285,520	\$ 771,535
4	\$ 426,511	\$ 32,239	\$ 394,272	\$ 1,165,807
5	\$ 439,280	\$ 33,432	\$ 405,849	\$ 1,571,656
6	\$ 509,891	\$ 34,769	\$ 475,123	\$ 2,046,779
7	\$ 637,233	\$ 36,136	\$ 601,097	\$ 2,647,876
8	\$ 718,422	\$ 37,533	\$ 680,889	\$ 3,328,764
9	\$ 891,125	\$ 38,962	\$ 852,163	\$ 4,180,927
10	\$ 928,620	\$ 40,424	\$ 888,196	\$ 5,069,124

### State Breakdown of Combined Benefits, Costs, and Net Benefits Over the Next 10 Years

#### Taxes and Revenue

Gross Receipt Taxes	\$ 2,016,735
Personal Income Taxes	\$ 2,859,733
Corporate Income Taxes	\$ -
Misc. Taxes and Revenue	\$ 535,297
<b>Subtotal of Benefits</b>	<b>\$ 5,411,765</b>

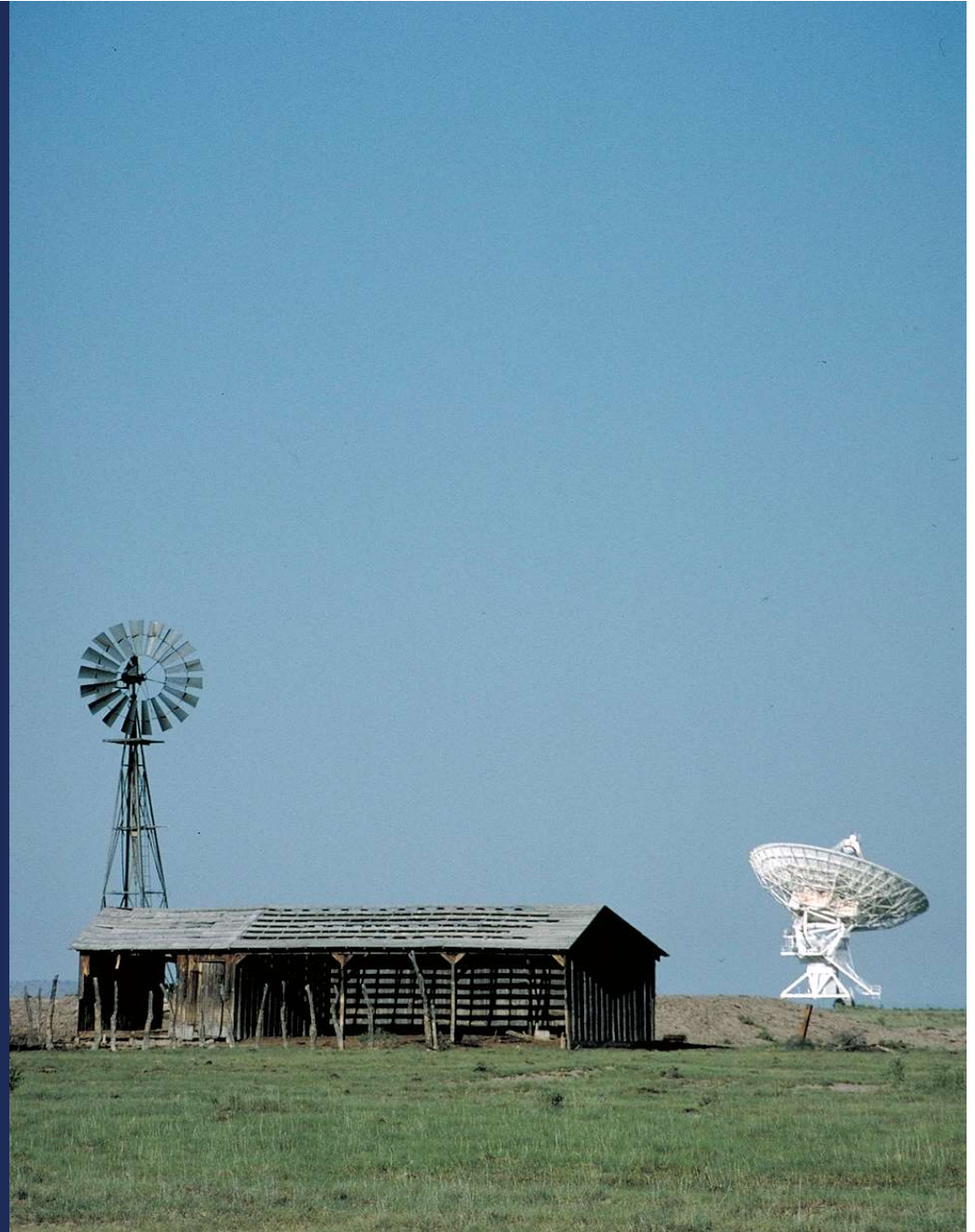
#### Costs

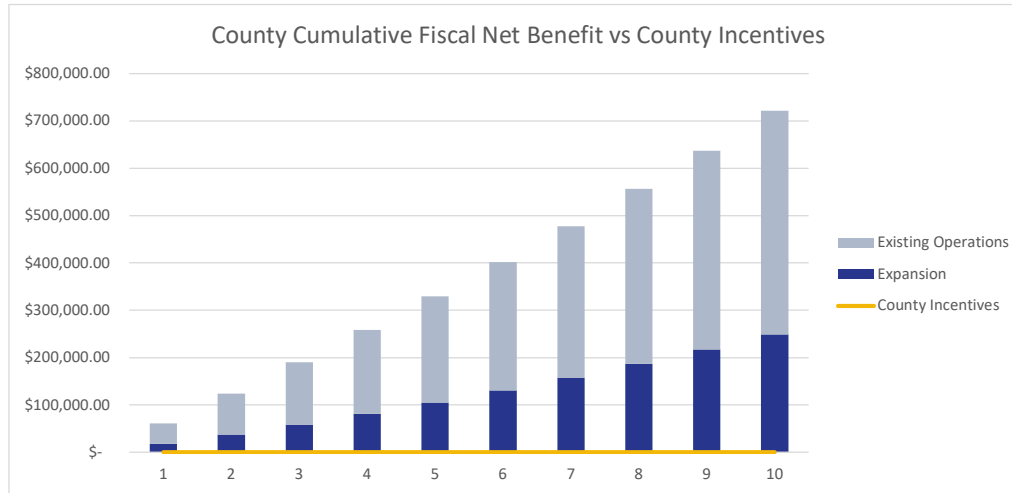
Costs	\$ 342,641
<b>Subtotal of Costs</b>	<b>\$ 342,641</b>

#### Net Benefits

<b>Net Benefits</b>	<b>\$ 5,069,124</b>
<b>Present Value</b>	<b>\$ 3,861,074</b>

# County Impacts





### Incentives

Total County Incentive:	\$	-
County Incentive Per Job:	\$	-

### Combined Payback and Return

County Payback Period Combined:	-	Years
County Rate of Return Combined:	N/A	

