

**SPONSORED BY: Renee Grout**

23 WHEREAS, pursuant to the Act, the City is authorized to issue revenue bonds for  
24 the purpose of defraying the cost of acquiring any project and to secure the payment  
25 of such bonds, all as provided in the Act; and

1 WHEREAS, BlueHalo LLC (the "Company") is a corporation organized under the  
2 laws of the State of Delaware and is authorized to do business in New Mexico; and

3 WHEREAS, the Company has requested that the City issue its industrial revenue  
4 bond pursuant to the Act for the purpose of providing funds to finance the  
5 renovation, development, improvement and equipping of a facility including office  
6 complex, laboratories, manufacturing facilities, test areas and secure spaces within  
7 the corporate limits of the City (the "Project"); and

8 WHEREAS, the City Council of the City of Albuquerque (the "Council") has  
9 adopted an ordinance establishing the Albuquerque Development Commission (the  
10 "Commission") to review projects proposed to be financed with an industrial revenue  
11 bond pursuant to City Resolution No. 16-1985, as amended; and

12 WHEREAS, the Company has presented to the City and the Commission a  
13 proposal (the "Project Plan") whereby the City shall, pursuant to the Act, acquire and  
14 improve certain property and equipment (the "Project Property") for the purpose of  
15 operating facilities at 10800 Gibson Blvd SE, consisting of approximately 73,000  
16 square feet, for an office complex, laboratories, manufacturing facilities, test areas  
17 and secure spaces, within the boundaries of the City, and pursuant to which the City  
18 would issue its taxable industrial revenue bond in order to finance the Project; and

19 WHEREAS, the Commission has reviewed the Project Plan, and on April 21,  
20 2022, has determined that the Company has complied with City Resolution No. 16-  
21 1985, and has recommended approval of the Project Plan by the Council; and

22 WHEREAS, under the Company's Project Plan, the City would enter into an  
23 Indenture dated as of July 1, 2022 (the "Indenture") between the City and a  
24 corporate depository satisfactory to the City to be designated at a later date, as  
25 depository (the "Depository"), pursuant to which, together with this ordinance (the  
26 "Bond Ordinance"), the City would issue its bond designated as the City of  
27 Albuquerque, New Mexico Taxable Industrial Revenue Bond (BlueHalo Project),  
28 Series 2022 (the "Bond"); and

29 WHEREAS, under the Company's Project Plan, the City and the Company would  
30 enter into a Lease Agreement dated as of July 1, 2022 (the "Lease"), pursuant to  
31 which the Company will lease the Project Property from the City and will make  
32 payments to the Depository sufficient to pay the principal of, redemption premium, if

any, and interest on the Bond, and to pay all other obligations incurred pursuant to the provisions of the Lease and the Bond Ordinance; and

WHEREAS, under the Company's Project Plan, the Lease will provide that the Company shall maintain the Project and carry all proper insurance with respect thereto; and

WHEREAS, the proceeds of the Bond shall be used for the purpose of financing the renovation, improvement and equipping of the Project (the "Financing"); and

WHEREAS, the City is authorized to enter into the Lease, the Indenture, and other related documents and to issue the Bond pursuant to the Act and the Bond Ordinance; and

WHEREAS, the Bond in an aggregate principal amount not to exceed \$16,175,675 will be issued, sold, and delivered by the City in a private sale to an affiliate of the Company (the "Purchaser") pursuant to a bond purchase agreement (the "Bond Purchase Agreement") among the City, the Company, and the Purchaser; and

WHEREAS, the proceeds of the Bond shall be applied to pay the costs of the Project and to pay certain costs associated with the transaction; and

WHEREAS, after having considered the provisions of the Project Plan and the Financing, the Council has concluded that it is in the best interest of the City to authorize the issuance of the Bond to finance the Project, and that the City's issuance of the Bond shall constitute a valid public purpose under the Act; and

WHEREAS, the Council has been advised by the Company that the disclosure provisions of Rule 15c2-12 of the Securities and Exchange Commission are not applicable to this transaction inasmuch as the Bond is being sold to the Purchaser, which is an affiliate of the Company, in a private sale without the participation of an underwriter; and

WHEREAS, there has been published in the Albuquerque Journal, a newspaper of general circulation in the City, public notice of the Council's intention to adopt this Bond Ordinance, which notice contained certain information concerning the ownership, purpose, location, and size of the Project and the Project Property, and the amount of the Bond to be issued to finance the Project, which notice was published at least fourteen (14) days prior to hearing and final action on this Bond Ordinance; and

1 WHEREAS, the proposed forms of the following documents have been filed with  
2 the City Clerk and presented to the Council: (1) Project Plan; (2) Lease; (3)  
3 Indenture; and, (4) Bond Purchase Agreement (collectively the "Bond Documents");  
4 and

5 WHEREAS, the City has delivered notice to the County of Bernalillo, State of  
6 New Mexico, of its intent to consider issuance of the Bond, which notice was given  
7 at least thirty (30) days prior to the meeting at which final action is to be taken on this  
8 Bond Ordinance as required by Section 3-32-6.1, New Mexico Statutes Annotated,  
9 1978 Compilation, as amended;

10 BE IT ORDAINED BY THE COUNCIL, THE GOVERNING BODY OF THE CITY OF  
11 ALBUQUERQUE:

12 Section 1. RATIFICATION. All actions not inconsistent with the provisions of  
13 this Bond Ordinance previously taken by the Council and the officials of the City  
14 directed toward approval of the issuance and sale of the Bond be approved and the  
15 same hereby are ratified, approved and confirmed.

16 Section 2. THE PROJECT PLAN. The Project to be financed with the Bond  
17 consists of the renovation, improvement and equipping of facilities for an integrated  
18 technology company. The Company may use additional available money to  
19 accomplish the Project. The Project Plan is hereby approved in all respects.

