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1 in Albuquerque to be operated by the Company as an aviation facility, in exchange for
2 certain employment commitments (the "Project"); and

3 WHEREAS, the Project will be located on real property owned by the City and
4 leased to the Company pursuant to a Lease Agreement between the City and the
5 Company (the "Lease"); and

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

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

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

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

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

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

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

31 WHEREAS, the total amount of public money expended and the value of credit
32 pledged in each fiscal year in which money is expended by the City for the Project (and

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1 any other approved projects) pursuant to the Act does not and will not exceed five
2 percent of the general fund expenditures of the City in such fiscal year; and

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

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

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

16 BE IT ORDAINED BY THE COUNCIL, THE GOVERNING BODY OF THE CITY
17 OF ALBUQUERQUE:

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

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

27 Section 3. THE PROJECT. The Project will consist of the construction and
28 occupancy of a an airplane hangar, office space and related improvements to be
29 located at the Albuquerque Sunport, including the employment of **10** new full-time
30 employees by November 1, 2021 and maintenance of such operations and employment
31 of at least **40** full-time employees at the Albuquerque facility through November 1, 2026,
32 in accordance with the terms of the proposed Agreement.

33 Section 4. FINDINGS.

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1 (A) General. 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 \$500,000 to be received by the City
11 from the State Economic Development Department, in exchange for which the
12 Company will complete the Project as specified in the Agreement. There is hereby
13 appropriated for the Project up to \$500,000 of funds received from the State Economic
14 Development Department.

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

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

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

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

32 (D) City officials shall take such action as is necessary in conformity
33 with the Act, the LEDA Ordinance and this Ordinance to effectuate the provisions of the

1 Agreement and carry out the transactions as contemplated by this Ordinance and the
2 Agreement, including, without limitation, the execution and delivery of any documents
3 deemed necessary or appropriate in connection therewith.

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

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

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

20 Section 10. REVIEW OF LEASE. The foregoing approvals, authorizations and
21 actions are all conditioned upon review and acceptance of the form of the Lease by the
22 Council.

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Mayor Richard J. Berry

CITY OF ALBUQUERQUE
Albuquerque, New Mexico
Office of the Mayor

INTER-OFFICE MEMORANDUM

January 2, 2017

TO: Isaac Benton , President, City Council

FROM: Richard J. Berry, Mayor

SUBJECT: Approving an Ordinance Involving CSI Aviation Inc. Pursuant to the Local Economic Development Act (LEDA Project 16-3)

Attached for your consideration and approval is an ordinance approving a Local Economic Development Act (LEDA) project for CSI Aviation Inc. This ordinance would allow the City to serve as fiscal agent for State funds of up to \$500,000 of assistance to finance a portion of the construction of a 15,000 sq. ft. aircraft hangar, attached office space and surrounding improvements to include ramp, parking area and gates.

The State of New Mexico will provide \$500,000 towards the project. The City will act as fiscal agent for the State funds; the funds will be transferred to the City as a grant through an Intergovernmental Agreement. The City will provide the funds to CSI as reimbursements for eligible expenses as a Project under the Local Economic Development Act (NMSA 5-10-1 through 5-10-13).

This is in exchange for CSI Aviation's commitment to operate a new facility site located at the Albuquerque International Sunport and new job creation. The development of the CSI Aviation site once completed will optimize future economic development of the airport as the first commercial anchor tenant at the Albuquerque Sunport Aerospace Center. The Company and City Aviation Department anticipate the project will elicit interest from other commercial entities.

The estimated value of the initial construction project is \$2,350,000.

The Project will create approximately ten new jobs over the next five (5) years in Albuquerque. New job creation will be for wages averaging \$50,000 per year, and a full slate of competitive benefits. The new jobs will include pilots, aviation maintenance personnel, aviation-ground

FISCAL IMPACT ANALYSIS

TITLE: CSI Aviation Inc.

R: O: N/A

FUND:

DEPT: EDD

No measurable fiscal impact is anticipated, i.e., no impact on fund balance over and above existing appropriations.

(If Applicable) The estimated fiscal impact (defined as impact over and above existing appropriations) of this legislation is as follows:

	2014	Fiscal Years 2015	2016	Total
Base Salary/Wages				-
Fringe Benefits at	-	-	-	-
Subtotal Personnel	-	-	-	-
Operating Expenses				
Property				-
Indirect Costs	-	-	-	-
Total Expenses	\$ -	\$ -	\$ -	\$ -
<input checked="" type="checkbox"/> Estimated revenues not affected				
<input type="checkbox"/> Estimated revenue impact				
Revenue from program				0
Amount of Grant		-	-	
City Cash Match				
City Inkind Match				
City IDOH				
Total Revenue	\$ -	\$ -	\$ -	\$ -

These estimates do not include any adjustment for inflation.

* Range if not easily quantifiable.

Number of Positions created N/A N/A N/A N/A

COMMENTS: There are no City allocated funds for this project.

COMMENTS ON NON-MONETARY IMPACTS TO COMMUNITY/CITY GOVERNMENT:

PREPARED BY:

Deirdre Firth
FISCAL ANALYST

APPROVED:

[Signature] 12-22-16
DIRECTOR (date)

REVIEWED BY:

Madys G. Nutter
EXECUTIVE BUDGET ANALYST

Douglas E. Roman *Jaqueline Blain*
BUDGET OFFICER (date) CITY ECONOMIST
12-27-16

Cover Analysis

1. What is it?

This is an ordinance for the approval of a Local Economic Development (LEDA) Project for CSI Aviation Inc.

2. What will this piece of legislation do?

CSI Aviation Inc. is requesting approval of \$500,000 in State Local Economic Development Act (LEDA) funds. These funds are \$500,000 State-originated funds. The City would serve as the Fiscal Agent for the State funds. The funds will support a portion of the construction of a 15,000 sq. ft. aircraft hangar, attached office space, and surrounding improvements to include ramp, parking area and gates. The aircraft ramp and taxiway will be used to park CSI Aviation owned and managed aircraft, and CSI Aviation's customer aircraft. No existing buildings are currently present on the site. The land will be leased by the City to CSI and be developed using predominantly private funding.

The project will have the capacity to hire ten new jobs over the next five years in Albuquerque. New job creation will be for high wage jobs and a full slate of competitive benefits program. The project's anticipated additional economic impact for the Albuquerque Sunport Aerospace Center, as the first commercial anchor tenant. The Company and City Aviation Department anticipate the project will elicit interest from other commercial entities.

3. Why is this project needed?

The planned new facility will serve as a base of operations and maintenance facility for CSI Aviation contracts around the world in support of various U.S. Federal Agencies. The new facility will support CSI Aviation's executive charter operations and include a passenger reception area. The facility will also support CSI Aviation's expanding commercial medical flight services contract in New Mexico. CSI Aviation is an approved Medicare and Medicaid provider with current and pending commercial contracts with local New Mexico healthcare providers as an air-ambulance service provider.

4. How much will this cost and what is the funding source?

The State of New Mexico has committed \$500,000 to this project. The City will act as fiscal agent for the State. The funds will be transferred to the City as a grant through an Intergovernmental Agreement. The City will administer the funds and provide them to CSI Aviation as reimbursements for eligible expenses as a Project under the Local Economic Development Act (NMSA 5-10-1 through 5-10-13). There are no City LEDA Funds being requested for this project.

Fiscal Impact Analysis conducted by New Mexico Economic Development Department shows positive fiscal impact to the City.

5. Is there a revenue source associated with this project? If so, what level of income is projected?

The State of New Mexico commitment of \$500,000 in support of this project is to be transmitted as a grant to the City, which also would be used to partially offset the costs of construction associated with the new location at the Albuquerque Sunport Aerospace Center.

**ALBUQUERQUE DEVELOPMENT COMMISSION
Local Economic Development Act Hearing**

November 16, 2016

LEDA-16-3: CSI Aviation Inc. Project

REQUEST: Approval of \$500,000 in State Local Economic Development Act funds is requested.

PROJECT SUMMARY: CSI Aviation, Inc., (CSI Aviation) a locally owned global air transportation and aviation services company, is requesting project assistance for \$500,000 of State Local Economic Development Act (“LEDA”) funds to finance a portion of the construction of a 15,000 sq. ft. aircraft hangar, attached office space and surrounding improvements to include ramp, parking area and gates (“The Project”). The Project will support the expansion of CSI Aviation’s air transport and related operations.

The City would act as fiscal agent for the State funds.

CSI Aviation provides air transportation and other aviation services around the world in a variety of markets to both commercial and government customers. The Project will support CSI Aviation’s growth in predominantly three areas. The planned new facility will serve as a base of operations and maintenance facility for CSI Aviation contracts around the world in support of various U.S. Federal Agencies. The new facility will support CSI Aviation’s executive charter operations and include a passenger reception area. The facility will also support CSI Aviation’s expanding commercial medical flight services contract in New Mexico. CSI Aviation is an approved Medicare and Medicaid provider with current and pending commercial contracts with local New Mexico healthcare providers as an air-ambulance service provider.

CSI Aviation, Inc., established in 1979, is a diversified air transportation company. CSI Aviation specializes in complex aviation and support solutions. The Company’s knowledge, logistical expertise, and customer service are unrivaled in the industry. CSI Aviation has a proven level of experience, delivers exceptional results, and brings integrity and reliability to every mission. The company manages complex aviation operations and projects. The Company also arranges aircraft purchases and leases, along with managing aircraft maintenance and modifications and arranges air charter services using certified air carriers, as agent for customers or the air carrier. The Company has a subsidiary business that manufactures a state-of-the art light surveillance aircraft.

CSI Aviation is a 37-year-old New Mexico company that is growing and requires an operating base in the Southwest. The company prefers to put this operating base in Albuquerque where the Company corporate offices are located and where it can contribute to New Mexico’s economy.

The company currently employs 34 fulltime local employees all from within the Albuquerque Metro area with an annual average salary expense of \$3,014,648.

CSI Aviation

CSI Aviation's current business operations are located at 3700 Rio Grande Blvd. NW. The company also leases hangar space at 2503 Clark Carr Loop SE.

The proposed new facility site is at the Albuquerque International Sunport, north of Taxiway C, in the southwest area of the airport development project of Runway 17N (map attached).

The site is currently Zoned SU-1 for Airport and Related Facilities. There is no zoning change anticipated.

The airport authority stated appraised value of the site is twenty-six cents per square foot per year (leased price) for a total of almost four acres. The value is estimated at approximately \$2,038,608 over the term of the lease.

The total first year total local expenditures including furniture, fixtures, equipment and other direct operating expenses including construction and real property improvements is approximately \$4,433,977. The investment is expected to create up to 50 construction jobs. The project timeline is to begin construction by December 2016 with new facility operational by February 2018.

The project will benefit the City of Albuquerque by creating approximately ten to 15 new jobs in the next five years. These jobs will include pilots, aviation maintenance personnel, aviation, ground support personnel, program managers, accounting and administrative staff.

The development of the CSI Aviation site once completed will optimize future economic development of the airport as the first commercial anchor tenant at the Albuquerque Sunport Aerospace Center. The Company and City Aviation Department anticipate the project will elicit interest from other commercial entities.

The new jobs created are anticipated to be high skilled jobs filled from the Albuquerque area.

Additionally, the company's total capital investment over four years of a planned project construction expansion and new aircraft acquisitions is \$10 million in private funds.

There are improvements required to the vacant land. The land has a deteriorated taxiway and runway on the site. Utilities are available on Girard Blvd adjacent to the site.

There is no relocation of individuals contemplated with this expansion in Albuquerque.

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 incentives per statute include(s): A business in which all or part of the activities of the business involve the supplying of products and services to the general public, governmental agencies or a specific industry or customer, but, other than as provided in paragraph E of the statute subsection, not including businesses primarily engaged in the sale of goods or commodities at retail.

The City of Albuquerque proposes to serve as the fiscal agent of the State funds to support the business expansion and construction of added hangar, runway, and office space to meet CSI

CSI Aviation

Aviation's operation needs. The LEDA proceeds will be used entirely towards the construction of approximately 55,000 sq. ft. of aircraft ramp and taxiway on City owned property to be leased by CSI Aviation. The aircraft ramp and taxiway will be used to park CSI Aviation owned and managed aircraft, and CSI Aviation's customer aircraft. CSI Aviation will maintain the leased land area and the Project improvements, including the aircraft ramp and taxiway.

(Note: The State Economic Development Department proposes to provide \$500,000 in State Local Economic Development Act (LEDA) funds, with the City acting as fiscal agent for the State funds.)

The financial assistance provided to the Project is in exchange for undertaking and completing the Project, including the addition of the approximately ten new positions. The State funds obtained and available to the City, pursuant to LEDA, are to reimburse for eligible Project expenses under the Local Economic Development Act (NMSA 5-10-13) related to the facility construction costs..

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

Exhibit 2 delineates the required Project Participation Agreement ("PPA") between CSI Aviation, Inc. and the City. The PPA of the project is summarized in Section V.

This project does not include nor require an impact analysis prepared by the University of New Mexico's Bureau of Business and Economic Research (BBER) since the project is not a recipient of City funds. The fiscal impact determination of the Project is information the Company provided to the State Economic Development Department. A copy of the State analysis is included for your information purposes only.

PROJECT ANALYSIS: The project, as proposed in the project application, will be analyzed in accordance with the Local Economic Development Act project criteria as provided by City Ordinance F/S O-04-10.