### Expansion Only Payback and Return

County Payback Period Expansion:	-	Years
County Rate of Return Expansion:	N/A	

### County Net Benefits Of Current Operations

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 46,131	\$ 3,190	\$ 42,941	\$ 42,941
2	\$ 47,094	\$ 3,262	\$ 43,833	\$ 86,773
3	\$ 48,082	\$ 3,335	\$ 44,747	\$ 131,520
4	\$ 49,094	\$ 3,410	\$ 45,684	\$ 177,204
5	\$ 50,132	\$ 3,487	\$ 46,645	\$ 223,850
6	\$ 51,196	\$ 3,565	\$ 47,631	\$ 271,480
7	\$ 52,287	\$ 3,646	\$ 48,641	\$ 320,122
8	\$ 53,405	\$ 3,728	\$ 49,678	\$ 369,799
9	\$ 54,552	\$ 3,811	\$ 50,741	\$ 420,540
10	\$ 55,728	\$ 3,897	\$ 51,831	\$ 472,370

### County Net Benefits Of Expansion

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 17,677	\$ 105	\$ 17,571	\$ 17,571
2	\$ 19,902	\$ 162	\$ 19,740	\$ 37,311
3	\$ 21,307	\$ 219	\$ 21,088	\$ 58,400
4	\$ 23,108	\$ 305	\$ 22,803	\$ 81,203
5	\$ 24,299	\$ 366	\$ 23,933	\$ 105,136
6	\$ 25,907	\$ 441	\$ 25,465	\$ 130,601
7	\$ 27,710	\$ 519	\$ 27,191	\$ 157,792
8	\$ 29,273	\$ 598	\$ 28,676	\$ 186,468
9	\$ 30,988	\$ 678	\$ 30,309	\$ 216,777
10	\$ 32,867	\$ 761	\$ 32,106	\$ 248,883