20 Section 3. FINDINGS.

21 (A) General. The Council hereby declares that it has considered all relevant  
22 information presented to it relating to the Bond and the Project and hereby finds and  
23 determines that the issuance of the Bond pursuant to the Bond Ordinance and the  
24 Act to provide funds for the Project is necessary and advisable and in the interest of  
25 the public, and will promote the public health, safety, morals, convenience,  
26 economy, and welfare of the City and the residents of the City.

27 (B) The Council finds that:

- 28 (1) The Bond will be issued for the purpose of financing the Project;  
29 (2) The aggregate face amount of obligations to be issued for the  
30 purpose of financing the Project is \$16,175,675;  
31 (3) The developer and operator of the Project is the Company; and,  
32 (4) The Project Property is located in the City.

1 Section 4. AUTHORIZATION AND APPROVAL OF THE BOND. To finance  
2 the cost of renovating, improving and equipping the Project Property, the City hereby  
3 authorizes and approves the issuance and sale of its industrial revenue bond to be  
4 designated "City of Albuquerque, New Mexico Taxable Industrial Revenue Bond  
5 (BlueHalo Project), Series 2022" in a principal amount not to exceed \$16,175,675  
6 and the use of the proceeds of the Bond to finance the cost of the Project and to pay  
7 expenses relating thereto.

8 Section 5. SALE OF THE BOND. The sale of the Bond to the Purchaser at a  
9 purchase price equal to the par amount of the Bond is hereby authorized and  
10 approved.

11 Section 6. FORM AND TERM OF THE BOND. Subject to the limitations set  
12 forth in this Bond Ordinance, the Bond shall be: (i) in the form and shall be  
13 numbered and dated all as set forth in the Indenture; (ii) payable as to principal and  
14 interest, and subject to optional and mandatory redemption and defeasance in the  
15 amounts, upon the conditions and at the times and prices set forth in the Indenture;  
16 and, (iii) issued in a principal amount not to exceed \$16,175,675, bearing interest at  
17 the rates and maturing on the dates set forth in the Indenture. The interest rate on  
18 the Bond shall not exceed 12% per annum. The Mayor or the Chief Administrative  
19 Officer of the City shall sign the Bond.

20 Section 7. AUTHORIZATION OF OFFICERS; APPROVAL OF DOCUMENTS.  
21 The form, terms, and provisions of the Bond Documents in the form on deposit in the  
22 office of the City Clerk are in all respects approved, authorized, and confirmed, and  
23 the City shall enter into such Bond Documents substantially in the form of each such  
24 document on deposit with the City Clerk, with only such changes as are not  
25 inconsistent with this Bond Ordinance or such other changes as may be approved  
26 by supplemental resolution of the Council.

27 (A) The Council authorizes the Mayor or the Chief Administrative Officer of the  
28 City to execute and deliver the Bond Documents in the name and on behalf of the  
29 City, and the Council authorizes the City Clerk or Deputy City Clerk to attest to, as  
30 necessary, the Bond Documents and the Bond with such changes therein as are not  
31 inconsistent with this Bond Ordinance.

32 (B) The Mayor, Chief Administrative Officer, Chief Financial Officer, City  
33 Treasurer, and City Clerk are further authorized to execute, authenticate, and deliver

such certifications, instruments, documents, letters, and other agreements, including security agreements, and to do such other acts and things, either prior to or after the date of delivery of the Bond, as are necessary or appropriate to consummate the transactions contemplated by the Bond Documents.

(C) The officers of the City shall take such action as is necessary to effectuate the provisions of the Indenture and shall take such action as is necessary in conformity with the Act and this Bond Ordinance to finance the costs of the Project and for carrying out other transactions as contemplated by this Bond Ordinance and the Bond Documents including, without limitation, the execution and delivery of any closing documents to be delivered in connection with the sale and delivery of the Bond.

Section 8. DELIVERY OF THE BOND. Upon the execution of the Bond Documents and the satisfaction of the conditions set forth in the Bond Documents, the Bond shall be executed, authenticated, and delivered to the Purchaser. No Bond shall be valid for any purpose until such Bond has been properly authenticated as set forth in the Indenture.

Section 9. FINDINGS REGARDING PAYMENT OF PRINCIPAL AND INTEREST AND OTHER MATTERS. The Council makes the following determinations and findings in accordance with the Act:

(A) The maximum amount necessary in each year to pay the principal of and interest on the Bond, assuming issuance of the Bond on or about July 1, 2022 in the amount of \$16,175,675 and bearing interest at the rate of \_\_\_\_\_% is as follows:

<u>Year Ended</u>	<u>Maturing Principal</u>	<u>Interest Amount</u>	<u>Total Debt Service</u>
12/31/23	\$0		
12/31/24	\$0		
12/31/25	\$0		
12/31/26	\$0		
12/31/27	\$0		
12/31/28	\$0		
12/31/29	\$0		
12/31/30	\$0		
12/31/31	\$0		
12/31/32	\$0		

1	12/31/33	\$0
2	12/31/34	\$0
3	12/31/35	\$0
4	12/31/36	\$0
5	12/31/37	\$0
6	12/31/38	\$0
7	12/31/39	\$0
8	12/31/40	\$0
9	12/31/41	\$0
10	12/31/42	\$16,175,675

11 (B) The terms under which the Project Property is leased provide that the  
 12 Company shall maintain the Project Property and carry all proper insurance (or self-  
 13 insure) with respect to the Project Property.

14 (C) The lease rentals payable under the Lease shall be at least sufficient to  
 15 pay the principal and interest payments on the Bond set forth in Paragraph (A) of  
 16 this Section 9 when due and otherwise render the financing of the acquisition of the  
 17 Project Property entirely self-liquidating. There shall be no payments to any reserve  
 18 fund or sinking fund installment payments.

19 Section 10. NONTAXABLE TRANSACTION CERTIFICATES. The Company,  
 20 as agent for the City, will acquire the Project. The City will cooperate with the  
 21 Company to obtain and allow use of Type 9 Nontaxable Transaction Certificates  
 22 ("Certificates") that have been properly executed for acquisition of tangible personal  
 23 property relating to the Project as applicable under the New Mexico Gross Receipts  
 24 and Compensating Tax Act. The Company shall not use the Certificates other than  
 25 for such things as may be permitted by law, if any, nor shall the Company use such  
 26 Certificates after the completion of the Project. No costs, expenses or other  
 27 monetary relief will be recoverable from the City by vendors of equipment.