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. CSI Aviation, Inc. qualifies under the Act and the Ordinance by meeting the following definition:

Qualifying entity. 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;

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. CSI Aviation, Inc. qualifies as the type of project that meets the City's identified economic development priorities under the following categories:

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

II. LAND USE, PLAN AND DESIGN ELEMENTS

1. PLAN & ZONING:

The Company's current facilities are located at 3700 Rio Grande Suite 1 and at 2503 Clark Carr Loop SE

The Project construction is zoned for airport operations. The Company estimates the value of the new building and surrounding improvements as \$2,350,000. New equipment purchased for the facility, including aircraft and ground-support equipment tools, is estimated to cost \$6,100,000.

The site is more particularly described as:

The site is at the Albuquerque International Airport, north of Taxiway C, in the Southwest corner of the airport development project covering Runway 17N.

The proposed project would be consistent with the Comprehensive Plan. Attached is a map of the area and photographs of the building.

2. LAND USE:

The land has deteriorated taxiway and runway present on the site. Utilities are available on Girard Blvd. adjacent to the site, but are not on the site proper.

The airport authority has stated that the site is appraised at twenty-six cents per square foot per year (lease price) for almost four acres. The value of the lease of City land is estimated at approximately \$2,038,608 over the term of the lease.

The site is currently zoned SU-1 for Airport and Related Facilities. No zoning change is anticipated.

The project would support: a) An Economic Development Strategy for Albuquerque/ Bernalillo County to attract, develop and retain responsible and responsive businesses; nourish expansion of existing and new local businesses; and emphasize economic base companies; and b) The Comprehensive Plan Economic Development Policies to: encourage expansion of export-based

CSI Aviation

business to strengthen the economy; encourage prospective employers willing to hire local residents and able to diversify the employment base; development of local business enterprises as well as the recruitment of outside firms; and offer incentives to local employers to expand the existing employment base. As mentioned above, the project also supports the economic development priorities and objectives of the City's Local Economic Development Act.

The impact on existing industry and commerce after construction is anticipated to be very favorable. The development of CSI's site will be completed in a way that optimizes the future economic development of the airport, and is anticipated to elicit interest from other commercial entities.

The Project is not expected to generate significant noise, waste pollution, or traffic congestion. CSI intends to use solar lighting for signage and the facility will be optimally insulated for energy conservation.

CSI Aviation's Project is anticipated to have a neutral environmental impact, other than the average water and electricity usage associated with typical business offices. Aircraft fueling and other aircraft maintenance considerations will also be impact neutral, as compared to CSI currently performing the same operations in subleased space.

The Company's usage impact on water resources is expected to be nominal, equivalent to standard usage for approximately 2500 sf office space and an aircraft maintenance operation supporting up to 10 medium size and smaller business aircraft. No aircraft wash rack will be installed for the near future.

The Company as an anchor tenant for the city airport development project will demonstrate and showcase the attractiveness to other prospective aviation tenants nationwide.

CSI Aviation will construct attractive facilities, which will complement the design and appearance of the existing Sunport facilities in the area. Upon completion, CSI Aviation will assist the City and State economic development departments to promote the emerging aerospace center to prospective aviation tenants seeking an ideal southwest location.

The Project development site is unimproved with no adjacent individuals or neighboring businesses.

This Project is not expected to generate any significant noise or waste pollution, or traffic congestion. CSI Aviation supports water conservation, and incorporates appropriate measures consistent with it in any facility improvements, as feasible.

3. INFILL:

The current property already exists in a commercial aviation area. The Project will focus on the construction of a 15,000 sf aircraft hangar, 2,500 sf of attached office space, and surrounding improvements such as ramp, parking, gates, etc. and a Phase II comprising an additional 15,000 sf (or larger) hangar. No existing buildings are present on the site.

To develop the proposed airport site CSI Aviation requires the installation of utilities and direct access to public aircraft ramp, taxiway, or other suitable improved surface allowing access to

CSI Aviation

airport taxiways and runways. City Aviation will stub the utilities out to the leased site. Utility service to a tenant location represents a standard City infrastructure commitment to be made to all tenants.

No required or additional water, sewer, or road construction is needed for this project.

4. DESIGN AND CONSERVATION:

The impact on existing industry and commerce during construction is twofold. It will be a project awarded to New Mexico construction companies thus infusing capital into the local economy; and will be the launch tenant for the still evolving Albuquerque airport development.

The new facility is compatible with the surrounding uses. The proposed facility consists of approximately 15,000 sf of aircraft ramp and taxiway on city owned property leased by CSI Aviation. The aircraft ramp will be used to park CSI Aviation owned and managed aircraft, and CSI Aviation customer aircraft. This will be used to provide access to hangars, aircraft ramp and airport taxiways.

No existing facilities or historic properties are involved. The City must remove a portion (approximately 300 ft.) of a deteriorated taxiway from the proposed development site, grade and extend utilities to the site, and add sufficient public ramp adjacent to the CSI Aviation site in order to enable aircraft access.

No individuals, families, or businesses should be displaced by the activities outlined in this plan. The project development site is unimproved with no adjacent individuals or businesses.

5. RENEWABLE ENERGY:

This project will not produce any renewable energy or renewable energy products. CSI Aviation intends to use solar lighting for signage and the facility will be optimally insulated for energy conservation.

III. ECONOMIC BENEFITS

6. COMPETITION:

In the local economy, CSI Aviation will be the only Part 135 (FAA Certified, Small Aircraft) air carrier in New Mexico with worldwide operating authority, and have contract operations out of state, to include international contracts. CSI Aviation is one of only a few Part 135 air carriers in New Mexico that provides executive charters with high performance turboprop aircraft. CSI flight crews have thousands of hours in various military and commercial aircraft, and currently support scheduled flight programs for multiple State Government and commercial entities. The CSI Aviation fleet consists of the King Air 200 and 300 aircraft. While there are a handful of air carriers performing air ambulance services in New Mexico, only CSI Aviation is providing Medical Flight Services exclusively for “in network” Medicare and Medicaid rates, thereby helping contain healthcare costs in New Mexico.

CSI Aviation

7. JOBS:

The Project will create approximately ten new jobs over the next five (5) years in Albuquerque. New job creation will be for wages averaging \$50,000 per year, and a full slate of competitive benefits. Employees will have access to an employer provided health insurance plan with 50% employer paid premium. The estimated employer paid cost of benefits per employee is \$250 per month or \$3,000 annually per employee.

Jobs will predominantly be Pilots, Aviation Maintenance Personnel, Aviation Ground Support Personnel, Program Managers and accounting and administrative staff. Job breakdown by salary and classification included as part of Exhibit 1.

New jobs will benefit residents of Albuquerque; all CSI Aviation hiring actions will provide preference to local candidates, if qualification and experience requirements are satisfied. If no local applicants meeting qualification and experience requirements are identified, CSI will consider outside candidates. CSI believes the only employment category where local applicants may be insufficient is in the Pilot Category, however, this is speculative.

The jobs will meet or exceed median wages for the aviation industry sector within the community. CSI Aviation, Inc. expects that the jobs will match skills of current city residents. CSI Aviation's employees training program will use the State's "Job Training Incentive Program (JTIP)."

8. LOCAL PURCHASES

The Company's estimated first year taxable purchases of materials, supplies and services in the community subject to gross receipt taxes in the city is estimated at \$2,200,000.

CSI's construction contractor, Wilger Enterprises, estimates that 100% of all construction materials and labor will be procured from within the state of New Mexico. The estimated value of the construction project is \$2,350,000.

The Company's estimated first year total local expenditures for furniture, fixtures, equipment, and other direct operating expenses including construction is \$4,433,977.

IV. PROJECT FEASIBILITY

9. COST/ FEASIBILITY/ FINANCING:

CSI Aviation, Inc. estimates the total cost of the project over the next four years is \$10M in private funds of a total estimated cost of \$10.5M. The proposed development site is City owned land at the Albuquerque International Airport (Sunport). The land will be leased by CSI and developed using predominantly private funding.

State funding is for reimbursement of eligible expenses for the construction of approximately 55,000 s q. ft. of aircraft ramp and taxiway on City owned property leased by CSI Aviation.

(See Section 11. Equity for a review of financing sources.)

CSI Aviation

Note: CSI Aviation, Inc. has an underutilized operating line of credit, which will allow for the accommodation of any contingencies that may arise during this project.

Upon completion of the project, the estimated appraised value of the operation is anticipated to be no less than the cost of the facilities to be built and the adjoin aircraft ramp and taxiway.

The Project will enhance the Sunport and serve as the first anchor tenant at the Sunport Industrial Center.

(Eligible project assistance is found in the definition of an “economic development project” contained in the Local Economic Development Act (5-10-3 NMSA 1978), which specifies that the direct or indirect assistance may include “the purchase, lease, grant, construction, reconstruction, improvement, or other acquisition or conveyance of land, buildings, or other infrastructure...,” among other items.)

The funds will be disbursed under the terms of the Project Participation Agreement (PPA). The proposal is for the City funds to cover a portion of the cost of construction of the aircraft ramp/taxiway on a reimbursable basis. Funding is subject to City Council approval. CSI Aviation, Inc. will be responsible for their own and the City’s fees related to the LEDA applications and associated legal or other administrative fees, including the fiscal impact analysis.

Information received from Hoover’s/Dun & Bradstreet indicate the company is classified as low risk.

10. DEVELOPER’S RECORD:

CSI Aviation, Inc. has been in business since 1972. This project will increase its revenue by at least \$300,000 to \$400,000 per year. The Project will significantly contribute to the company’s future success. The Company’s current employment is 34 fulltime and four part-time employees.

11. EQUITY:

The total initial estimated first year cost of just the Hangar and Land Improvements portion of the project is \$2.5 million. CSI Aviation will finance the construction costs of the Project through a variety of financing and free cash flow sources as follows:

First Year Expansion Cost of Hangar and Land Improvements

Funding Type	Source	Amount
Equity Investment	N/A	N/A
State funding	LEDA	\$500,000
Bank Loans	NMB&T	\$1.5M
Cash down and % it represents of the total project costs	CSI Aviation, Inc.	\$500,000 (25% of the loan value)
Other Loans	N/A	N/A
Other Sources	N/A	N/A
TOTAL		\$2.5M

12. MANAGEMENT:

CSI Aviation will oversee the project but will do so with the project management and design services of Dekker, Perich, and Sabatini and highly regarded construction company, Wilger Construction Company.

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

Bios of the CSI Aviation, Inc. principals are included as part of the Project Application process.

13. FISCAL IMPACT ANALYSIS

This project does not include nor require an impact analysis prepared by the University of New Mexico's Bureau of Business and Economic Research (BBER) since the project is not a recipient of City funds. The fiscal impact determination of the Project is information the Company provided to the State Economic Development Department. A copy of the State analysis is included for your information purposes only.

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.

CSI Aviation

The primary terms of the CSI Aviation, Inc. Project Participation Agreement are summarized and attached as an attached Exhibit.

1. COMPANY CONTRIBUTION

The PPA states that, in exchange for certain LEDA assistance described below, CSI Aviation, Inc. will undertake and complete a certain project defined and includes the following elements (the "Project"):

- A. Will complete the construction of a 15,000 sq. ft. aircraft hangar, 2,500 sq. ft. attached office space, and surrounding improvements including ramp, parking, gates, etc. Site improvement cost \$950,000 to \$1,100,000. The Company will use LEDA funds to construct approximately 55,000 sq. ft. of aircraft ramp and taxiway on city owned property leased by CSI Aviation. The aircraft ramp will be used to park CSI Aviation owned and managed aircraft, and CSI Aviation customer aircraft. This will be used to provide access to hangars, aircraft ramp and airport taxiways.
- B. Commitment to operate the Facility for a minimum of ten years;
- C. Employment of approximately ten (10) full-time employees within the five (5) years of the completion of the new Facility at an average wage of \$50,000 plus benefits in the first year and up to \$54,000 by year five, and maintenance of at least forty-nine (40) employees through November 1, 2026.

The CSI Aviation Inc., application clearly demonstrates that the Company, by completing the Project, will be making many substantive contributions to the community, as required by the LEDA Ordinance.

2. PUBLIC SECTOR PARTICIPATION

The PPA calls for \$500,000 in funds to be committed to the Project by the State. The application proposed that the State direct \$500,000 in funds appropriated by the State for fiscal year 2017 (the State contribution), all to finance the statutorily eligible expenses of the Project. A separate financial account must be maintained for the LEDA funds. The disbursement of all funds requires approval of the Project, the PPA and other documents, and an ordinance by the City Council.

The State funds will pay a portion of the cost of eligible expenses of CSI Aviation on a reimbursable basis. The total amount of public money expended and the value of credit pledged in the current fiscal year for economic development projects pursuant to LEDA does not include general fund expenditures of the City.

3. ADDITIONAL COMMITMENTS AND REMEDIES

CSI Aviation

A. Job Commitment. CSI Aviation, Inc. will create, and hire employees for the following minimum total number of Jobs in accordance with the following schedule:

- Pilots (3)
- Aircraft Mechanic (1)
- Compliance Specialist (1)
- Program Manager -Aviation Industry (1)
- Marketing Coordinator (1)
- Aviation Operations Specialist (2)
- Aircraft Maintenance Technician (1)

CSI Aviation will employ approximately ten new people in full-time jobs within the first five (5) years of completion of the new facility for a total employment of 44, and CSI Aviation, Inc. will maintain a level of at least 40 employees (90% of total) through November 1, 2026.

NOTE: Jobs/employees are defined as full-time positions for CSI Aviation as employees, at greater than 32 hours/week plus full benefits. Contract, part-time, and temporary workers do not count toward these employment commitments.

B. Performance Clawbacks.

Performance Requirements and Penalties:

If employment commitments contained in the PPA are not achieved a repayment of some or all of the City's Contribution may be required. The contingent provisions are outlined in the PPA.