### County Combined Net Benefits

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 63,807	\$ 3,295	\$ 60,512	\$ 60,512
2	\$ 66,996	\$ 3,423	\$ 63,573	\$ 124,085
3	\$ 69,389	\$ 3,554	\$ 65,835	\$ 189,920
4	\$ 72,202	\$ 3,715	\$ 68,487	\$ 258,407
5	\$ 74,431	\$ 3,853	\$ 70,578	\$ 328,985
6	\$ 77,103	\$ 4,007	\$ 73,096	\$ 402,081
7	\$ 79,997	\$ 4,164	\$ 75,833	\$ 477,914
8	\$ 82,679	\$ 4,325	\$ 78,353	\$ 556,267
9	\$ 85,540	\$ 4,490	\$ 81,050	\$ 637,317
10	\$ 88,595	\$ 4,658	\$ 83,936	\$ 721,253

### County Breakdown of Combined Benefits, Costs, and Net Benefits Over the Next 10 Years

#### Taxes and Revenue

Gross Receipt Taxes	\$ 614,070
Misc. Taxes and Revenue	\$ 11,543
Property Taxes	\$ 135,125
<b>Subtotal of Benefits</b>	<b>\$ 760,738</b>

#### Costs

Costs	\$ 39,485
<b>Subtotal of Costs</b>	<b>\$ 39,485</b>

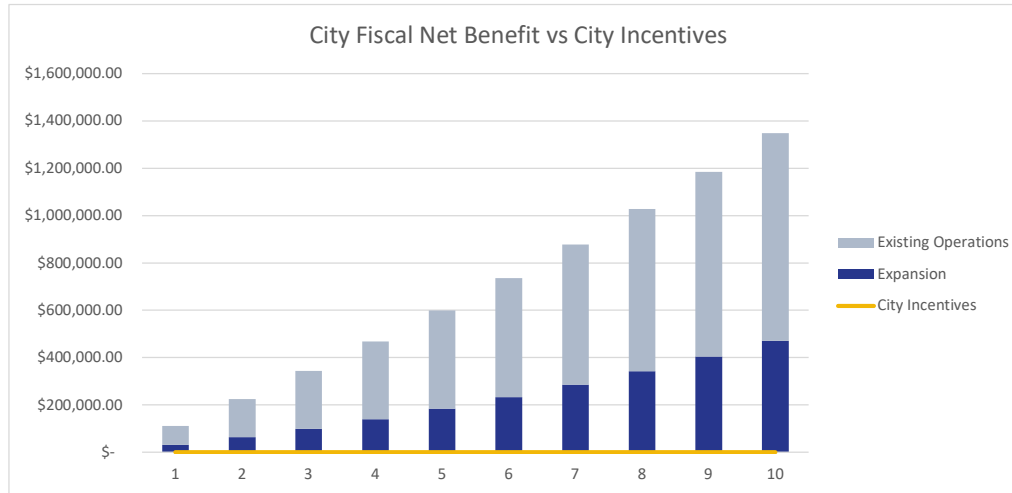
#### Net Benefits

<b>Net Benefits</b>	<b>\$ 721,253</b>
<b>Present Value</b>	<b>\$ 576,507</b>

# City Impacts







#### Incentives

Total City Incentive:	\$	-
City Incentive Per Job:	\$	-

#### Combined Payback and Return

City Payback Period Combined:	-	Years
City Rate of Return Combined:	N/A	

#### Expansion Only Payback and Return

City Payback Period Expansion:	-	Years
City Rate of Return Expansion:	N/A	

#### City Net Benefits Of Current Operations

Year	Benefits		Costs		Net Benefits	Cumulative Net Benefits
1	\$	108,140	\$	28,710	\$ 79,431	\$ 79,431
2	\$	110,488	\$	29,356	\$ 81,133	\$ 160,564
3	\$	112,894	\$	30,016	\$ 82,878	\$ 243,442
4	\$	115,359	\$	30,691	\$ 84,667	\$ 328,109
5	\$	117,884	\$	31,382	\$ 86,502	\$ 414,611
6	\$	120,472	\$	32,088	\$ 88,384	\$ 502,995
7	\$	123,123	\$	32,810	\$ 90,313	\$ 593,308
8	\$	125,841	\$	33,548	\$ 92,292	\$ 685,601
9	\$	128,626	\$	34,303	\$ 94,322	\$ 779,923
10	\$	131,480	\$	35,075	\$ 96,405	\$ 876,328