28 Section 11. LIMITED OBLIGATIONS. The Bond shall be a special limited  
 29 obligation of the City payable solely from the revenues derived from the Lease and  
 30 payable by the Company as described in the Indenture, and shall never constitute a  
 31 debt or indebtedness of the City or the State or any political subdivision thereof  
 32 within the meaning of any provision or limitation of the State Constitution, statutes, or  
 33 home-rule charter of the City, and shall not constitute or give rise to a pecuniary

1 liability of the City or a charge against its general credit or taxing power. Nothing  
2 contained in the Bond Ordinance or the Bond Documents, or any other instrument,  
3 shall be construed as obligating the City (except with respect to the Project Property  
4 and the application of the revenues therefrom and the proceeds of the Bond, all as  
5 provided in the Bond Documents), nor as incurring a pecuniary liability or charge  
6 upon the general credit of the City or against its taxing power, nor shall the breach of  
7 any agreement contained in the Bond Ordinance, the Bond Documents, the Bonds,  
8 or any other instrument be construed as obligating the City (except with respect to  
9 the Project Property and the application of revenues therefrom and the proceeds of  
10 the Bond all as provided in the Bond Documents) nor as incurring a pecuniary  
11 liability or a charge upon the general credit of the City or against its taxing power, the  
12 City having no power to pay out of its general funds, or otherwise contribute any part  
13 of the costs of acquiring the Project Property, nor power to operate the Project as a  
14 business or in any manner except as lessor and seller of the Project Property.

15 Section 12. APPROVAL OF INDEMNIFICATION. The Council specifically  
16 approves the provisions of the Lease relating to indemnification which provide that  
17 the Company shall indemnify and hold harmless the City and its City Councilors,  
18 officials, members, officers, employees, and agents against liability to the Company  
19 or to any third parties that may be asserted against the City, its City Councilors,  
20 officials, members, officers, employees, and agents with respect to the City's  
21 ownership of the Project Property or the issuance of the Bond and arising from the  
22 condition of the Project Property or the acquisition or operation of the Project  
23 Property by the Company, except to the extent that Section 56-7-1, New Mexico  
24 Statutes Annotated, 1978 Compilation, as amended, applies, and except claims for  
25 any loss or damage arising out of or resulting from the gross negligence or willful  
26 misconduct of the City or any official, member, officer, employee, or agent of the  
27 City.

28 Section 13. BOND ORDINANCE IRREPEALABLE. After the Bond is issued,  
29 this Bond Ordinance shall be and remain irrevocable until the Bond, including all  
30 interest thereon, is fully paid, cancelled, and discharged, or until there has been  
31 defeasance of the Bond in accordance with the Indenture.

32 Section 14. SEVERABILITY. If any section, paragraph, clause or provision of  
33 this Bond Ordinance shall for any reason be held to be invalid or unenforceable, the



1 invalidity or unenforceability of that section, paragraph, clause, or provision shall not  
2 affect any of the remaining provisions of this Bond Ordinance.

3 Section 15. REPEALER. All by-laws, ordinances, resolutions, and orders, or  
4 parts thereof, inconsistent with this Bond Ordinance are repealed by this Bond  
5 Ordinance but only to the extent of that inconsistency. This repealer shall not be  
6 construed to revive any by-law, ordinance, resolution, or order, or part thereof,  
7 previously repealed.

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

16 Section 17. GENERAL SUMMARY FOR PUBLICATION. The title and general  
17 summary of the subject contained in the Bond Ordinance shall be published in  
18 substantially the following form:

19 CITY OF ALBUQUERQUE, NEW MEXICO

20 NOTICE OF ADOPTION OF ORDINANCE

21 Notice is hereby given of the title and of a general summary of the subject matter  
22 contained in City Ordinance No. O-22-\_\_\_\_\_(the "Ordinance"), duly adopted and approved  
23 by the City Council of the City of Albuquerque, New Mexico, on May \_\_, 2022. Complete  
24 copies of the Ordinance are available for public inspection during the normal and regular  
25 business hours of the City Clerk in the office of the City Clerk, Albuquerque, New Mexico.

26 The title of the Ordinance is:

27 AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF ALBUQUERQUE,  
28 NEW MEXICO INDUSTRIAL REVENUE BOND (BLUEHALO PROJECT), SERIES  
29 2022 IN THE MAXIMUM PRINCIPAL AMOUNT OF \$16,175,675 TO PROVIDE  
30 FUNDS TO FINANCE THE RENOVATION, DEVELOPMENT, IMPROVEMENT AND  
31 EQUIPPING OF A FACILITY INCLUDING OFFICE COMPLEX, LABORATORIES,  
32 MANUFACTURING FACILITIES, TEST AREAS AND SECURE SPACES FOR AN  
33 INTEGRATED TECHNOLOGY COMPANY; AUTHORIZING THE EXECUTION AND  
34 DELIVERY OF AN INDENTURE, LEASE AGREEMENT, BOND PURCHASE

1 AGREEMENT, BOND, AND OTHER DOCUMENTS IN CONNECTION WITH THE  
2 ISSUANCE OF THE BOND AND THE PROJECT; MAKING CERTAIN  
3 DETERMINATIONS AND FINDINGS RELATING TO THE BOND AND THE  
4 PROJECT; RATIFYING CERTAIN ACTIONS TAKEN PREVIOUSLY; AND  
5 REPEALING ALL ACTIONS INCONSISTENT WITH THIS ORDINANCE.