In the event CSI Aviation, Inc. does not reach employment levels of 10 full-time employees by November 1, 2021 and maintain at least 40 full time employees (90% of the total required jobs) through November 1, 2026 (subject to Business Climate Changes as defined below and any waivers granted by the City's Chief Administrative Officer and other recourse), it will refund to the City of Albuquerque ten percent (10%) of the amount of the total contribution expended to date. This employment threshold will be measured annually each calendar year and any penalty assessed for each calendar year. Each year stands on its own; that is, the employment requirement for 2026 remains 40 full-time employees, whether or not the requirement for 2021 was met or exceeded. The parties will regularly monitor the project to ensure adequate notice if penalties appear possible.

"Business Climate Changes" means any substantive changes in the CSI Aviation. market, outside of CSI Aviation, Inc.'s control, that significantly impact the ability of CSI Aviation, Inc. to maintain profitability.

If the City determines that Business Climate Changes affect CSI Aviation, Inc.'s ability to reach or maintain required employment levels, the City will consult with the State as to any potential waiver of penalties.

C. Facility Closure Clawback. Should CSI Aviation, Inc. cease operations or notify the City of their intent to cease operations in Albuquerque before the end of the required ten years described in the PPA, CSI Aviation, Inc. shall pay to the City of Albuquerque a cash

CSI Aviation

penalty equal to a percentage of the City's Contribution that has been expended up to such point in time, as follows:

<u>Year</u>	<u>Percent to be Repaid</u>
1-5	100% of funds actually received
6-7	60% of funds actually received
8-10	25% of funds actually received

D. Security Interest. Pursuant to the Project Participation Agreement, CSI Aviation will, with the simultaneous execution of the Agreement provide the City with an acceptable security interest to be determined to secure the performance of its obligations under the Agreement. If CSI Aviation, Inc. owes no amounts to the City by 2026, the security is to be terminated at that time.

E. Annual Reporting Requirement, Performance Review and Termination. CSI Aviation will provide annual reports to the City with information on its workforce and such other information necessary for the City or its independent contractor to determine whether CSI Aviation has met its obligations under the PPA. If requested to do so by the City, CSI Aviation will provide to the City, in the form of an affidavit signed by an officer of CSI Aviation, data on its workforce, or provide a copy of the information submitted to the NM Department of Workforce Solutions. 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 the Agreement. The review of the project will 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.

FINDINGS:

1. LEDA-16-3 is a qualifying entity as defined by the State's Local Economic Development Act and the City enabling legislation (F/S O-04-10);
2. LEDA-16-3 would make positive contributions to the local economy and community;
3. Subject to final development of acceptable Security documents, LEDA-16-3 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives; and
4. Subject to final development of acceptable Security documents, LEDA-16-3 would adequately meets the evaluation criteria established by the City, including the requirement that the City will recoup its investment within ten years.

STAFF RECOMMENDATION:

Based on the above findings, and subject to final development of acceptable Security documents, staff recommends approval of LEDA-16-3 as proposed in the project application, and the accompanying Project Participation Agreement.

Prepared by: Dora Dominguez, Senior Economic Developer
Deirdre M. Firth, Deputy Director
Economic Development Department

APPLICATION
for
LOCAL ECONOMIC DEVELOPMENT ACT (LEDA)
Project Approval

Name of Project: Project Granite

Location of Project: Albuquerque International Airport

Company Name: CSI Aviation, Inc.

Contact Person: David Orehek

Address: 3700 Rio Grande Blvd NW Ste.1

Telephone: 505-761-9000

Email: orehek@csiaviation.com

Counsel: _____

Address: _____

Telephone: _____

Amount Requested: \$500,000 Fee Submitted: _____

FOR STAFF USE

Staff Assigned: _____

Case Number: _____

Fee Received: \$ _____

ADC Hearing Date: _____

Council Dates (Tentative): Introduction _____

Committee _____ Council Hearing _____

PREFACE

This Application is being submitted to the Development Commission of the City of Albuquerque for review prior to consideration by the City Council of an Ordinance for the Local Economic Development Act in accordance with Council Ordinance O-04-10. Pursuant to those Council actions this is the first step towards the issuance of an ordinance pursuant to: the Local Economic Development Act (5-10-1 to 5-10-13 NMSA 1978 as amended); or, pursuant to the home rule powers of the City given by Article X, Section 6 of the New Mexico Constitution and the City's Charter.

The Plan contains the information required by City Council Ordinance O-04-10 and conforms with and compliments the policies established for the local Economic Development Act pursuant to that Council action.

The purpose of the Application is to identify the project area and to present the plan and the uses to which the LEDA proceeds will be put if issued. This Application is presented to demonstrate to the City of Albuquerque the public benefits of this project and to help the City evaluate its merit in comparison to other projects submitted. The applicant and its agent will endeavor to provide the City any additional information reasonably requested.

APPLICATION DESCRIPTION

Please prepare the LEDA application according to the following outline. Headings must be present and visible and all required information included. Please prepare the information needed for the fiscal impact analysis in the same manner but attached separately from the following outline.

I. GENERAL DESCRIPTION

Give a brief overview of the project, including general location, proposed development, use, and total amount requested. Include a statement of the benefit to be gained by the Albuquerque community from this development. The General Description should explain what will be done with the LEDA funds if approved.

The Project entails leasing approximately 3 acres of unimproved land from the City of Albuquerque at the Albuquerque International Airport for up to 60 years, constructing a 15,000 sf aircraft hangar, 2,500 sf of attached office space, and surrounding improvements such as ramp, parking, gates, etc. and a Phase II comprising an additional 15,000 sf (or larger) hangar. CSI will also request a first right of refusal on adjacent land owned by the city, in anticipation of future development. CSI desires to begin operations out of the newly constructed hangar on or about 1 February 2018.

The leased land and facilities will support the expansion of CSI air transport and related operations. CSI provides air transportation and other aviation services around the world in a variety of markets to both commercial and government customers. The Project will support CSI growth in many ways but predominantly in three areas. The planned facility will serve as a base of operations and maintenance facility for CSI aircraft deployed around the world in support of

various US federal agencies. The facility will support CSI's executive charter operations and include a passenger reception area. The facility will also support CSI's expanding commercial medical flight services contracts in New Mexico. CSI is an approved Medicare and Medicaid provider with current and pending commercial contracts with Local New Mexico healthcare providers.

II. SITE AND EXISTING CONDITIONS

A. Legal Description

Give both the precise and complete legal description and address or identification of location. (For example: The proposed project is located at 5300 2nd Street N.W. The site is more particularly described as Tracts B-1 and C of the Plan of Division of Lands of Mel Sanchez and Lath & Plaster Supply Company, as the same is shown and designated on the plat of said land filed in the office of the County Clerk on April 27, 1979 in Bernalillo County, New Mexico, containing approximately 11.15 acres.)

The site is at the Albuquerque International Airport, north of Taxiway C, in the Southwest corner of the airport development project covering Runway 17N.

B. Prevailing Site Conditions

Describe the present use and development of the site, including any improvements, vacant land, etc.

The land has deteriorated taxiway and runway present on the site. Utilities are available on Girard Blvd. adjacent to the site, but are not on the site proper.

C. Present Assessed Value

Give the present assessed value according to the Bernalillo County Assessor's office. You may also list a current appraised value if you feel it will make the post-development value clearer.

The airport authority has stated that the site is appraised at twenty six cents per square foot per year (lease price).

D. Present and Proposed Zoning

Give the current zoning of the property. If any change in zoning is required for the proposed use, give the proposed new zone. We recommend that zoning changes required be requested before the project plan reaches the Development Commission.

The site is currently zoned for airport operations. No zoning change is anticipated.

E. Renewable Energy

Indicate in detail if and how the Project will create, produce or use renewable energy and renewable energy technology.

CSI intends to use solar lighting for signage and the facility will be optimally insulated for energy conservation.

III. PROJECT PLAN

A. Information Concerning Applicant

Describe the development entity – corporation, syndicate, individual, etc., and give information about the experience of the company or of significant individuals involved in the type of development or industry proposed. Include as an attachment resumes of main principals, or other information which will bear on the experience and credibility of the development entity.

CSI Aviation, Inc. (CSI) established in 1979, is a diversified and experienced global air transportation and aviation services company. Specializing in solutions for complex aviation support requirements, the company's knowledge, logistical expertise and customer service are unrivaled in the industry. CSI has proven experience and delivers exceptional results. CSI brings integrity and reliability to every mission.

CSI provides complete turn-key solutions for complex aviation requirements. We manage aviation operations and projects, arrange aircraft purchases and leases, manage aircraft maintenance and modifications, arrange air charter services and have a subsidiary business that manufactures a state-of-the-art light surveillance aircraft.

CSI arranges air transportation on commercial aircraft, executive jets and turboprops, using certified air carriers, as agent for our customers or the air carrier. CSI has no geographic restrictions.

CSI is a highly experienced US Government Contractor, providing products and services to dozens of federal entities for over two decades. Since 2004, CSI has been an approved GSA Federal Supply Schedule Contractor for Air Charter and Aircraft Leasing. CSI was the first aviation management company to obtain a GSA Schedule and over the past 10 years has managed thousands of flights totaling hundreds of millions of dollars in Federal Sales.

CSI is a FAA certificated Part 135 operator. CSI is a Department of Energy approved operator and maintains an "ARG/US Gold" rating. CSI flight crews have thousands of hours in various military and commercial aircraft, and currently support scheduled flight programs for multiple State government and commercial entities. The CSI fleet consists of the King Air 200 and 300.

B. Tax Issues

Please provide a statement declaring that the applicant has no outstanding substantive federal, state or local tax issues. If, however, there are pending issues, thoroughly describe all issues and their status.

CSI Aviation, Inc. has no outstanding federal, state or local tax issues.

C. Information Concerning Products and Process

Identify the products and/or processes involved with this project. Specifically address the question of whether the proposed development will generate air, noise, or waste pollution or traffic congestion. Include any plans for the reduction and disposal of waste and/or project emissions.

Project Granite is anticipated to have a neutral environmental impact, other than the average water and electricity usage associated with typical business offices. Aircraft fueling and other aircraft maintenance considerations will also be impact neutral, as compared to CSI currently performing the same operations in subleased space.

D. Competition

Please describe any competition in the same area of commerce or industry existing in the City. Since the Development Commission and City Council do not wish to make public funds available for projects with local competition, this statement is very important.

CSI Aviation will be the only Part 135 air carrier in New Mexico to have worldwide operating authority, and have contract operations out of state, to include internationally. CSI is one of only a few Part 135 air carriers in New Mexico that provides executive charters with high performance turboprop aircraft. And, while there are a handful of air carriers performing air ambulance services in New Mexico, only CSI is providing Medical Flight Services exclusively for “in network” Medicare and Medicaid rates, thereby helping contain healthcare costs in New Mexico.

E. Effect on Existing Industry and Commerce during and after Construction

Describe the predicted effects of the project including construction jobs generated, increased employment, increased sales, new industrial base, possible spin-off business, etc.

The impact on existing industry and commerce *during* construction is twofold. It will be a project awarded to New Mexico construction companies thus infusing capital into the local economy; and will be the launch tenant for the still evolving Albuquerque airport development.

The impact on existing industry and commerce *after* construction is anticipated to be very favorable. The development of CSI’s site will be completed in a way that optimizes the future economic development of the airport, and is anticipated to elicit interest from other commercial entities.

F. Property Acquisition

Indicate if LEDA proceeds will be used to acquire real property (land and/or buildings), and whether the real property is presently owned by the applicant, or is under option.

CSI will not use LEDA funds to *acquire* property or buildings. The company will use the anticipated LEDA award to construct approximately 55,000 sf of aircraft ramp and taxiway on city owned property leased by CSI. The aircraft ramp will be used to park CSI owned and managed aircraft, and CSI customer aircraft. This will be used to provide access to hangars, aircraft ramp and airport taxiways.

G. Description of Proposed Development

Describe any construction to be undertaken in the project, including square footage, construction type, and location of construction on the project site. Indicate whether existing buildings on the site will be rehabilitated or incorporated in the construction.

The Project entails constructing a 15,000 sf aircraft hangar, 2,500 sf of attached office space, and surrounding improvements such as ramp, parking, gates, etc. and a Phase II comprising an additional 15,000 sf (or larger) hangar. No existing buildings are present on the site.

Detail any demolition which will be required by the project, and indicate whether demolition involves any identified historic properties. If possible, attach a conceptual site plan and elevation (alternately, these may be presented at the Development Commission hearing). If project involves an existing facility, describe the facility.

No existing facilities or historic properties are involved. The City must remove a portion (approximately 300 ft.) of a deteriorated taxiway from the proposed development site, grade and extend utilities to the site, and add sufficient public ramp adjacent to the CSI site in order to enable aircraft access. The City Aviation Department is aware of this requirement and plans to complete the work.

H. Infrastructure

Indicate if Project will require any extension or relocation of utility or road systems. If additional infrastructure is required, what cost sharing agreements have been reached between the applicant and the city?

To develop the proposed airport site CSI requires the installation of utilities and direct access to Public aircraft ramp, taxiway, or other suitable improved surface allowing access to airport taxiways and runways.

I. Area Enhancement

Describe how project design and placement will enhance the area.

The area will be enhanced in several significant ways:

- Securing an anchor tenant for the city airport development project will demonstrate its attractiveness to prospective aviation tenants nationwide.
- CSI will construct attractive facilities which complement the design and appearance of the existing Sunport facilities in the area.
- Upon completion, CSI will assist the City and State economic development departments to promote the emerging aerospace center to prospective aviation tenants seeking an ideal southwest location.