### City Net Benefits Of Expansion

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 32,094	\$ 949	\$ 31,145	\$ 31,145
2	\$ 33,774	\$ 1,455	\$ 32,319	\$ 63,464
3	\$ 38,301	\$ 1,973	\$ 36,328	\$ 99,792
4	\$ 43,395	\$ 2,745	\$ 40,650	\$ 140,442
5	\$ 47,266	\$ 3,292	\$ 43,974	\$ 184,416
6	\$ 52,104	\$ 3,972	\$ 48,132	\$ 232,548
7	\$ 57,312	\$ 4,668	\$ 52,645	\$ 285,193
8	\$ 62,497	\$ 5,379	\$ 57,118	\$ 342,311
9	\$ 68,047	\$ 6,106	\$ 61,941	\$ 404,252
10	\$ 73,996	\$ 6,850	\$ 67,146	\$ 471,398

### City Combined Net Benefits

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 140,234	\$ 29,658	\$ 110,576	\$ 110,576
2	\$ 144,262	\$ 30,811	\$ 113,452	\$ 224,027
3	\$ 151,195	\$ 31,989	\$ 119,207	\$ 343,234
4	\$ 158,754	\$ 33,436	\$ 125,318	\$ 468,552
5	\$ 165,150	\$ 34,674	\$ 130,476	\$ 599,028
6	\$ 172,575	\$ 36,060	\$ 136,515	\$ 735,543
7	\$ 180,436	\$ 37,478	\$ 142,958	\$ 878,501
8	\$ 188,338	\$ 38,927	\$ 149,411	\$ 1,027,912
9	\$ 196,673	\$ 40,409	\$ 156,263	\$ 1,184,175
10	\$ 205,476	\$ 41,925	\$ 163,551	\$ 1,347,726

### City Breakdown of Combined Benefits, Costs, and Net Benefits Over the Next 10 Years

#### Taxes and Revenue

Gross Receipt Taxes	\$ 1,441,804
Misc. Taxes and Revenue	\$ 110,564
Property Taxes	\$ 150,724
<b>Subtotal of Benefits</b>	<b>\$ 1,703,093</b>