6 The title sets forth a general summary of the subject matter contained in the Ordinance.

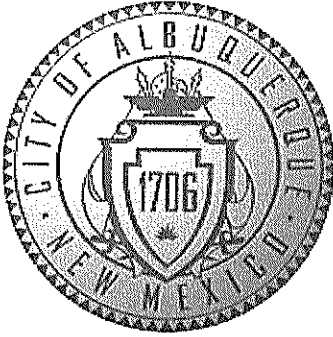
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**CITY OF ALBUQUERQUE**  
**Albuquerque, New Mexico**  
**Office of the Mayor**

Mayor Timothy M. Keller

**INTER-OFFICE MEMORANDUM**

May 9, 2022

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

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

**SUBJECT:** Approving an Ordinance Involving BlueHalo LLC Pursuant to the Industrial Revenue Bond Act

Attached for your consideration and approval is an Ordinance authorizing industrial revenue bonds for the benefit of BlueHalo LLC ("BlueHalo") pursuant to the Industrial Revenue Bond Act

This is an ordinance for the issuance and sale of industrial revenue bonds in the maximum principal amount of \$16,175,675 for the "City of Albuquerque, New Mexico Taxable Industrial Revenue Bond (BlueHalo Project), Series 2022", located at 10800 Gibson Blvd. SE, Albuquerque, NM 87123. BlueHalo is solely responsible for repaying the bonds and no City funds are involved. The tax abatement would be 95% for both real and personal property.

BlueHalo is looking to lease an existing 11.15-acre site which already contains a noteworthy building within the Sandia Science and Technology Park. The state-of-the-art campus renovation and upgrade project is estimated to cost almost \$20M for the land, building, and infrastructure upgrades plus an estimated additional \$13M for furniture, fixtures, and equipment (FFE). The campus will include approximately 73,000 square feet outfitted with an office complex, laboratories, manufacturing facilities, test areas and secure spaces.

BlueHalo has been recognized for various awards and accolades, both locally and nationally. BlueHalo has received multiple Flying 40 Awards as one of the fastest growing technology companies in New Mexico. It was also recognized as a "Top Place to Work" by the Albuquerque Journal. The company has 260 existing employees locally and they intend to increase their employment by adding 64 new jobs.

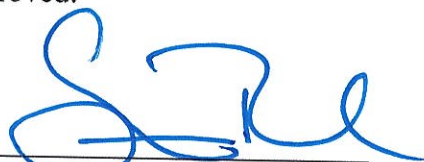
The renovation project is expected to create between 40 and 50 construction jobs sourced from local labor pools. As multiple updates are expected to the property, construction is divided into various phases; phase one includes office renovations/restorations. BlueHalo estimates that this

project will expand its workforce by sixty-four full-time positions over the next 5 years. Salaries will average \$90 thousand. Sixty percent to 70% of these jobs are expected to be filled by Albuquerque residents. New jobs are expected to fill gaps in in engineering (including manufacturing, software, and other engineers) and manufacturing. Manufacturing positions include those for manufacturing technicians, testing, quality inspectors, and supply chain specialists. All the jobs come with a robust benefits package.

The project creates 64 high-paying jobs at an average annual wage of \$90,000. The project also represents a significant investment in our community. It will assist in the continued growth of Albuquerque's directed energy and aerospace industries. This project includes a fiscal impact analysis prepared by the University of New Mexico's Bureau of Business and Economic Research (BBER) as required given the project is a recipient of City funds. The BlueHalo project, employing the current 20- year bond rate of 3.25%. A yield of more than \$1.5 million additional dollars is expected to the city after 20 years.

Approved:

DS  
LJR



Lawrence Rael  
Chief Operations Officer

Date

Approved as to Legal Form:

DocuSigned by:

lauren keefe

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Esteban A. Aguilar, Jr.  
City Attorney

5/11/2022 | 6:07 PM MDT

Date

Recommended:

DocuSigned by:

Charles Ashley

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Charles Ashley III  
Director

5/11/2022 | 1:24 PM MDT

Date

## **Cover Analysis**

### **1. What is it?**

This is an ordinance for the issuance and sale of industrial revenue bonds in the maximum principal amount of \$16,175,675 for the “City of Albuquerque, New Mexico Taxable Industrial Revenue Bond (BlueHalo Project), Series 2022”, located at 10800 Gibson Blvd. SE, Albuquerque, NM 87123. Able Grid Energy Solutions, Inc. (“BlueHalo”) is solely responsible for repaying the bonds and no City funds are involved. The tax abatement would be 95% for both real and personal property.

### **2. What will this piece of legislation do?**

This legislation will approve the issuance and sale of industrial revenue bonds in the maximum principal amount of \$16,175,675. BlueHalo is looking to lease an existing 11.15-acre site which already contains a noteworthy building within the Sandia Science and Technology Park. The state-of-the-art campus renovation and upgrade project is estimated to cost almost \$20M for the land, building, and infrastructure upgrades plus an estimated additional \$13M for furniture, fixtures, and equipment (FFE). The campus will include approximately 73,000 square feet outfitted with an office complex, laboratories, manufacturing facilities, test areas and secure spaces.

BlueHalo has been recognized for various awards and accolades, both locally and nationally. BlueHalo has received multiple Flying 40 Awards as one of the fastest growing technology companies in New Mexico. It was also recognized as a “Top Place to Work” by the Albuquerque Journal. The company has 260 existing employees locally and they intend to increase their employment by adding 64 new jobs.

The renovation project is expected to create between 40 and 50 construction jobs sourced from local labor pools. As multiple updates are expected to the property, construction is divided into various phases; phase one includes office renovations/restorations. BlueHalo estimates that this project will expand its workforce by sixty-four full-time positions over the next 5 years. Salaries will average \$90 thousand. Sixty percent to 70% of these jobs are expected to be filled by Albuquerque residents. New jobs are expected to fill gaps in in engineering (including manufacturing, software, and other engineers) and manufacturing. Manufacturing positions include those for manufacturing technicians, testing, quality inspectors, and supply chain specialists. All the jobs come with a robust benefits package.

### **3. Why is this project needed?**

This legislation is a vital component in the overall incentive package for BlueHalo’s planned expansion.