J. Local Purchasing

Please provide an estimated annual expenditure on goods and services locally procured that are subject to the New Mexico gross receipts tax, and an estimated annual increase in such an expenditure.

Please see attached New Mexico Project Data Sheet dated 08-18-16.

K. Water Conservation

Estimate average daily and monthly water consumption and include any plans for the reduction or re-use of water.

Project Granite impact on water resources is expected to be nominal, equivalent to standard usage for approximately 2500 sf office space and an aircraft maintenance operation supporting up to 10 medium size and smaller business aircraft. No aircraft wash rack will be installed for the foreseeable future.

L. Relocation of Individuals or Businesses

No individuals, families or businesses should be displaced by the activities outlined in this plan. If any relocation is required, detail the assistance the applicant will give in relocation.

None anticipated. The project development site is unimproved with no adjacent individuals or businesses.

M. Number and Types of Jobs Created

Identify the number and type (i.e., professional, clerical, assembly line, etc.) of permanent jobs which will be created in the project. If any existing jobs are to be retained to the project site, describe separately. Please include the wages of all positions to be created.

CSI will hire between 10-15 jobs over 5 years. Jobs will predominantly be Pilots, Aviation Maintenance Personnel, Aviation Ground Support Personnel, Program Managers and accounting and administrative staff. Reference CSI JTIP Agreements.

The following questions must also be answered:

- 1) What percentage of the permanent new jobs is expected to be filled by current Albuquerque area residents, as opposed to people relocated from elsewhere?

All CSI hiring actions give preference to local candidates, provided that qualification and experience requirements are satisfied. If no local applicants meeting qualification and experience requirements are identified, CSI will consider outside candidates. CSI believes the only employment category where local applicants may be insufficient is in the Pilot Category, however, this is speculative.

- 2) Will jobs benefit low and moderate income residents? CSI's growth and revenue in the Albuquerque economy will benefit everyone.

- 3) Will the jobs meet or exceed median wages for the industry within the community? Yes.
- 4) Will the jobs match skills of current city residents? Yes, for the most part.
- 5) Will new employees be trained to fill the positions? Yes.
- 6) What stated advancement opportunities are there? Promotion opportunities exist at CSI.
- 7) Will "Job Training Incentive Program" or other job training programs be used?
Yes. CSI is currently a JTIP participant.
- 8) Will at least 50% of health insurance premiums be covered for employees? Yes.

N. Corporate Citizenship Policy/Plan

List any company policies/plans regarding community charitable and civic donations and volunteerism policy.

CSI contributes to various civic and philanthropic activities in New Mexico including such things as the Albuquerque Community Foundation, youth sports teams, local churches, etc. The company also supports its employee's participation in the military Reserve and National Guard, and other volunteer public service opportunities.

O. Positive Contributions

List all positive contributions that the project will make to the neighborhood.

Reference CSI answers to previous questions.

P. Management

Who will manage the project? If the project will be managed by someone other than the applicant, does the applicant have any long-range involvement?

CSI Aviation, Inc. will oversee the project but will do so with the services of a well-established Albuquerque architectural firm and a highly regarded Albuquerque construction company.

IV. PROJECT FINANCING

A. Cost of Project, LEDA Funding Amount and Private Financing

Provide the total cost of the project and the amount of LEDA funds requested. The amount requested should be no more than that needed to complete the project in addition to equity or conventional financing. Also provide the amount and sources of private financing (equity or conventional financing) involved in this project; this may include the value of land and existing facilities, if relevant.

CSI (the applicant) will invest ~\$10M in private funds over the first 4 years of the project, out of a total estimated cost of ~\$10.5M. The amount of LEDA funds requested is \$500,000. The proposed development site is City owned land at the Albuquerque International Airport (Sunport). The land will be leased by CSI and developed using predominantly private funding.

B. Estimated Value After Completion

Indicate the estimated appraised value of the project after completion.

The estimated value is anticipated to be no less than the cost of the facilities to be built and the adjoining aircraft ramp and taxiway. However, we believe this project will enhance the Sunport and therefore enhance the value of not only the CSI site but follow-on development.

C. Feasibility

Present information to show that the project can reasonably be expected to remain viable, including sufficient revenue to liquidate any related debt, and/or maintain operations for ten (10) years. This information may be an attached pro forma, and should be sufficiently detailed to show the assumptions on which the projections are based. However, a firm third party commitment to provide financing for the project will be considered sufficient evidence of feasibility, and no pro forma will be needed in such cases.

CSI Aviation, Inc. is a 37 year old New Mexico company that is growing and requires an operating base somewhere in the Southwest. The company prefers to put this operating base in Albuquerque where its corporate offices are located and where it can contribute to New Mexico's economy.

D. Construction Schedule

Give the date of anticipated beginning and completion of construction, if applicable.

- Target Close Date: 31 December 2016
- General Contract Signed: 1 February 2017
- Construction Start: Subject to City installation of utilities and site preparation.
- Construction End: 31 December 2017
- New Facility Operational Date: 1 February 2018

Attachments: Attach to the plan a map location of the project (you may use the base maps from the City Zone Atlas if you wish), and any other information as desired to supplement the plan. If you are attaching glossy or colored printed material, please submit 20 copies.

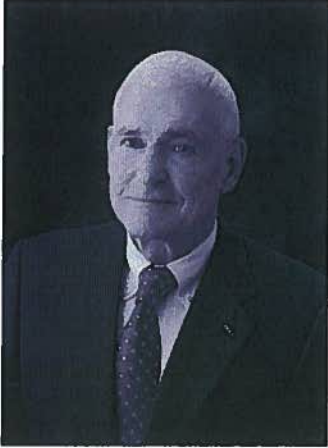
Exhibit 1

Number and Types of Jobs Created

CSI Aviation, Inc. Project
LEDA Project 16-3
2016

Expected Number of New Employees by Level		
Level	Average Hourly Wages	New Jobs by End of Year 5
Commercial Pilot (3)	\$17 to \$22 per hr.	
Aircraft Mechanic (1)	\$17 to \$38.46 per hr.	
Compliance Specialist (1)	\$20 to \$43.27 per hr.	
Program Manager – Aviation Industry (1)	\$38.46 to \$72.12 per hr.	
Marketing Coordinator (1)	\$20 to \$28.85 per hr.	
Aviation Operations Specialist (2)	\$17 to \$28.85 per hr.	
Aircraft Maintenance Technician (1)	\$17 to \$28.85 per hr.	
Total Current Employees	10	10

Current Company Annual Salary Expenditures \$3,014,648



ALLEN E. WEH

3700 Rio Grande NW, Suite 1, Albuquerque, NM 87107
Office 505-761-9000; Cell 505-238-9109
Email: aeweh@csiaviation.com

Allen E. Weh is the Chief Executive Officer of CSI Aviation, Inc., an international air support and aviation logistics company based in Albuquerque, New Mexico that he founded in 1979. CSI Aviation holds FAA Operating Authority under FAR Part 135, providing services to a diverse mix of commercial and government customers. The company includes subsidiary business units, Seeker Aircraft, Inc. and Seabird Aviation Australia, Pty Ltd., which produces the SB7L-360 Series "Seeker" light surveillance aircraft.

In 2012 he was recognized by the *New Mexico Business Weekly* as one of "New Mexico's Top Performing CEO's."

He has been a member of the *Albuquerque Police Advisory Board*, and a member of the National Advisory Board at the Anderson Schools of Management at *The University of New Mexico*. He was appointed by the Secretary of Defense to serve as Chairman of the *Defense Board for Employer Support of the Guard and Reserve* from 2002 to 2003.

Weh also was the Republican nominee for the United States Senate from New Mexico in the 2014 election running a competitive race that Fox News included in its "five sleeper" candidates to watch.

He is a Colonel in the U.S. Marine Corps Reserve (Ret), who began his service as an enlisted Marine before being selected for OCS. He served two tours in Vietnam and with the British Royal Marines in Malaysia. Colonel Weh was recalled to active duty during the Persian Gulf War, for the U.S. expedition into Somalia, and to serve as Chief of Staff of Marine Forces Pacific prior to retiring in 1997. In 2003-04 he was recalled from the Retired List to serve in Iraq and given a key leadership role with the creation and organization of the new Iraqi Army.

Colonel Weh is the recipient of the Silver Star, two Bronze Stars (one with "V"), three Purple Hearts and five Air Medals. In addition to these combat awards, he also is the recipient of the Legion of Merit and two Meritorious Service medals.

He holds both Bachelor of Science and Master of Arts degrees from *The University of New Mexico*. Additional educational courses include Executive Programs at the U.S. State Department's *Foreign Service Institute* and at the *Massachusetts Institute of Technology*.

Weh was born in Salem, Oregon, is married to the former Rebecca Ann Robertson and has three children and seven grandchildren.



WILLIAM T. COLLINS

3700 Rio Grande NW, Suite 1, Albuquerque, NM 87107

Office 505-761-9000; Direct 505-342-7369

wcollins@csiaviation.com

William T. "Rock" Collins is the President and Chief Operating Officer responsible for the oversight of the daily operations of CSI Aviation, Inc., an international air support and aviation logistics company based in Albuquerque, New Mexico. CSI Aviation holds FAA Operating Authority under FAR Part 135, providing services to a diverse mix of commercial and government customers. The company includes subsidiary business units, Seeker Aircraft, Inc. and Seabird Aviation Australia, Pty Ltd., which produces the SB7L-360 Series "Seeker" light surveillance aircraft.

Prior to joining CSI, Collins worked for United Airlines where he was a senior Captain qualified in four different aircraft. He is a Major General in the Marine Corps Reserve currently serving as Special Assistant to the Commander, NORAD, Colorado Springs, CO.

In 2012 he assumed command of the Fourth Marine Aircraft Wing, New Orleans, Louisiana after having served as Deputy Commanding General (Mobilization) for II Marine Expeditionary Force, Camp Lejeune, North Carolina; Deputy Group Commander for Marine Aircraft Group (MAG) 41, Fort Worth, Texas; and Commanding Officer of VMFA-112, Fort Worth, Texas.

Collins is a veteran of the Persian Gulf War, campaigns in Iraq and Afghanistan, and served as Battle Director in the Combined Air Operations Center, Qatar. He is also an F/A-18 Hornet pilot having flown with the "Black Knights" of VMFA-314 and "Smokes" of VMFA-134. He also led the "Cowboys" to their first full deployment since WWII.

He holds a B.A. degree from St. Olaf College, and completed the Aviation Safety Senior Officer Course at the Naval Post Graduate School, Monterey, CA, among numerous other PME courses.

His memberships include the Marine Corps Aviation Association, American Legion, and past member of the Palo Pinto County Sheriff Posse.

Major General Collins' personal decorations include: Legion of Merit, Meritorious Service Medal gold star in lieu of second award, Air Medal two gold stars in lieu of third award with Combat "V" and bronze numeral 4, Navy Commendation Medal gold star in lieu of second award with Combat "V", Navy Achievement Medal two gold stars in lieu of third award, and Outstanding Volunteer Service Medal. Additionally, he was awarded the Distinguished Alumni Award from his alma mater, St. Olaf College.

Economic & Fiscal Impact Project Data Sheet New Mexico Economic Development Department

The information requested on this form will be used by the New Mexico Economic Development Department to prepare an impact analysis of your firm or project. Enter data in the yellow cells below. You may also enter additional information or notes in other areas of this worksheet, to the right in column K or insert rows to enter other data. Some standard defaults are entered in the data sheet already. You may change these defaults as appropriate.

Please enter information in the yellow cells below and e-mail this completed survey form to:

Ndem Tazoh Tazifor, MBA, DED
Economist

Phone: 505-827-2191

New Mexico Economic Development Department

Email: Ndem.TazohTazifor@state.nm.us

Please call if you have any questions.

A NOTE ABOUT ENTERING DATA



Light yellow cells are user inputs. Enter the appropriate information for the specific project in the light yellow cells.



Grey cells contain formulas which will automatically recalculate based on your other inputs. You may overwrite grey cells, as appropriate.

GENERAL INFORMATION ABOUT THE COMPANY

Name of the Company
Street Address
City, State Zip
Company Website

CSI Aviation, Inc.
3700 Rio Grande Blvd NW Suite 1
Albuquerque, NM 87107
www.csiaviation.com

Contact information for person completing this data sheet

Name
Title
Phone Number
Email

Ashley Dunn
VP - Administration
505-761-9000
adunn@csiaviation.com

Background and Requirements

Enter any information that you would like us to know about your requirements or intent for the economic analysis. Please describe any incentives that you would like us to model in the analysis including tax abatement being requested or considered.

CSI requests an analysis of a proposed aircraft hangar site development project at the Albuquerque Sunport. CSI's intent is to pursue LEDA and other economic incentive support as appropriate. The project will create jobs in the years after construction due to the ability of CSI to expand it's aircraft fleet and related operations, but the main benefit to the City and the State will be the creation of the long term lease revenue stream, the use of private funds to build improvements on City owned land, and the expansion of the New Mexico general aviation market. Depending on the construction site location chosen, another benefit of the project could be the creation of a commercial "anchor" tenant at the Albuquerque Sunport Aerospace Center, anticipated to spur interest from additional prospective tenants and designed to support and encourage future developments in the area.

ABOUT THE PROJECT

Name of the Project

Location of the Project

Identify the taxing jurisdictions impacted by the project, if known.

City	Albuquerque
County	Bernalillo
School District	Albuquerque Public Schools

Will the Project be located in the city limits?

Description of the Project

Enter any narrative below to describe the Project, including plans to startup, expand, or locate in the community. This description will be included in the report.