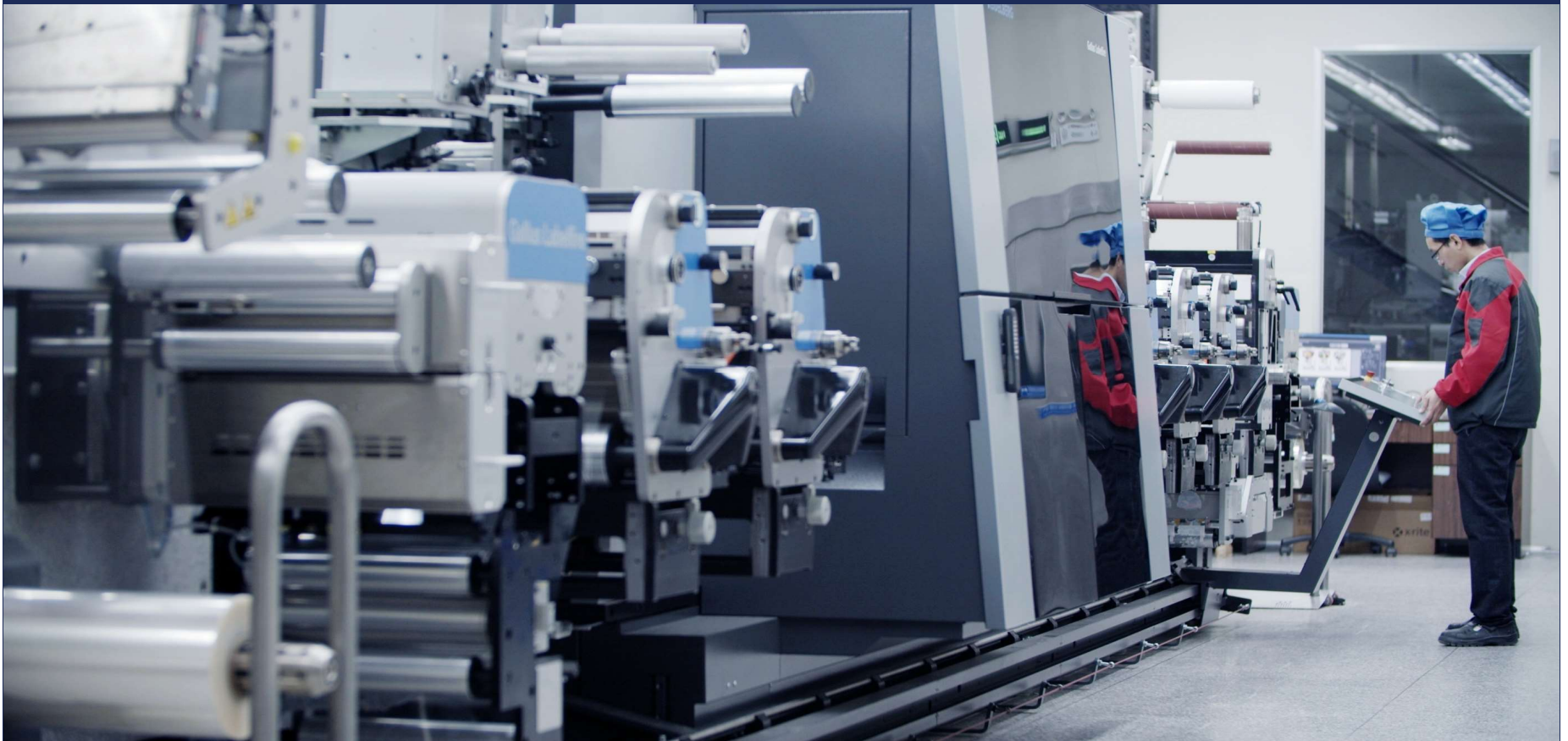
#### Costs

Costs	\$ 355,367
<b>Subtotal of Costs</b>	<b>\$ 355,367</b>

#### Net Benefits

<b>Net Benefits</b>	<b>\$ 1,347,726</b>
<b>Present Value</b>	<b>\$ 1,073,362</b>

# Special Taxing District and Public Schools



# Special Taxing District

## Special Taxing District Net Benefits of Current Operations

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 6,994	\$ -	\$ 6,994	\$ 6,994
2	\$ 7,089	\$ -	\$ 7,089	\$ 14,083
3	\$ 7,187	\$ -	\$ 7,187	\$ 21,269
4	\$ 7,287	\$ -	\$ 7,287	\$ 28,557
5	\$ 7,390	\$ -	\$ 7,390	\$ 35,947
6	\$ 7,496	\$ -	\$ 7,496	\$ 43,443
7	\$ 7,605	\$ -	\$ 7,605	\$ 51,048
8	\$ 7,717	\$ -	\$ 7,717	\$ 58,765
9	\$ 7,832	\$ -	\$ 7,832	\$ 66,596
10	\$ 7,949	\$ -	\$ 7,949	\$ 74,546

## Special District Net Benefits of Expansion

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 8,962	\$ -	\$ 8,962	\$ 8,962
2	\$ 8,163	\$ -	\$ 8,163	\$ 17,125
3	\$ 7,503	\$ -	\$ 7,503	\$ 24,628
4	\$ 7,104	\$ -	\$ 7,104	\$ 31,732
5	\$ 6,544	\$ -	\$ 6,544	\$ 38,276
6	\$ 6,015	\$ -	\$ 6,015	\$ 44,290
7	\$ 5,544	\$ -	\$ 5,544	\$ 49,835
8	\$ 4,752	\$ -	\$ 4,752	\$ 54,587
9	\$ 3,962	\$ -	\$ 3,962	\$ 58,548
10	\$ 3,173	\$ -	\$ 3,173	\$ 61,721