The project creates 64 high-paying jobs at an average annual wage of \$90,000. The project also represents a significant investment in our community. It will assist in the continued

growth of Albuquerque's directed energy and aerospace industries. This project includes a fiscal impact analysis prepared by the University of New Mexico's Bureau of Business and Economic Research (BBER) as required given the project is a recipient of City funds. The BlueHalo project, employing the current 20- year bond rate of 3.25%. A yield of more than \$1.5 million additional dollars is expected to the city after 20 years.

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

There is no cost to the City.

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

No. There is no direct revenue to the City.

**5. What will happen if the project is not approved?**

If the legislation is not approved, BlueHalo would be adversely affected. The Project could be jeopardized, as the incentives are a critical piece of the proposed expansion and necessary for the Project's financial feasibility.

**6. Is this service already provided by another entity?**

No.

APPLICATION  
for  
INDUSTRIAL REVENUE BOND  
Project Approval

Name of Project: BlueHalo Gibson Upgrade

Location of Project: 10800 Gibson Blvd SE

Company Name: BlueHalo LLC

Contact Person: Steve Conyne

Address: 6565 Americas Parkway, Suite 825

Albuquerque, New Mexico 87110

Telephone: 505-338-3750

Email: steven.conyne@bluehalo.com

Bond Counsel: Justin Horwitz

Address: 201 Third Street NW, Suite 2200

Albuquerque, New Mexico 87102

Telephone: 505.768.7317

Bond Amount Requested: \$16,175,675 Fee Submitted: Pending

FOR STAFF USE

Staff Assigned:

Case Number:

Fee Received: \$

ADC Hearing Date:

Council Dates (Tentative): Introduction

Committee Council Hearing

## **PREFACE**

This Plan is being submitted to the Development Commission of the City of Albuquerque for review prior to consideration by the City Council of an Inducement Resolution and Ordinance for Industrial Revenue Bonds in accordance with Council Ordinance 12-1985 and Resolution 16-1985. Pursuant to those Council actions this is the first step towards the issuance of bonds pursuant to: the Industrial Revenue Bond Act (Sections 3-32-1 to 3-32-16 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 Resolution 16-1985 and conforms with and complements the policies established for the issuance of Bonds pursuant to that Council action.

The purpose of the Plan is to identify the project area and to present the plan and the uses to which the proceeds of the Bonds will be put if issued. This Plan 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 IRB 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 an overview of the project, including general location, proposed development, use, brief description of the company, and total bond 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 IRB if approved. Note that detailed project information will be included in Project Plan, Section III.

Albuquerque, NM is the location for a ~73,000 SF facility featuring 115 offices and manufacturing facilities. BlueHalo is head quartered in Arlington, VA with locations supporting manufacturing in Albuquerque, NM, San Diego, CA, Rockville, MD, and Huntsville, AL.

- The state-of-the-art campus renovation and upgrade project is estimated to cost almost \$20M for the land, building, and infrastructure upgrades plus an estimated additional \$13M for furniture, fixtures, and equipment (FFE). The campus will include approximately 73,000 square feet outfitted with an office complex, laboratories, manufacturing facilities, test areas and secure spaces.



- BlueHalo will manufacture multiple unique products at this renovated facility in support of our BlueHalo Labs and Defense sectors delivering to government and commercial customers throughout the US and abroad.

Current plan is to upgrade the facility between now and May 2022, and occupy it immediately thereafter. Production will commence as soon as practicable.

## 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 2<sup>nd</sup> 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.)

10800 Gibson Blvd. SE,

Albuquerque, NM 87123

Tract lettered "E-I" of the Plat of Tracts E-1 and E-2. SANDIA SCIENCE & TECHNOLOGY PARK, (A Replat of Tract E, Sandia Science and Technology Park) Albuquerque, New Mexico as the same is shown and designated on the plat thereof, filed in the office of the County Clerk of Bernalillo County, New Mexico, on May 13, 2005, in Plat Book 2005C, page 155

### B. Prevailing Site Conditions

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

Current site is vacant. The building is ~73,000 sq ft of mixed office and manufacturing space. We are upgrading and modernizing for state-of-the-art aerospace manufacturing and support.

### 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.

See attached property Tax bill 2021

### D. Present and Proposed Zoning; Regulatory Issues

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. Describe any particular permitting or regulatory matters that might be different from general development projects.

N/A

E. Renewable Energy

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

N/A

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 principles, or other information which will bear on the experience and credibility of the development entity.

BlueHalo, LLC, is purpose-built to provide industry leading capabilities in the domains of Space Superiority and Directed Energy, Missile Defense and C4ISR, and Cyber and Intelligence. The Company is an end-to-end lifecycle partner delivering technical expertise from R&D through deployment. BlueHalo seeks to deliver advanced engineering to address the most complex challenges facing the national security community.

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.

BlueHalo has no outstanding 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. Describe the general types of traffic patterns expected, and parking needs.

In general, this project will not create appreciable noise, air, or waste pollution. The only additional traffic will be from the additional employees working at the facility.

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 industrial revenue bonds, with their associated tax abatements, available for projects with local competition, this statement is very important.

The project includes unique and innovative technologies and will not create local competition.

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.

This project will create about 40-50 construction jobs, increased employment of over 60 high-paying employees within BlueHalo itself, and represents the first phase in continued planned expansion by BlueHalo within the Albuquerque community.

F. Land Acquisition

Indicate if IRB proceeds will be used to acquire land, and whether land is presently owned by the applicant, or is under option.

The IRBs are not intended to acquire land. The land associated with 10800 Gibson Blvd SE is being leased by BlueHalo.

G. Description of Proposed Development

Provide a detailed description of the Project. Describe the 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, and a description of the type and amount of additional investment planned. 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).

Albuquerque, NM is the location for a ~73,000 SF facility featuring 115 offices and manufacturing facilities. BlueHalo is head quartered in Arlington, VA with locations supporting manufacturing in Albuquerque, NM, San Diego, CA, Rockville, MD, and Huntsville, AL.

- The state-of-the-art campus renovation and upgrade project is estimated to cost almost \$20M for the land, building, and infrastructure upgrades plus an estimated additional \$13M for furniture, fixtures, and equipment (FFE). The campus will include approximately 73,000 square feet outfitted with an office complex, laboratories, manufacturing facilities, test areas and secure spaces.