The Project entails leasing approximately 3 acres of unimproved land from the City of Albuquerque for up to 60 years, constructing a 15,000 sf aircraft hangar, 2,500 sf of attached office space, and surrounding improvements such as ramp, parking, gates, etc. and a Phase II comprising an additional 15,000 sf (or larger) hangar. CSI will also request a first right of refusal on adjacent land owned by the city, in anticipation of future development.

Identify the Project's primary North American Industry Classification System (NAICS) Code or describe the activity that will occur at the local facility

To help identify the correct industry code: <http://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart=2012>

The operations which will be based out of the hangar include the following: 481211, 481212, 481219, 487990, 488190, 532411, 621910

CURRENT OPERATIONS

Does the company have an existing presence in the community?

If Yes, enter their current taxable property, number of employees, salaries, and taxable gross receipts and purchases below.

The market value of firm's taxable property currently on the tax rolls

Land	\$0
Buildings & Other Real Property Improvements	\$0
Furniture, Fixtures, and Equipment	\$350,000

Number of existing employees working at the company's local facility

Average annual salaries paid to existing employees

Current Corporate Income Tax Apportionment Data

Sales - Percent of the Firm's Total Sales in NM	1.0%
Property - Percent of the Firm's Total Property in NM	100.0%
Payroll - Percent of the Firm's Total Payroll in NM	100.0%

Current NATIONAL corporate net income

Current annual gross receipts

Current annual taxable purchases

TAXABLE ASSETS, EMPLOYEES, AND OPERATIONS

The Project's capital investment each year

Year	Land	Buildings and Other Real Property Improvements	Furniture, Fixtures, and Equipment	Total
1	\$33,977	\$2,350,000	\$2,050,000	\$4,433,977
2	\$33,977			\$33,977
3	\$33,977			\$33,977
4	\$33,977			\$33,977
5	\$33,977			\$33,977
6	\$33,977			\$33,977
7	\$33,977			\$33,977
8	\$33,977			\$33,977
9	\$33,977			\$33,977
10	\$33,977			\$33,977
Total	\$339,770	\$2,350,000	\$2,050,000	\$4,739,770

Are the building and improvements costs entered above for construction?

Building permits and fees to be paid to the City and County during construction, if applicable

Year	Total City Building Permits and Fees	Total County Building Permits and Fees
1	TBD	TBD
2		
3		
4		
5		
6		
7		
8		
9		
10		
Total	TBD	TBD

Corporate Income Tax Apportionment Data

Enter the Firm's expected apportionment ratios once the Project (or expansion) is complete.

Sales - Percent of the Firm's Total Sales in NM	15.0%
Property - Percent of the Firm's Total Property in NM	100.0%
Payroll - Percent of the Firm's Total Payroll in NM	90.0%

The Project's estimated NATIONAL corporate net income

Enter an amount in Year 1 and the percent of annual increase, or enter appropriate amounts for each year.

#NAME?
#NAME?

Year	The Project's National Net Income
1	\$3,650,000
2	\$3,730,000
3	\$3,850,000
4	\$3,970,000
5	\$5,090,000
6	\$5,210,000
7	\$5,330,000
8	\$5,450,000
9	\$5,570,000
10	\$5,690,000

Percent of annual increase:

Number of new full-time jobs to be added in the community each year

Enter the jobs added in the community each year, including jobs relocated from outside of the community.

Year	New Employees To Be Hired Each Year	
	1	8
2	2	
3	2	
4	1	
5	4	
6	1	
7	1	
8	2	
9	1	
10	2	
Total	24	

Average annual salaries of new employees each year

Enter an amount in Year 1 and the percent of annual increase, or enter appropriate amounts for each year.

Year	Average Annual Salaries	
	1	\$50,000
2	\$51,000	
3	\$52,020	
4	\$53,060	
5	\$54,122	
6	\$55,204	
7	\$56,308	
8	\$57,434	
9	\$58,583	
10	\$59,755	

Percent of annual increase: 2.0%

The firm's estimated taxable purchases of materials, supplies and services in the community and the firm's estimated gross receipts that will be subject to gross receipt taxes in the city:

Enter an amount in Year 1 and the percent of annual increase, or enter appropriate amounts for each year.

Year	The Project's Taxable Purchases	The Project's Gross Receipts
	1	\$2,200,000
2	\$2,400,000	#VALUE!
3	\$2,375,000	#VALUE!
4	\$450,000	#VALUE!
5	\$28,650,000	#VALUE!
6	\$750,000	#VALUE!
7	\$800,000	#VALUE!
8	\$2,950,000	#VALUE!
9	\$1,250,000	#VALUE!
10	\$1,350,000	#VALUE!

Percent of annual increase: 0.0% 0.0%

The Project's annual utilities

Enter an amount in Year 1 and the percent of annual increase, or enter appropriate amounts for each year.

Year	Water	Wastewater	Solid Waste	Electricity	Natural Gas	Cable	Telephone
1	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0
% annual increase:	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

EXPECTED OUT-OF-TOWN VISITORS

Number of out-of-town visitors expected in the first year	<input type="text" value="140"/>	
Percent of annual increase in the number of visitors	<input type="text" value="10.0%"/>	Default: 0.0%
Average number of days that each visitor will stay in the community	<input type="text" value="2.0"/>	
Average daily taxable visitor spending in the City, excluding lodging	<input type="text" value="\$75"/>	Default: \$50
Average number of nights that a typical visitor will stay in a hotel or motel in the community	<input type="text" value="1.0"/>	
Average nightly room rate in a local hotel or motel	<input type="text" value="\$130"/>	Default: \$95

Project Participation Agreement
City of Albuquerque and CSI Aviation, Inc.
Local Economic Development Act Project 16-3

This Project Participation Agreement is made as of this _____ day of _____, 2016 by and between the CITY OF ALBUQUERQUE, NEW MEXICO (the "City"), and CSI AVIATION, INC., a New Mexico corporation with a place of business at 3700 Rio Grande Blvd. NW, Albuquerque, NM 87107 ("CSI").

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

Construction of a 15,000 sq. ft. aircraft hangar, 2,500 sq. ft. of attached office space and surrounding improvements to include a ramp, parking area and gates on property owned by the City that will be leased by CSI;

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

Employment by November 1, 2021 of at least 10 new full-time employees at CSI in Albuquerque at an average salary of \$50,000 in the first year and \$54,000 in the fifth year, plus benefits, and maintenance of at least 40 full-time employees through November 1, 2026; and

WHEREAS, CSI estimates that the cost of the Project over the next five (5) years will total approximately \$10,500,000; and

WHEREAS, the CSI Application proposes that in exchange for CSI undertaking and completing the Project, the City funds obtained from the State Economic Development Department (the "State "EDD"), pursuant to LEDA, to reimburse a portion of CSI's construction costs for construction of the Project, on the terms set forth herein; and

WHEREAS, the City has reviewed the cost-benefit analysis commissioned by the State EDD with respect to the Project, which shows that the City will recoup the value of its contribution within ten (10) years; and

WHEREAS, the CSI Application clearly demonstrates that the Company, by completing the Project, will be making a substantive contribution to the community, as required by 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 five percent of the general fund expenditures of the City in that fiscal year; 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 CSI 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 City has adopted Ordinance No. O-16-__ (the "Project Ordinance") (i) finding that CSI is a qualifying entity as defined in Section 5-10-3(G) NMSA, (ii) approving the CSI Application for assistance with the Project pursuant to the LEDA Ordinance, which Application proposed that the City direct \$500,000 in funds to be received from the State EDD (the "State Contribution"), to finance certain statutorily eligible expenses of the Project consisting of certain costs of construction, and (iii) approving this Agreement;

NOW, THEREFORE, in consideration of these premises and the agreements by the parties set forth herein, CSI 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 CSI Application.

2. Company Contribution. CSI will complete construction of the Project; will own and occupy the Project and, commencing on or about February 1, 2018, will use the Project to park CSI-owned and managed aircraft and CSI customer aircraft and to provide access to hangars, aircraft ramps and airport taxiways; and will commence hiring and will retain employees as contemplated by this Agreement, all in accordance with the schedule and other terms and conditions set forth in this Agreement. CSI will maintain the Project's operations in Albuquerque for a minimum of ten (10) years. The Company will comply with all applicable laws in connection with the operation of the Project and will timely pay all personal property taxes with respect thereto.

3. The Public Contributions; Procedure for Disbursement of the Public Contributions. The City anticipates that the State Contribution will be delivered to the City for

subsequent disbursement to CSI, following enactment of the CSI LEDA 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 CSI in the manner described in this Agreement.

4. Use of Public Contributions. CSI will be eligible for reimbursement of up to \$500,000 for costs of construction 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 CSI following submission to the City of documentation satisfactory to the City evidencing payment of constructions expenses with respect to the Project.

5. Job Commitment and Clawbacks.

A. Number of Jobs. CSI will create, and hire employees for, at least 10 additional jobs by November 1, 2021, and will maintain at least 40 full-time jobs through November 1, 2026 (the “Jobs”). A Job will represent an employment position consisting of at least 32 hours of work per week and offering the employee the full range of benefits offered to other similarly situated CSI employees from time to time. 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 5.A.

B. Wages and Benefits. CSI 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.

C. Performance Clawbacks. If CSI does not hire employees for at least 10 additional Jobs by November 1, 2021 and thereafter does not maintain at least 40 employees at least through November 1, 2026, then subject to the remainder of this Section 5.C, CSI will repay to the City, within sixty (60) days of the due date of the annual report referred to in Section 9 below, ten percent (10%) of the total amount of the Public Contribution paid on behalf of CSI pursuant to this Agreement to the date of repayment (the “Performance Clawback”). Notwithstanding the foregoing, the Performance Clawback will be due on January 1, 2022 if CSI has not added 10 Jobs by November 1, 2021. If CSI has added 10 Jobs by such date, then no Performance Clawback will be due at that time. A Performance Clawback would be due to the City annually for any year after 2021 and up to November 1, 2026, that CSI fails to maintain at least 40 employees, and the Performance Clawback will be payable within sixty (60) days of the due date of the annual report referred to in Section 9 below.

Notwithstanding the foregoing, if CSI fails to hire 10 or more employees for Jobs by November 1, 2021, or fails to maintain at least 40 employees through November 1, 2026, and believes Business Climate Changes were the cause for its failure to meet such requirements, CSI will so advise the City in writing by November 1, 2021, if it has failed to meet the 10 Jobs requirement, or at the time it no longer employs at least 40 employees if that is the requirement not met, describing the Business Climate Changes in detail. “Business Climate Changes” mean

substantial changes outside of the control of CSI, in the segment of the aircraft industry in which CSI operates, that cause a significant decrease in the amount of sales CSI is able to achieve. The shifting of CSI's operations to another Project, whether within or outside of Albuquerque, will not constitute a Business Climate Change.

If the City determines that Business Climate Changes affect CSI's ability to maintain employment levels, the City shall consult with the State EDD as to any potential waiver of the Performance Clawback or a portion thereof. Any Performance Clawback due will be paid within 15 days after the City notifies CSI of the decision of the State EDD. If CSI 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 CSI cease operation, or notify the City of its intent to cease operation, of the Project (i.e., cease to conduct operations at the Project) before November 1, 2026, CSI 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 Public Contribution paid pursuant to this Agreement, with the specific percentage based on the date of cessation of operations in accordance with the following table:

Date of Cessation of Operations	Percent of Public Contributions to be Repaid
On or before November 1, 2021	100%
From November 2, 2021 through November 1, 2023	60%
From November 2, 2023 through November 1, 2026	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 City in its sole reasonable discretion.

E. Maximum Clawback; Unpaid Payments. Notwithstanding anything herein to the contrary, the aggregate clawback payable hereunder will be \$500,000, 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.

6. Security. To secure the performance of its obligations under this Agreement, CSI has provided the City with a mortgage in favor of the City, in the form attached to this Agreement as Exhibit C (the "Mortgage").

7. Events of Default and Remedies.

A. Failure to Comply With Obligations. Failure by CSI 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. If any Event of Default occurs, the City shall notify CSI in writing, and CSI shall have thirty (30) days in which to cure such Event of Default. 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.

8. Fees. CSI 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 CSI shall not be liable for costs incurred by the City that (i) are the City's responsibility pursuant to any lease agreement with CSI and/or (ii) 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 could include, without limitation, 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.

9. Annual Reporting Requirement, Performance Review and Termination. Annually, on or before March 30 or other date specified by the City, CSI 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 CSI has met its obligations under this Agreement. If requested to do so by the City, CSI will request in writing from the State Department of Workforce Solutions a certified report indicating the number of full-time employees of CSI from and after December 31, 2016 and annually as of December 31 thereafter during the term of this Agreement and shall provide such report to the City. 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.

10. 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 President of CSI, 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 CSI 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.

11. 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 its 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.

12. 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.

13. Assignment by the Company. This Agreement may be assigned by CSI in connection with a sale of substantially all of the assets of CSI, provided that (i) the assignee assumes in writing the obligations of CSI under this Agreement, including the obligations contained in the security instruments or, in the alternative, provides substitute security reasonably acceptable to the City, and (ii) CSI furnishes to the City, at least ten (10) days before the effective date of any such assignment, a copy of the assignment and the assumption and the substitute security.

14. Miscellaneous. This Agreement binds and inures to the benefit of the City and CSI 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 Letter of Credit, 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.