## Special District Combined Net Benefits

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 15,956	\$ -	\$ 15,956	\$ 15,956
2	\$ 15,252	\$ -	\$ 15,252	\$ 31,208
3	\$ 14,690	\$ -	\$ 14,690	\$ 45,898
4	\$ 14,391	\$ -	\$ 14,391	\$ 60,288
5	\$ 13,934	\$ -	\$ 13,934	\$ 74,222
6	\$ 13,511	\$ -	\$ 13,511	\$ 87,733
7	\$ 13,149	\$ -	\$ 13,149	\$ 100,883
8	\$ 12,469	\$ -	\$ 12,469	\$ 113,352
9	\$ 11,793	\$ -	\$ 11,793	\$ 125,145
10	\$ 11,122	\$ -	\$ 11,122	\$ 136,267

# Public Schools

## Public Schools Net Benefits of Current Operations

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 7,264	\$ -	\$ 7,264	\$ 7,264
2	\$ 7,361	\$ -	\$ 7,361	\$ 14,625
3	\$ 7,460	\$ -	\$ 7,460	\$ 22,084
4	\$ 7,562	\$ -	\$ 7,562	\$ 29,646
5	\$ 7,667	\$ -	\$ 7,667	\$ 37,313
6	\$ 7,775	\$ -	\$ 7,775	\$ 45,088
7	\$ 7,885	\$ -	\$ 7,885	\$ 52,973
8	\$ 7,999	\$ -	\$ 7,999	\$ 60,972
9	\$ 8,116	\$ -	\$ 8,116	\$ 69,088
10	\$ 8,236	\$ -	\$ 8,236	\$ 77,324

## Public Schools Net Benefits of Expansion

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 9,756	\$ -	\$ 9,756	\$ 9,756
2	\$ 8,884	\$ -	\$ 8,884	\$ 18,639
3	\$ 8,164	\$ -	\$ 8,164	\$ 26,803
4	\$ 7,727	\$ -	\$ 7,727	\$ 34,530
5	\$ 7,116	\$ -	\$ 7,116	\$ 41,646
6	\$ 6,538	\$ -	\$ 6,538	\$ 48,184
7	\$ 6,023	\$ -	\$ 6,023	\$ 54,207
8	\$ 5,159	\$ -	\$ 5,159	\$ 59,366
9	\$ 4,296	\$ -	\$ 4,296	\$ 63,662
10	\$ 3,435	\$ -	\$ 3,435	\$ 67,097

## Public Schools Combined Net Benefits

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 17,020	\$ -	\$ 17,020	\$ 17,020
2	\$ 16,244	\$ -	\$ 16,244	\$ 33,264
3	\$ 15,624	\$ -	\$ 15,624	\$ 48,888
4	\$ 15,289	\$ -	\$ 15,289	\$ 64,176
5	\$ 14,783	\$ -	\$ 14,783	\$ 78,959
6	\$ 14,312	\$ -	\$ 14,312	\$ 93,271
7	\$ 13,909	\$ -	\$ 13,909	\$ 107,180
8	\$ 13,158	\$ -	\$ 13,158	\$ 120,338
9	\$ 12,412	\$ -	\$ 12,412	\$ 132,750
10	\$ 11,671	\$ -	\$ 11,671	\$ 144,420

# Property Tax Exemptions and Industrial Revenue Bonds



### Property Tax Exemptions and Industrial Revenue Bonds

The City and/or the County is considering abating taxes on the Project's property. Below is a table that identifies the types of property that are under consideration for property tax abatement:

Land:	No
Building and Property Improvements:	No
Furniture, Fixtures and Equipment:	No

### Property Tax Percentage Exemptions On Land and Building

County	City	Schools	Special Taxing District
0%	0%	0%	0%

### Property Tax Percentage Exemptions On Furniture, Fixtures and Equipment

County	City	Schools	Special Taxing District
0%	0%	0%	0%

Value of Exemption Through 10 Years:	\$ -	\$ -	\$ -
*Value of Payment in Lieu of Taxes Through 10 Years:	\$ -	\$ -	\$ -

\*The model assumes that the payment in lieu of taxes will be administered to the either the county or city, and the local government will disperse the amounts to the appropriate districts.

### Percentage of Gross Receipt Taxes Foregone on Newly Purchased Furniture, Fixtures and Equipment Over 10 Years

Year	State	County	City
1	0%	0%	0%
2	0%	0%	0%
3	0%	0%	0%
4	0%	0%	0%
5	0%	0%	0%
6	0%	0%	0%
7	0%	0%	0%
8	0%	0%	0%
9	0%	0%	0%
10	0%	0%	0%
Value of Exemption Through 10 Years:	\$ -	\$ -	\$ -