A site plan and conceptual drawings are attached.

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 or the water utility authority? Are there any needs for substantial additional electric, gas, or communications infrastructure, and how are they being addressed?

This project requires no additional infrastructure.

I. Area Enhancement

Describe how project design, placement and development will enhance the surrounding area.

As a significant improvement to the current building, BlueHalo is investing in this project to create a cornerstone of the Sandia Science and Technology Park. Not only will the building have greater aesthetic appeal, but the state-of-the-art technology within the facility will serve as a foundation for other supporting businesses in Albuquerque and for potential future expansion of BlueHalo here.

J. Local Purchasing

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

A. Water Conservation

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

Water use will be consistent with any office building that houses about 120 people. We do not plan on using significant amounts of water for our production of lab activities.

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.

No relocation is necessary.

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. The following questions must also be answered:

Jobs projected to be created: 64 over 5 years

Type of jobs: professional

Salaries expected: \$90K+

- 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?  
We hope to fill ~60-80% of the jobs with local residents.
- 2) Will jobs benefit low- and moderate-income residents?

The jobs to be created will increase overall spending in the community, which will benefit all segments of the economy.

3) Will the jobs meet or exceed median wages for the industry within the community?

These jobs will meet or exceed median wages for this industry.

4) Will the jobs match skills of current city residents?

These jobs will generally match skills of current city residents, but some additional training may also be required.

5) Will new employees be trained to fill the positions?

Training new employees will be an important part of the expansion of the state-of-the-art technologies and projects.

6) What stated advancement opportunities are there?

BlueHalo provides career planning and looks to “grow” its staff from within.

7) Will “Job Training Incentive Program” or other job training programs be used?

BlueHalo plans to include Job Training Incentive Program in its overall strategy.

8) Will at least 50% of health insurance premiums be covered for employees?

BlueHalo is proud to offer a spectrum of health care/insurance options for its employees, including one option where the premiums are 100% covered by BlueHalo.

#### N. Corporate Citizenship Policy/Plan

List any company policies/plans regarding the promotion of donations and volunteerism policy.

BlueHalo is committed to serving the communities where we live, work, and play. BlueHalo believes in paying it forward and proudly supports the efforts of employees, individuals, and organizations focused on serving the needs of others. Through time, volunteer efforts, and other means, BlueHalo seeks to be an active and integral part of the communities. The goal of the company and the spirit of our employees is to “Make a Difference” by helping those less fortunate and supporting the needs and causes we are passionate about – that’s the BlueHalo way.

#### O. Positive Contributions

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

An occupied and active building will be a significant improvement over the current situation. Regular use of the facility will help to deter unauthorized or illegal activities in the area, and so provide a safer neighborhood. In addition, the standard security posture of BlueHalo facilities will provide better awareness and more vigilance.

#### P. Management

Who will manage the project during development? Who will manage the Project’s operations? If the project will be managed by someone other than the applicant, does the applicant have any long-range involvement?

BlueHalo will occupy and manage this facility throughout the construction and its use.

#### IV. PROJECT FINANCING

##### A. Cost of Improvements, Bond Amount and Private Financing

Provide the total cost of the improvements to be constructed and the amount of bonds 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 of private financing (equity or conventional financing) involved in this project; this may include the value of land and existing facilities, if relevant.

The current IRBs associated with this property should not be terminated because of our new use of the building. The landlord established new bonds in 2005 and remain outstanding until at least 2025. The city, the landlord, and the company will work together to deliver any documents necessary to continue the bonds through the end of their term. The company requests that the construction period will extend for 12 years to cover adequate time to make future capital expenditures.

BlueHalo requests the previously approved amount of the IRBs at \$16,175,675. As our planned expansion continues, BlueHalo will provide additional requests to the city for future opportunities.

There is no private financing outside of BlueHalo.

##### B. Estimated Value After Completion

Indicate the estimated appraised value of the project after completion.

~\$25M

##### C. Feasibility

Present information to show that the project can reasonably be expected to generate sufficient revenue to liquidate the debt. 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 commitment to provide financing for the project will be considered sufficient evidence of feasibility, and no pro forma will be needed in such cases.

Project being funded by internal investment.

##### D. Construction Schedule

Give the date of anticipated beginning and completion of construction.

BlueHalo anticipates the project to be completed on/about 1 June. Of course, the construction industry has been affected by COVID, and unforeseen delays could still occur.

E. Issuance of Bonds

Provide the anticipated date of bond issuance or a series of bonds.

Approximately 1 June 2022.

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 25 copies.







LED GRANT EIA DTA  
FORM BLUEHALO\_r1.x

## FISCAL IMPACT ANALYSIS

Please provide the following information necessary to complete a Fiscal Impact Analysis. Attach as a separate document. (Information asked may be repetitive to the IRB Application).

1. Describe the type or nature of project operations.

Albuquerque, NM is the location for a ~73,000 SF facility featuring 115 offices and manufacturing facilities. BlueHalo is head quartered in Arlington, VA with locations supporting manufacturing in Albuquerque, NM, San Diego, CA, Rockville, MD, and Huntsville, AL.

- The state-of-the-art campus renovation and upgrade project is estimated to cost almost \$20M for the lease, land, building, and infrastructure upgrades plus an estimated additional \$13M for furniture, fixtures, and equipment (FFE). The campus will include approximately 73,000 square feet outfitted with an office complex, laboratories, manufacturing facilities, test areas and secure spaces.

2. Total number of new employees to be created as a result of the proposed Industrial Revenue Bond project, a total net payroll and an estimated annual pay increase in future years.

64 new employees over 5 years of growth, with starting average salaries of \$90K and estimated 2.8% increases annually. The annual net payroll increase will be start at over \$1.3M for the first year, growing to over \$6M by year five.

3. Number of new employees by title or job classification and respective salaries.

This project is projected to create 64 jobs over 5 years, with an average salary of over \$90K, all in the classification of: 3364, Aerospace Product and Parts Manufacturing

4. Optional employee benefits and an estimated value of such benefits and an estimated value of such benefits, either by amount or percentage of net pay. If employees contribute to such benefits, indicate their contributions in amount or percentage.