15. Effective Date. This Agreement will be effective on _____, 2016 (the "Effective Date").

CITY OF ALBUQUERQUE,
NEW MEXICO

CSI AVIATION, INC.,
a New Mexico corporation

By _____
Name: Robert J. Perry
Title: Chief Administrative Officer
Date: _____

By _____
Name: David C. Orehek
Title: VP - Contracts & Compliance
Date: _____

Address for notice:
One Civic Plaza NW
Albuquerque, NM 87102
Attention: Economic Development Director
Tel: (505)768-3000
Email: _____

Address for notice:
Attention: David Orehek
CSI Aviation, Inc.
3700 Rio Grande Blvd. NW
Albuquerque, NM 87107
Tel: (505) 761-9000
Email: orehek@csiaviation.com

With a copy to:
City Attorney
One Civic Plaza NW
Albuquerque, NM 87102
Tel: (505)768-3000
Email: _____

With a copy to:

Tel:
Email:

Mailing Address:

P.O. Box 1293
Albuquerque, NM 87103

Exhibits

- Exhibit A Application for LEDA Assistance
- Exhibit B Wages and Benefits
- Exhibit C Mortgage

**SECOND LIEN LEASEHOLD CONSTRUCTION MORTGAGE,
SECURITY AGREEMENT AND FIXTURE FILING**

(This Document Serves as a Fixture Filing under Section 55-9-502 of the New Mexico Uniform Commercial Code.)

THIS SECOND LIEN LEASEHOLD CONSTRUCTION MORTGAGE, SECURITY AGREEMENT AND FIXTURE FILING (this "Mortgage") is made this _____ day of January, 2017, by CSI AVIATION, INC., a New Mexico corporation with a place of business at 3700 Rio Grande Blvd. NW, Albuquerque, NM 87107 ("Mortgagor"), in favor and for the benefit of the CITY OF ALBUQUERQUE, NEW MEXICO ("Mortgagee") with reference to the following:

(a) Pursuant to that certain Lease Agreement between Mortgagor and Mortgagee dated _____ (the "Lease"), Mortgagor is the owner of a leasehold interest in certain real estate (the "Land") situated in Bernalillo County, New Mexico, which is identified and more particularly described on Exhibit "A" attached to this Mortgage and incorporated herein by reference as if fully set forth herein.

(b) Pursuant to the LEDA Project Participation Agreement dated as of even date herewith (the "PPA"), by and between Mortgagee, as the City, and Mortgagor, as CSI, Mortgagor has agreed to grant Mortgagee a security interest in order to secure repayment of the economic assistance provided by Mortgagee in the case of an Event of Default (as defined in the PPA) and all other amounts that may become due to Mortgagee under the PPA, this Mortgage, and Albuquerque Ordinance No. F/S O-04-10 (the "Ordinance").

(c) By means of this Mortgage, Mortgagor will secure to Mortgagee the repayment of any and all amounts due to Mortgagee under the PPA, the Ordinance, the Lease, and all other monies secured by this Mortgage or advanced hereunder, and the performance of the covenants and agreements contained in the PPA, the Ordinance, the Lease, this Mortgage and any other documents executed and delivered by Mortgagor to Mortgagee in conjunction with the Project, as defined in the Ordinance (the "Project Documents").

NOW, THEREFORE, to secure to the Mortgagee the payment of the Project Obligations, as defined herein, up to a maximum amount at any given time of \$700,000.00, and the performance of the covenants, agreements and promises contained in the Project Documents, and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, Mortgagor does hereby give, transfer, grant, bargain and mortgage, pledge, set over, hypothecate and assign to Mortgagee, with mortgage covenants, and grant a security interest unto the Mortgagee, in and to all of the following whether now or hereafter acquired by Mortgagor:

Mortgagor's interest in and to the Land together with: (i) any and all buildings, structures, improvements, alterations or appurtenances now or hereafter situated or to be situated on the Land (collectively the "Improvements"); and (ii) all right, title and interest of Mortgagor, now owned or hereafter acquired, in and to (1) all streets, roads, alleys, easements, rights of way,

licenses, rights of ingress and egress, vehicle parking rights and public places, existing or proposed, abutting, adjacent, used in connection with or pertaining to the Land or the Improvements; (2) any strips or gores between the Land and abutting or adjacent properties; (3) all options to purchase the Land or the Improvements or any portion thereof or interest therein, and any greater estate in the Land or the Improvements; and (4) all water and water rights, timber, crops and mineral interests on or pertaining to the Land; (iii) all fixtures, now owned or hereafter acquired by Mortgagor, which are now or hereafter attached to the Land or the Improvements, or used in or necessary to the complete and proper use, occupancy or operation thereof, and all renewals and replacements of, substitutions for and additions to the foregoing; (iv) permits, licenses, certificates, development rights, commitments and rights for utilities, and other rights and privileges obtained in connection with the Land or Improvements; (v) leases, rents, issues, and other benefits of the Land or Improvements; (vi) accounts and proceeds arising from the properties, rights, titles and interests referred to above, including but not limited to proceeds of any sale, lease or other disposition thereof, proceeds of each policy of insurance relating thereto (including premium refunds), proceeds of the taking thereof or of any rights appurtenant thereto, including change of grade of streets, curb cuts or other rights of access, by condemnation, eminent domain or transfer in lieu thereof for public or quasi public use under any law, and proceeds arising out of any damage thereto; and (vii) all other interests of every kind and character which Mortgagor now has or hereafter acquires in, to or for the benefit of the properties, rights, titles and interests referred to above and all property used or useful in connection therewith, including but not limited to rights of ingress and egress and remainders, reversions and reversionary rights or interests.

(All of the above-described Land, Improvements, and other property are hereinafter collectively referred to as the "Property," and are hereby declared to be subject to the liens of this Mortgage. As to any property which is or which hereafter becomes a "fixture" under applicable law, this Mortgage constitutes a fixture filing under the New Mexico Commercial Code, as amended or recodified from time to time ("UCC"), and is acknowledged and agreed to be a "construction mortgage" under the UCC.)

TO HAVE AND TO HOLD the Property with all the rights, improvements and appurtenances thereunto belonging, or in anywise appertaining unto the Mortgagee, their respective successors and assigns forever.

This Mortgage is executed, acknowledged and delivered to secure payment and performance of the following described indebtedness and obligations of Mortgagor in such order of priority as Mortgagee may determine: (i) any and all amounts due under the PPA, the terms and provisions of which are incorporated herein by reference as if fully set forth herein, together with any and all interest charged on amounts due; (ii) any and all sums which Mortgagee may expend or become obligated to expend, at Mortgagee's option, to cure any breach or default of Mortgagor under the PPA, Ordinance, this Mortgage, or any other Project Document, together with interest on all sums from the respective dates which Mortgagee may expend or become obligated to expend as provided in the PPA; and (iii) any and all amounts which Mortgagee may expend or become obligated to expend in collecting the indebtedness secured hereby, in foreclosing the lien of this Mortgage, in exercising any remedy provided herein, in preserving or protecting any of the Property, or in pursuing or exercising any right or remedy hereunder or

with respect hereto consequent upon any default of the Mortgagor hereunder, including, but not limited to reasonable attorneys' fees, court costs, title expenses, receivers' fees, appraisers' fees, watchmen's fees, storage fees and other expenses reasonably incurred to protect and preserve the Property or in maintaining the priority of this Mortgage or in retaking, holding, preparing for sale or selling the Property, together with interest on all such sums from the respective date which the Mortgagee may expend as provided in the PPA, and (iv) all representations, warranties, covenants and agreements of Mortgagor contained in the Project Documents, together with any and all supplements, renewals, modifications and amendments thereof (all of the above-described indebtedness and obligations are hereinafter collectively referred to as the "Project Obligations").

This Mortgage is made subject to the following covenants, conditions and agreements:

1. WARRANTY OF TITLE. Mortgagor represents, covenants and warrants that Mortgagor has good right to convey and mortgage the Property, that the Property is free, clear and discharged of all general and special taxes, liens, charges and encumbrances of every kind and character, except for those liens and exceptions as of the record date hereof (including a first and prior mortgage lien in favor of _____ securing a principal amount of _____ (the "First Mortgage")), and that Mortgagor hereby warrants and will forever defend the title to the Property against the claims of all persons whomsoever.

2. REPAYMENT OF PROJECT OBLIGATIONS. Mortgagor covenants and agrees to pay all of the Project Obligations and each separate item or installment thereof as and if and when the same become due and payable, whether by extension, acceleration or otherwise. If the Mortgagor pays and discharges the Project Obligations as and when the same become due and payable, whether by extension, acceleration or otherwise, and punctually performs and complies with all of the terms and provisions of this Mortgage, then in that event only, this Mortgage shall be discharged of record.

3. PRESERVATION AND MAINTENANCE OF PROPERTY. With respect to the Property, Mortgagor covenants and agrees to keep the same in good condition and repair, to pay all taxes and assessments and other charges that may be levied or assessed upon the Property when they become due and payable; to pay all debts for repair or improvements, now existing or hereafter arising, that may become liens upon or charges against the same; to comply with any and all obligations of Mortgagor under the First Mortgage, to comply with or causes to be complied with all requirements of any governmental authority relating to the Property and, subject to Section 4 of this Mortgage, to repair, restore, replace or rebuild promptly any part of the Property which may be damaged by any casualty whatsoever or which may be affected by any condemnation proceeding or the exercise of eminent domain. Mortgagor further covenants and agrees that the Mortgagor will not do or permit to be done anything which will impair or weaken the security of this Mortgage; nor initiate, join in, or consent to any change in any private restrictive covenant, zoning ordinance, or other public or private restrictions limiting or defining the uses which may be made of the Property or any part thereof. Mortgagor further covenants and agrees not to create, permit or suffer to exist any mortgage, security interest, lien or encumbrances of any kind or character to accrue or remain on the Property or any part thereof, without the prior written consent of Mortgagee; *provided, however*, that in the event any

mechanics' or materialmen's liens are filed against the Property, Mortgagor may contest in good faith the validity of such lien or liens by depositing with the court of competent jurisdiction adequate security as determined by the court in lieu of the lien.

4. INSURANCE. Mortgagor shall, while any obligation of Mortgagor under any of the Project Documents remains outstanding, maintain at Mortgagor's sole expense, with licensed insurers approved by Mortgagee, policies of insurance in form and substance reasonably satisfactory to Mortgagee.

4.1 General. Mortgagor shall provide to Mortgagee insurance certificates or other evidence of coverage in form acceptable to Mortgagee, with coverage amounts, deductibles, limits and retentions as required by Mortgagee. All insurance policies shall provide that the coverage shall not be cancelable or materially changed without ten (10) days prior written notice to Mortgagee of any cancellation for nonpayment of premiums, and not less than thirty (30) days prior written notice to Mortgagee of any other cancellation or any modification (including a reduction in coverage). Mortgagee shall be named as an additional insured under a Lender's Loss Payable Endorsement or a Standard Mortgagee Clause Endorsement (in form acceptable to Mortgagee) on all insurance policies which Mortgagor actually maintains with respect to the Property. All insurance policies shall be issued and maintained by insurers approved to do business in the state in which the Property is located and must have an A.M. Best Company financial rating and policyholder surplus acceptable to Mortgagee. The proceeds of insurance collected upon any insured casualty shall, subject to the rights of the First Mortgage holder, at the option of Mortgagee and in its sole discretion, be applied to the payment of any outstanding Project Obligation or applied to reimburse Mortgagor for the cost of restoring, repairing, replacing or rebuilding the Property or the part thereof subject to the insured casualty, in the manner set forth below. In no case shall any such application reduce or postpone any payments otherwise required pursuant to any of the Project Documents.

4.2 Application of Proceeds. In the event that proceeds of insurance, if any, shall be made available to Mortgagor for the restoring, repairing, replacing or rebuilding of the Property, Mortgagor hereby covenants to restore, repair, replace or rebuild the Property to be of at least equal value and of substantially the same character as prior to such damage or destruction, all to be effected in accordance with applicable law and plans and specifications approved in advance by Mortgagee, such consent not to be unreasonably withheld, conditioned or delayed; *provided, however,* that Mortgagor shall pay all costs (and if required by Mortgagee, shall deposit the total thereof with Mortgagee in advance) of such restoring, repairing, replacing or rebuilding in excess of the net proceeds of insurance made available pursuant to the terms hereof.

5. TAXES. If applicable pursuant to the terms of the Lease, Mortgagor shall pay and discharge all general and special taxes, assessments, impositions and charges of every nature whatsoever that may be imposed, levied, or assessed upon or against the Property as they become due and payable and to furnish to Mortgagee receipts showing payment of any such taxes and assessments if and as often as demanded by Mortgagee.

6. CONDEMNATION. Mortgagor covenants and agrees that if at any time all or any portion of the Property shall be taken or damaged under the power of eminent domain, the

award received by condemnation proceedings for any property so taken or any payment received in lieu of such condemnation proceedings, including, but not limited to, any awards for any change of grade of streets affecting or abutting the Property shall, subject to the rights of the First Mortgage holder, be paid directly to the Mortgagee and all or any portion of such award or payment, at the option of the Mortgagee, shall be applied to the Project Obligations, or such award or payment may be paid over, wholly or in part, to the Mortgagor for the purpose of altering, restoring or rebuilding any part of the Property which may have been altered, damaged or destroyed as a result of any such taking or damage, or for any other purpose or object satisfactory to Mortgagee; *provided, however*, that the Mortgagee shall not be obligated to see to the application of any amount paid over to the Mortgagor.

7. INSPECTIONS. Mortgagee and its agents and representatives shall have the right from time to time to make or cause to be made reasonable entries upon and inspections of the Property, without cost to the Mortgagee.

8. USE AND CONDITION OF PROPERTY. Mortgagor covenants and agrees to neither permit nor suffer the Property to be used for any purpose prohibited by any present and future laws, ordinances, rules and regulations of all applicable governmental authorities. The Mortgagor further covenants and agrees that it shall at all times keep, or cause to be kept, the Property and all buildings, fixtures and other improvements thereon in compliance with all present and future applicable laws, ordinances, rules and regulations of all applicable governmental authorities.