Approximately 30%

5. An estimated total annual expenditure of goods and services locally procured, identification of such goods and services (only those over \$10,000 per year), and an estimated annual increase in total expenditure.

See attached spreadsheet.

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

See attached spreadsheet.

7. An estimated total annual expenditure of goods procured out-of-state and subject to the New Mexico compensating tax, and an estimated annual increase in total expenditure.

8. An estimated annual local sale of goods and services that are subject to the New Mexico gross receipts.

N/A – customer is Federal Government (DoD)

9. Costs of land, site improvement, and building, respectively.

See attached spreadsheet.

10. Total costs of equipment, fixtures, and furnishings to be purchased with the proceeds of the bond, and an amount of such purchases in New Mexico and out-of-state, respectively.

We estimate purchasing approximately \$13M of equipment, fixtures, and furnishings. Due to specialized nature of some of the equipment, we expect a majority of items to be purchased from out-of-state sources. We estimate about 10% for in-state and 90% out-of-state.

11. An estimated incremental New Mexico corporate income tax as a result of the proposed Industrial Revenue Bond project, and an estimated annual increase.

Annual increase of ~\$2600

12. An estimated amount of capital expenditures to be qualified for the New Mexico investment tax credit.

\$13M

IRB 22-4 BlueHalo LLC Industrial Revenue Bond Project

**ALBUQUERQUE DEVELOPMENT COMMISSION**  
**Industrial Revenue Bond Hearing**

**April 21, 2022**

Case #2022-11

**IRB-22-4:** BlueHalo LLC IRB Project

**REQUEST:** Approval of \$16,175,675 in City Industrial Revenue Bonds is requested.

**PROJECT SUMMARY:**

BlueHalo, LLC (“BlueHalo”) is purpose-built to provide industry leading capabilities in the domains of Space Technologies, Directed Energy, Air & Missile Defense, and Cyber and Intelligence. The Company is an end-to-end lifecycle partner delivering technical expertise from R&D through deployment. BlueHalo seeks to deliver advanced engineering to address the most complex challenges facing the national security community.

The company is requesting \$16.175 million in City-issued industrial revenue bonds to assist with the improvement of an existing building to accommodate their growth. The company will expand their local operations at the new location. (The company also intends to pursue LEDA funding, but that will be reviewed in a separate transaction / request).

BlueHalo is headquartered in Arlington, Virginia and has offices in 11 states. The company was created by combining several tech companies: Albuquerque-based Applied Technology Associates; Aegis Technologies and E Mergent RC Heli in Huntsville, Ala.; Base2 Engineering in Annapolis, Md.; Brilligent in Dayton, Ohio; Excivity in Chantilly, Va.; and Fortego in Columbia, Md.

BlueHalo has been recognized for various awards and accolades, both locally and nationally. BlueHalo has received multiple Flying 40 Awards as one of the fastest growing technology companies in New Mexico. It was also recognized as a “Top Place to Work” by the Albuquerque Journal. The company has 260 existing employees locally and they intend to increase their employment by adding 64 new jobs. The renovation project is expected to create between 40 and 50 construction jobs sourced from local labor pools. As multiple updates are expected to the property, construction is divided into various phases; phase one includes office renovations/restorations. BlueHalo estimates that this project will expand its workforce by sixty-four full-time positions over the next 5 years. Salaries will average \$90 thousand. Sixty percent to 70% of these jobs are expected to be filled by Albuquerque residents. New jobs are expected to fill gaps in in engineering (including manufacturing, software, and other engineers) and manufacturing. Manufacturing positions include those for manufacturing technicians, testing, quality inspectors, and supply chain specialists. All the jobs come with a robust benefits package.

BlueHalo is looking to lease an existing 11.15-acre site which already contains a noteworthy building of nearly 73,000 square feet at 10800 Gibson Blvd. The building originally was designed as an attractive, vacant facility within the Sandia Science and Technology Park. The state-of-the-art campus renovation and upgrade project is estimated to cost almost \$20M for the land, building, and infrastructure upgrades plus an estimated additional \$13M for furniture,

## IRB 22-4 BlueHalo LLC Industrial Revenue Bond Project

fixtures, and equipment (FFE). The campus will include approximately 73,000 square feet outfitted with an office complex, laboratories, manufacturing facilities, test areas and secure spaces.

BlueHalo will manufacture multiple unique products at this renovated facility in support of our BlueHalo Labs and Defense sectors delivering to government and commercial customers throughout the US and abroad.

The goals of the BlueHalo project are to further create and foster economic growth in the State of New Mexico. One of the primary project goals is to create new economic-base jobs in the community and to create job growth opportunities for existing staff.

City IRBs are issued to support eligible economic development projects that meet established policies and plans. The Company is responsible for funding the purchase of the bonds; no City funds are utilized to purchase or pay off the bonds, and no City credit is used to enhance the bonds. 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. The City has long focused its industrial revenue bond program around industries and companies that are considered “economic-base”:

Economic Base: Fifty-one percent or more of the revenues of the New Mexico operation are generated outside the Albuquerque Metropolitan Statistical Area. Revenues generated by contracts with Federal entities are considered to be from outside the metropolitan area. This requirement does not apply to educational or healthcare facilities seeking industrial revenue bonds. Credit also may be assigned to those projects that represent significant “import-substitution”. Import substitution occurs when a manufacturer or supplier of services provides products or services to a local customer base which currently has to purchase those products or services from outside of the area.

Economic base companies can be large companies that employ hundreds of people that make mattresses or bioscience products or advanced technology research and development; they can also be very small companies that employ 10 people or less that make custom jewelry or specialized food products that are largely sold out of state. These are the companies that bring money into the state, that can then be spent at our very important local-serving small and medium-sized businesses, like florists and restaurants, or clothes shops, or car repair, or dry cleaners—or even grocery stores. Without a community’s economic base companies being strong and growing, local serving businesses cannot grow and be strong.