9. ADEQUATE PROTECTION. Mortgagor acknowledges that the Mortgagee is accepting this Mortgage as security for the Project Obligations based upon the appraised value of the Property.

10. SALE, TRANSFER, PARTIAL RELEASE. Except as may be permitted under the PPA, Mortgagor covenants and agrees not to sell, transfer, convey, alienate, assign or voluntarily or involuntarily permit or suffer the Property, or any part thereof, to be sold, transferred, assigned, alienated, or conveyed without the prior written consent of Mortgagee, which consent may be given or withheld by the Mortgagee in its sole and absolute subjective discretion.

11. ENCUMBRANCES. Mortgagor covenants and agrees that, other than the First Mortgage, it shall not mortgage, pledge, grant a security interest in or otherwise encumber the Property or any part thereof, or voluntarily or involuntarily permit or suffer the Property, or any part thereof, to be mortgaged, pledged or encumbered, without the prior written consent of Mortgagee, which consent may be given or withheld by the Mortgagee in its sole discretion. Mortgagor shall not increase the amount of the indebtedness secured by the First Mortgage or extend or otherwise modify the terms of payment thereof without the prior written consent of Mortgagee.

12. EVENTS OF DEFAULT. Mortgagor shall be in default under this Mortgage upon the occurrence of any of the following events or conditions (collectively, "Events of Default" and individually, "Event of Default"):

12.1 Any Event of Default on the part of the Mortgagor as described in the PPA, or

12.2 The failure to pay or perform any obligation, liability or indebtedness of Mortgagor, whether under this Mortgage, the PPA, the Ordinance, or any other Project Document, as and when due;

12.3 Any Event of Default under the First Mortgage;

12.4 The commencement of a proceeding against the Mortgagor for dissolution or liquidation, the voluntary or involuntary termination or dissolution of the Mortgagor or the merger or consolidation of the Mortgagor with or into another entity;

12.5 The insolvency of, the business failure of, the appointment of a custodian, trustee, liquidator or receiver for or for any of the property of, the assignment for the benefit of creditors by, or the filing of a petition under bankruptcy, insolvency or debtor's relief law or the filing of a petition for any adjustment of indebtedness, composition or extension by or against the Mortgagor;

12.6 Determination by Mortgagee that any representation or warranty made to Mortgagee by Mortgagor in any of the Project Documents or otherwise is or was, when it was made, untrue or materially misleading;

12.7 The failure of Mortgagor to timely deliver project reports other statements of condition or other information, as required by the Project Documents; or

12.8 The entry of a judgment against the Mortgagor which Mortgagee deems to be of a material nature, in Mortgagee's sole discretion, and which remains either unsatisfied or unappealed for thirty (30) days.

13. REMEDIES. Upon the occurrence of any of the Events of Default listed in paragraph 13 of this Mortgage and the failure by Mortgagor to cure such Event of Default after such notice and opportunity to cure the Event of Default as may be required under the terms of the PPA, the Mortgagee shall have the following alternate remedies in addition to all other remedies provided in this Mortgage or otherwise provided by law:

13.1 Mortgagee shall be entitled to declare the whole amount of the Project Obligations immediately due and payable without notice, and Mortgagee may then proceed by suit or suits in equity or at law to foreclosure this Mortgage pursuant to the laws of the State of New Mexico. **If this Mortgage is foreclosed, the redemption period after judicial sale shall be one (1) month in lieu of nine (9) months.** In the event of a judicial sale hereunder, Mortgagee may become the purchaser of the Property, or any part thereof. In the event of foreclosure, Mortgagee shall be entitled to the appointment of a receiver without regard to the solvency of Mortgagor or the value of the Property.

13.2 Mortgagor agrees to pay and reimburse Mortgagee for all reasonable attorneys' fees, costs and expenses paid or incurred by Mortgagee in any legal action, proceeding or other dispute of any kind in which Mortgagee is made a party or appears as a party plaintiff or defendant, involving the PPA, the Ordinance, this Mortgage, any other Project Document, or the Property, including, but not limited to, the foreclosure or other enforcement of the PPA or this Mortgage, any condemnation action, any action to protect Mortgagee's security or liens and/or any action in bankruptcy or probate.

13.3 Mortgagee shall have all rights, remedies and recourses granted in the Project Documents and available at law or equity and same (a) shall be cumulative and concurrent, (b) may be pursued separately, successively or concurrently against the Mortgagor or others obligated under the Project Documents, or against the Property, or against any one or more of them, at the sole discretion of the Mortgagee, (c) may be exercised as often as occasion therefor shall arise, it being agreed by the Mortgagor that the exercise or failure to exercise any of same shall in no event be construed as a waiver or release thereof or of any other right, remedy or recourse, and (d) are intended to be, and shall be, nonexclusive.

13.4 In the event the Mortgagee shall elect to selectively and successfully enforce its rights under this Mortgage or any other documents or instruments securing payment of the Project Obligations, such action shall not be deemed a waiver or discharge of any other lien, encumbrance or security interest securing payment of the Project Obligations. The foreclosure of any lien provided pursuant to this Mortgage without the simultaneous foreclosure of all such liens shall not merge the liens granted which are not foreclosed with any interest which the Mortgagee might obtain as a result of such selective and successive foreclosure.

13.5 Mortgagee may in person, by agent, or by a receiver, regardless of the adequacy of Mortgagee's security, enter upon and take and maintain full control of the Property in order to perform all acts necessary and appropriate for the operation and maintenance thereof including, but not limited to, the execution, cancellation or modification of leases, the collection of all rents and revenues of the Property, the making of repairs to the Property and the execution or termination or contracts providing for the management or maintenance of the Property all on such terms as are deemed best to protect the security of this Mortgage. Mortgagor expressly consents to the appointments of a receiver for such purposes. This section constitutes the provision for the appointment of a receiver constituent with Section 44-8-4 NMSA 1978.

14. SUBROGATION. If the money advanced by Mortgagee and secured hereby shall be used to pay off or discharge any mortgage, lien or encumbrance upon or against the Property, the Mortgagee, at its option, will be subrogated to all such mortgages, liens or encumbrances so discharged, satisfied or paid, even though the same may be released of record, and to all the rights of the person or persons to whom such payments have been made, and may immediately enforce the same against the Mortgagor and the Property.

15. INDULGENCES, EXTENSIONS AND RELEASES. It is understood and agreed that at any time and from time to time, either with or without any consideration, and without notice to any person and without the consent or approval of any person or persons, and without in any manner affecting the liability of the Mortgagor or any guarantors, sureties, endorsers, or

any other persons liable for the payment of the Project Obligations together with interest and any other sums which may be due and payable to Mortgagee, and without in any manner affecting, disturbing or impairing in any manner whatsoever the validity and priority of the lien of this Mortgage upon that portion of the Property which is unreleased, and also without in any manner affecting or impairing to any extent whatsoever any and all other Property security which may be held by Mortgagee, the Mortgagee may at its sole subjective discretion:

15.1 Grant to the Mortgagor any indulgence, forbearance or any extension of time for the payment of any of the Project Obligations, and may agree to a modification in the terms of the PPA and this Mortgage; and

15.2 Allow any change, addition or substitution of or for any of the property described in this Mortgage or other Property which may be held by Mortgagee; and

15.3 Release or otherwise deal with all or any portion of the Property or any other real or personal property or portion thereof which may be held by Mortgagee as security for the payment of the Project Obligations; and

16.4 Release the Mortgagor or any guarantors, sureties, endorsers or any other persons now or hereafter liable for the payment of all or any part of the Project Obligations or liable for the performance of any obligations; and/or

None of the foregoing will impair or affect the lien of this Mortgage or the priority of such lien over any subordinate lien covering the Property. Further, any agreement or stipulation between any subsequent owner or owners of the Property and the Mortgagee which extends the time of payment or which modifies the terms of the PPA or this Mortgage, without Mortgagee first having obtained the consent of the Mortgagor, shall not constitute a release of Mortgagor or any guarantors, sureties, endorsers or any other persons liable for payment of the Project Obligations, and the Mortgagor and all such other persons shall continue liable to make such payments according to the terms of any such agreement or extension or modification unless expressly released and discharged in writing by the Mortgagee.

16. NO WAIVERS. Any failure by the Mortgagee to insist upon the strict performance by the Mortgagor of any of the terms and provisions of this Mortgage shall not be deemed to be a waiver of any of the terms and provisions of this Mortgage, and the Mortgagee, notwithstanding any such failure, shall have the right thereafter to insist upon the strict performance by the Mortgagor of any and all of the terms and provisions of this Mortgage to be performed by the Mortgagor. Further, no delay by Mortgagee in exercising any of its rights or remedies hereunder, or otherwise afforded by law, shall operate as a waiver thereof or preclude the exercise thereof during the continuance of any default hereunder.

17. DEMANDS FOR FORECLOSURE. Neither the Mortgagor nor any other person now or hereafter obligated for the payment of the whole or any part of the Project Obligations secured by this Mortgage shall be relieved of such obligation by reason of the failure of the Mortgagee to comply with any request of the Mortgagor or of any other person so obligated to

take action to foreclose this Mortgage or otherwise enforce any of the provisions of this Mortgage or of any obligations secured by this Mortgage.

18. CHANGE OF OWNERSHIP. If ownership of the Property or any portion thereof becomes vested in a person or persons other than the Mortgagor, the Mortgagee may deal with such successor or successors in interest with reference to this Mortgage and the Project Obligations in the same manner as with the Mortgagor, *provided, however,* nothing contained in this paragraph shall constitute or be construed as Mortgagee's consent to or approval of any change in ownership of the Property or any part thereof.

19. PAYMENT BY OTHERS. Any payment made by any person at any time liable for the payment of the whole or any part of the Project Obligations or by any person whose interest in the Property might be prejudiced in the event of a failure to make such payment, or by any stockholder, officer or director of a corporation or any partner of a partnership or trustee or beneficial owner of a trust which at any time might be liable for such payment or might own an interest in the Property, will be deemed, as between the Mortgagee and all persons who at any time might be liable as aforesaid or might own an interest in the Property, to have been made on behalf of the Mortgagor.

21. NOTICES. Every provision for notice pursuant to this Mortgage shall be given in accordance with the PPA.

22. RELATIONSHIP OF THE PARTIES. This Mortgage is given as an incident to a local economic development project entered into pursuant to NMSA 1978, § 5-10-3(D) between Mortgagee and Mortgagor, and in no event shall Mortgagee be construed or held to be a partner, joint venturer or associate of the Mortgagor in the conduct of the business of Mortgagor on or about the Property or otherwise, nor shall Mortgagee be liable for any debts or obligations incurred by Mortgagor in the conduct of such business, it being understood and agreed that the relationship of the parties is and at all times shall remain that of lender and Mortgagor.

23. GOVERNING LAW. THIS MORTGAGE, THE PPA, AND ALL OTHER PROJECT DOCUMENTS ARE BEING DELIVERED TO AND ACCEPTED BY MORTGAGEE IN THE STATE OF NEW MEXICO AND SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF NEW MEXICO, AND SHALL BE INTERPRETED, GOVERNED BY AND ENFORCED ACCORDING TO THE LAWS OF THE STATE OF NEW MEXICO.

24. CUMULATIVE REMEDIES. The rights of the Mortgagee arising under the representations, warranties, covenants and agreements contained in this Mortgage shall be separate, distinct and cumulative and none of them shall be in exclusion of the others; and no act of the Mortgagee shall be construed as an election to proceed under any one provision herein to the exclusion of any other provisions, anything herein or otherwise to the contrary notwithstanding.

25. CONSTRUCTION. The paragraph headings and captions contained in this Mortgage are included for convenience only and shall not be construed or considered a part of

this Mortgage or affect in any manner the construction or interpretation of this Mortgage. Whenever used in this Mortgage, the singular will include the plural, the plural the singular, and the use of any gender will be applicable to all genders.

26. SEVERABILITY. If any covenant or agreement in this Mortgage is invalid or void for any reason, such invalid or void covenant or agreement shall not affect the whole of this Mortgage, and the balance of the covenants and agreements of this Mortgage shall remain in full force and effect.

27. AMENDMENT. This Mortgage cannot be changed, modified or amended except by an agreement in writing, signed by the party against whom enforcement of the change is sought and in recordable form.

28. BINDING EFFECT. All of the covenants, conditions and agreements contained in this Mortgage shall run with the land and shall bind the Mortgagor, and the respective successors and assigns of the Mortgagor, and shall inure to the benefit of the Mortgagee and its successors and assigns.

29. ENVIRONMENTAL REPRESENTATION, WARRANTIES, COVENANTS AND INDEMNITY. As used in this paragraph, the following terms shall have the meaning indicated for each:

(a) The term "Environmental Law" shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. §§ 9601, et seq.) ("CERCLA"), the Hazardous Materials Transportation Act as amended (49 U.S.C. §§ 1801, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. §§ 6901 et seq.) ("RCRA"), the Clean Water Act, as amended (33 U.S.C. §§ 1251, et seq.), the Clean Air Act, as amended (41 U.S.C. §§ 7401, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. §§ 2601, et seq.), all rules and regulations adopted and publications promulgated pursuant to the referenced Acts, all rules and regulations of the Occupational Safety and Health Administration pertaining to occupational exposure to asbestos, as amended, and all other federal, state or local laws, ordinances, rules and regulations, now or hereafter in effect which pertain to Hazardous Materials, environmental conditions and/or environmental contamination.

(b) The terms "Hazardous Materials" shall mean and include, without limitation, asbestos, urea formaldehyde foam insulation, flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related or unrelated substances or materials defined, regulated, controlled, limited or prohibited in any of the Environmental Laws.

Mortgagor represents and warrants to and covenants and agrees with Mortgagee as follows:

29.1 To the best of Mortgagor's knowledge, information and belief, all of the Property presently complies with all Environmental Laws and will at all times in the future comply with all Environmental Laws.

29.2 There are no pending claims or, to the best of Mortgagor's knowledge, information and belief, threats by private or governmental or administrative authorities relating to environmental impairment, conditions or regulatory requirements with respect to the Property.

29.3 Mortgagor shall give immediate oral and written notice to Mortgagee of Mortgagor's receipt of any notice of a violation of any Environmental Law or of notice of other claim relating to the environmental condition of the Property or of Mortgagee's discovery of any matter which would make the representations or warranties contained in this paragraph to be inaccurate or misleading in any respect and/or which would constitute a default under any of the covenants and agreements contained in this paragraph.

29.4 There are no underground storage tanks, whether in use or not in use, located in, on or under any part of the Property.

29.5 Mortgagor shall indemnify and hold Mortgagee harmless from and against and reimburse Mortgagee with respect to any and all claims, demands, causes of action, losses, damages, liabilities, costs and expenses (including attorneys' fees and court costs) of any and every kind or character, known or unknown, fixed or contingent, asserted against or incurred by Mortgagee at any time and from time to time by reason of or arising out of (a) the violation of any representation or warranty set forth in this paragraph, (b) Mortgagor's failure to perform any covenants, agreements or obligations under this paragraph, (c) any violation by Mortgagor or by the Property of any Environmental Law, (d) any other matter related to environmental conditions on, under or affecting the Property or (e) any and all matters arising out of any act, omission, event or circumstance existing or occurring for which any party may claim Mortgagee has liability (including without limitation the presence on the Property or release from the Property of hazardous substances or solid waste disposed of or otherwise released from the Property), regardless of whether the act, omission, event or circumstance constituted a violation of any Environmental Law at the time of its existence or occurrence; *provided, however*, such indemnity shall not apply with respect to matters caused by or arising out of the gross negligence or willful misconduct of Mortgagee. The terms "hazardous substance" and "release" shall have the meanings specified in the CERCLA, and the terms "solid waste" and "disposed" shall have the meanings specified in RCRA; provided, in the event either CERCLA or RCRA is amended so as to broaden the meaning of any term defined thereby, such broader meaning shall apply subsequent to the effective date of such amendment and provided further to the extent that state laws establish a meaning for "hazardous substance," "release," "solid waste" or "disposal" which is broader than that specified in either CERCLA or RCRA, such broader meaning shall apply. The provisions of this paragraph shall survive termination of the PPA, repealment of the Ordinance, repayment of all Project Obligations, the exercise of any rights or remedies of Mortgagee under the PPA, this Mortgage or any Project Document, any sale or transfer of the Property, the release of this Mortgage, and all similar or related events and shall continue thereafter in full force and effect.

30. Limitation of Indemnification. To the extent, if at all, a court of competent jurisdiction determines that Section 56-7-1 NMSA 1978 applies to any indemnification provisions in this Agreement, including certain types of insurance coverage as set forth in Section 56-7-1 NMSA 1978, such provisions shall not apply to or extend to liability, claims,

damages, losses or expenses, including attorney fees, arising out of bodily injury to persons or damage to property caused by or resulting from, in whole or in part, the negligence, act or omission of the indemnitee or additional insured, as the case may be, its officers, employees or agents and shall further be limited, if required, by the provisions of Section 56-7-1B NMSA 1978.

31. Release. Upon satisfaction of all of Mortgagee's obligations under the PPA, and if all of the covenants, warranties, undertakings and agreements made in this Mortgage are kept and performed, then, and in that event only, all rights under this Mortgage shall terminate (except to the extent expressly provided herein with respect to indemnifications, representations and warranties and other rights which are to continue following the release hereof) and the Property shall become wholly clear of the liens, security interests, conveyances and assignments evidenced hereby, and such liens and security interests shall be released by Mortgagee at Mortgagor's cost. Provided however, all provisions herein for indemnity of Mortgagee shall survive release of the mortgage lien and any foreclosure, release or termination of this Mortgage.

*Remainder of Page Intentionally Left Blank
Signature Page to Follow*

EXHIBIT A
Description of Land

[SEE ATTACHED LEASE DESCRIPTION]

INTERGOVERNMENTAL AGREEMENT
BETWEEN
THE NEW MEXICO ECONOMIC DEVELOPMENT DEPARTMENT AND
THE CITY OF ALBUQUERQUE

This Intergovernmental Agreement (“Agreement”) is entered into as of the date of the last signature affixed below by and between the New Mexico Economic Development Department (“EDD”) and the City of Albuquerque (“City” and collectively referred to as “the Parties”).

SECTION 1: RECITALS:

WHEREAS, the New Mexico State Legislature enacted Laws 2016, Chapter 11, Section 4, Subsection D, which appropriated nine million sixty three thousand and one hundred dollars (\$9,063,100) to EDD “to assist communities in preparing for their role in the new economy” with a focus on “high-quality job creation and improved infrastructure” (the “Appropriation”); and

WHEREAS, the purpose of the Local Economic Development Act, NMSA 1978 § 5-10-1 through § 5-10-13 (2007) (“LEDA”), is to provide “public support for economic development to foster, promote and enhance local economic development efforts...;” and

WHEREAS, the City has adopted Ordinance No. F/S O-04-10, approving an economic development plan for the City that promotes economic development within the City; and

WHEREAS, the City has adopted Ordinance No. O-17-__ (the “Ordinance”) to approve the economic development project proposed by CSI AVIATION, INC., a New Mexico corporation (“CSI” or the “Company” or the “Qualifying Entity”) pursuant to which CSI would construct certain facilities within the City and for a minimum of ten (10) years would create and maintain jobs within the City as set forth in the Ordinance; and

WHEREAS, the Qualifying Entity has entered into a Local Economic Development Project Participation Agreement (hereinafter “PPA”) with the City and, pursuant to the terms of that PPA, CSI will, among other things, create at least 10 new jobs within the City by November 1, 2021 for a total of at least 40 jobs, thereby expanding the City’s tax base, and will thereafter maintain a total of at least 40 jobs through November 1, 2026: A copy of the PPA (including the Mortgage attached thereto as an exhibit) is attached hereto as Exhibit A; and

WHEREAS, the Project will achieve job growth within the City of Albuquerque, thereby making a positive substantive contribution to the community; and

WHEREAS, EDD will transfer a portion of the Appropriation to the City for use in the Project; and

WHEREAS, EDD and the City desire to enter into this Agreement as necessary to facilitate disbursement of funds for the Project;

NOW THEREFORE, the Parties do hereby agree to the following terms and conditions to accomplish the Project.

SECTION 2. PURPOSE OF AGREEMENT:

The purpose of this Agreement is to place the primary responsibility on the City for overseeing and administering funds disbursed by EDD from the Appropriation. It is the intent of the parties that Five Hundred Thousand Dollars (\$500,000) from the Appropriation (“State Funds”) will be transferred to the City of Albuquerque to support the Project.

The Parties agree that any and all State Funds received will be accounted for by City as the fiscal agent for EDD in accordance with the procedures the City will use to account for its own funds used to implement the Project.

SECTION 3. SCOPE OF WORK:

The City will act as fiscal agent for the State Funds supporting the Project. The State Funds will be granted to the City to assist with the economic development initiatives and costs and expenses incurred for the Project. The Company has agreed in the PPA that it will operate the facilities for a period of ten years and create a minimum of 10 new jobs within the City by November 1, 2021, for a total of at least 40 jobs, and will maintain a total of at least 40 jobs through November 1, 2026.

EDD and the City agree that failure of the Company to create and/or maintain the minimum number of jobs or otherwise meet its obligations set forth under the PPA will result in a violation of the terms and conditions of the PPA, which could result in the foreclosure of a security interest on collateral, if any, provided by the Company to secure its obligations under the PPA. Proceeds of any such foreclosure will be used, first, to pay or reimburse any costs and expenses, including attorneys' fees, of the foreclosure and then will be allocated to the State based on the contribution to the Project by the State. The portion of such net proceeds that is allocable to the State will be returned to the State. All the terms, conditions and requirements set forth under the PPA are incorporated into this Agreement by reference.

SECTION 4. CITY OF ALBUQUERQUE RESPONSIBILITIES:

The City shall:

1. Provide EDD with an invoice for the State Funds and serve as Fiscal Agent for the State Funds transferred to it under this Agreement;
2. Complete all of the following goals identified in this Agreement within the time limits agreed upon by the Parties:
 - a. distribute the funds transferred to the City by EDD to the Company as provided for in the PPA;
 - b. account for receipts and disbursements of said monies;
 - c. provide EDD with any required financial documentation pertaining to such disbursements; and
 - d. submit all required and reasonably requested documentation to EDD

including the endorsed Ordinance approved by the City Council accepting CSI as a qualifying entity for LEDA, copies of the Project Application submitted by CSI, the PPA entered into by the City and CSI, the Mortgage granted to the City by CSI, and any other documentation as reasonably required by EDD within the time required.

3. Not impose any obligations on EDD with respect to the administration of this Project, other than the provision of funds described in this agreement.
4. Any funds recaptured by the City as the result of enforcing the provisions of the PPA will be used in accordance with Section 3 of this Agreement.

SECTION 5. CITY CERTIFICATIONS:

As Fiscal Agent, the City hereby represents and agrees that:

- A. It will comply with all applicable State laws, regulations, policies, guidelines and requirements with respect to the acceptance and use of State Funds;
- B. It has the legal authority to receive and expend the State Funds;
- C. It will enforce the provisions of the Ordinance;
- D. It has exercised due diligence in evaluating the Project as a project with potential long term economic development benefits and will, upon request, provide EDD with copies of all documentation and references to expertise it has relied upon in approving the Project, including all documentation received from CSI;
- E. It has entered into a PPA and has obtained all financial documentation it has deemed appropriate to protect the City's investment in the Project;
- F. It will notify EDD of any default on the part of CSI of which it becomes aware within 10 days of becoming aware of the event of default. Further, the City shall provide the opportunity for any default to be cured by CSI in accordance with the PPA.

- G. It will comply with the City's procurement code and will keep files of all related procurement documents, including but not limited to requests for professional services, advertisements, minutes of pertinent meetings, selection and award criteria, contacts, subcontracts and agreements;
- H. It has complied with Article IX, Section 14, of the New Mexico Constitution known as the "anti-donation clause."

SECTION 6. EDD RESPONSIBILITIES:

- A. EDD shall:
 - 1. Transfer to the City Five Hundred Thousand Dollars (\$500,000) to be used for the Project in accordance with the above-referenced Appropriation. Such transfer shall be effected within thirty (30) days after receipt of an invoice from the City after this IGA has been fully executed. The State Funds shall be used only for the purpose stated in this Agreement.
 - 2. At its discretion, review and audit the Project if it is deemed to be necessary or desirable.

SECTION 7. TERM OF AGREEMENT:

This Agreement shall become effective on the date it is fully executed and shall terminate upon termination of the PPA.

SECTION 8. LIABILITY:

No party shall be responsible for liability incurred as a result of the other party's acts or omissions. Any liability incurred in connection with this Agreement is subject to the immunities and limitations of the New Mexico Tort Claims Act. The City and EDD may agree to reimburse one another under these liability provisions, subject to sufficient appropriation by the New Mexico Legislature or sufficient funds being available to the party, as determined by the party responsible for payment.

SECTION 9. RECORDS; RETURN OF SURPLUS FUNDS:

- A. The City shall keep such records as will fully disclose the amount and disposition of the total funds from all City and State sources budgeted for the

Project, the purposes for which such funds were used and such other records as EDD may require.

- B. If, upon the expiration of the Project or the termination date of this Agreement, any surplus funds received from the State are possessed by City, City shall return said funds to EDD for disposition in accordance with law.

SECTION 10. STRICT ACCOUNTABILITY:

The City shall be strictly accountable for receipts and disbursements relating hereto and shall make all relevant financial records available to EDD and the New Mexico State Auditor quarterly or upon request, and shall maintain all such records for a period of six (6) years following completion of all the records and any audits.

SECTION 11. REPORTS:

The City shall provide to EDD copies of all reports received by the City from the Company. At the request of EDD, the City will request that CSI provide to the City and EDD an affidavit signed by an officer of CSI or a certified report from the New Mexico Department of Workforce Solutions indicating the job performance count has been met. The City will provide EDD with information regarding problems or delays encountered with respect to the Project and the reasons therefor and such other information pertaining to the Project as may be requested by EDD.

SECTION 12. NOTICES; REPRESENTATIVES OF THE PARTIES:

Any notice required to be given to either party by this Agreement shall be in writing and shall be delivered in person, by courier service or by U.S. Mail, either first class or certified, return receipt requested, postage prepaid, as follows. The parties hereby designate the individuals named below as their representative responsible for overall administration of this Agreement.

To EDD:

Joseph Montoya Building
1100 St. Francis Drive
Santa Fe, New Mexico 87505

To the City:

City of Albuquerque
Attn: Economic Development Dept.
(Deirdre Firth)
One Civic Plaza NW, Rm. 1110
Albuquerque, NM 87102

Mail: P.O. Box 1293
Albuquerque, NM 87103

SECTION 13. AMENDMENTS:

This Agreement shall not be altered, changed or amended, except by instrument in writing executed by all of the Parties hereto.

SECTION 14. GOVERNING LAW:

This Agreement shall be governed by the laws of the State of New Mexico.

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