In regard to IRBs more specifically, New Mexico municipal IRB legislation specifically identifies “projects” as land, buildings, equipment and improvements which are suitable for use by any of the following:

1. any industry for the manufacturing, processing or assembling of any agricultural or manufactured products;
2. any commercial enterprise in storing, warehousing, distributing or selling products of agriculture, mining or industry but does not include facilities designed for the sale of

## IRB 22-4 BlueHalo LLC Industrial Revenue Bond Project

goods or commodities at retail or distribution to the public of electricity, gas, water or telephone or other services commonly classified as public utilities;

3. any business in which all or part of the activities of the business involve the supplying of services to the general public or to governmental agencies or to a specific industry or customer but does not include establishments primarily engaged in the sale of goods or commodities at retail;

This project includes a fiscal impact analysis prepared by the University of New Mexico's Bureau of Business and Economic Research (BBER) as required given the project is a recipient of City funds. The BlueHalo project, employing the current 20- year bond rate of 3.25%. A yield of more than \$1.5 million additional dollars is expected to the city after 20 years.

The project plan as shown in Exhibit A provides details of the project.

### FINDINGS:

1. IRB 22-4 is a qualified project as defined by the State's Industrial Revenue Bond Act and the City enabling legislation (Resolution R-196, Sixth Council (126-1985) as amended by Resolution 350 Sixth Council; and
2. IRB 22-4 would make positive substantive contributions to the local economy and community by creating 64 high-wage economic base jobs; and
3. IRB 22-4 will bolster Albuquerque's space technology and directed energy industries; and
4. IRB 22-4 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives;
5. IRB 22-4 would adequately meet the evaluation criteria established by the City for Industrial Revenue Bond Act projects, including the requirement that the City recoup the value of its investment over the term of the bonds.

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

### I. INITIAL QUALIFYING TEST; PASS/FAIL CRITERIA

1.Economic Base Company * that meets statutory requirements	Pass
2. Satisfactory initial demonstration of ability to service debt or self-fund purchase of the bonds, or evidence of an acceptable financing commitment.	Pass
3. Conforms to City planning and zoning policies.	Pass
4. Firm has no outstanding substantive federal, state or local tax issues.	Pass
5. Proposed project complies with all federal, state, and local environmental laws, regulations, and rules.	Pass
6. Jobs created by the project meet or exceed the median wage for similar jobs in the community	Pass

## IRB 22-4 BlueHalo LLC Industrial Revenue Bond Project

7. Per state requirements, the firm covers 50% of health insurance premiums for employees.	Pass
8. Other additional factors.	
RESULT	PASS

1. BlueHalo's revenue sources are largely to government agencies. BlueHalo also qualifies under the IRB Act and the City's Ordinance as a business providing manufacturing and assembly operations.
2. The bonds will be considered a "self-purchase"- purchased by a subsidiary or affiliate of the Company.
3. The site is zoned NR-BP for Non- Residential-Business Park, which includes permitted uses for office, manufacturing, assembly, research, and warehousing uses and conforms to City planning and zoning policies.
4. BlueHalo has certified that it has no outstanding substantive federal, state, or local tax issues.
5. The Project, in its design, complies with environmental regulations. Permits have been issued for the renovations.
6. Jobs for the positions meet or exceed the median wages for similar jobs in the community. The average wage is \$90,000.
7. BlueHalo pays at least 50% percent of the health and dental insurance premiums for its employees.

(The Company has requested the approval of LEDA funds from the State and City, but that will be a separate review and approval process.)

## II. LAND USE, PLAN AND DESIGN ELEMENTS

### 1. PLAN & ZONING:

#### Legal Description

The proposed project is located at 10800 Gibson Blvd. SE, Albuquerque, NM 87123.

Tract lettered "E-1" of the Plat of Tracts E-1 and E-2. SANDIA SCIENCE & TECHNOLOGY PARK, (A Replat of Tract E, Sandia Science and Technology Park) Albuquerque, New Mexico as the same is shown and designated on the plat thereof, filed in the office of the County Clerk of Bernalillo County, New Mexico, on May 13, 2005, in Plat Book 2005C, page 155

## IRB 22-4 BlueHalo LLC Industrial Revenue Bond Project

### Prevailing Site Conditions

The company will be buying a pre-constructed building and its site, which will be modified to accommodate the change in uses, employee growth, and business development expansion plans. The building is ~73,000 sq ft of mixed office and manufacturing space. The company is upgrading and modernizing for state-of-the-art aerospace manufacturing and support.

### Present Assessed Value

In 2021, the property was assessed a total value of almost \$4.8 million and a taxable value just short of \$1.6 million. Notice of Value has been confirmed by the Office of the Bernalillo County Assessor. BlueHalo estimates an appraised value of \$25 million upon completion.

### Present and Proposed Zoning

The is zoned NR-BP (Non-Residential/ Business Park). Permissive uses include office, warehousing, light manufacturing, and assembly. The project fits within the permitted uses.

## 2. LAND USE/INFILL/DESIGN AND CONSERVATION:

In general, the design of these renovations will represent a significant step up from the state of the existing building. The exterior will stand as a clear example of the investment BlueHalo wants to make in its employees' work space, as well as the contribution BlueHalo will be making to the Sandia Science and Tech Park and the greater Albuquerque community.

Construction will consist of renovation of the office space and refurbishment of the facade for that portion of the building. Enhancements and upgrades to the interior spaces will also be part of the project. Some construction and refurbishment will take place in the high bay portion of the building, with the majority of that work focused on robotic test spaces, as well as a state-of-the-art control room, all at the north end of the high bay.

As mentioned previously, the project site is an existing building located in an existing business park location, and is already in-fill. As noted in their application, the building has fallen into some disrepair due to the lack of use, yet it is in a highly visible location. The infusion of millions in purchasing, developing and improvements will greatly enhance the area.

### DEMOLITION

No major external demolition is planned.

### RELOCATION



## IRB 22-4 BlueHalo LLC Industrial Revenue Bond Project

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

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

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

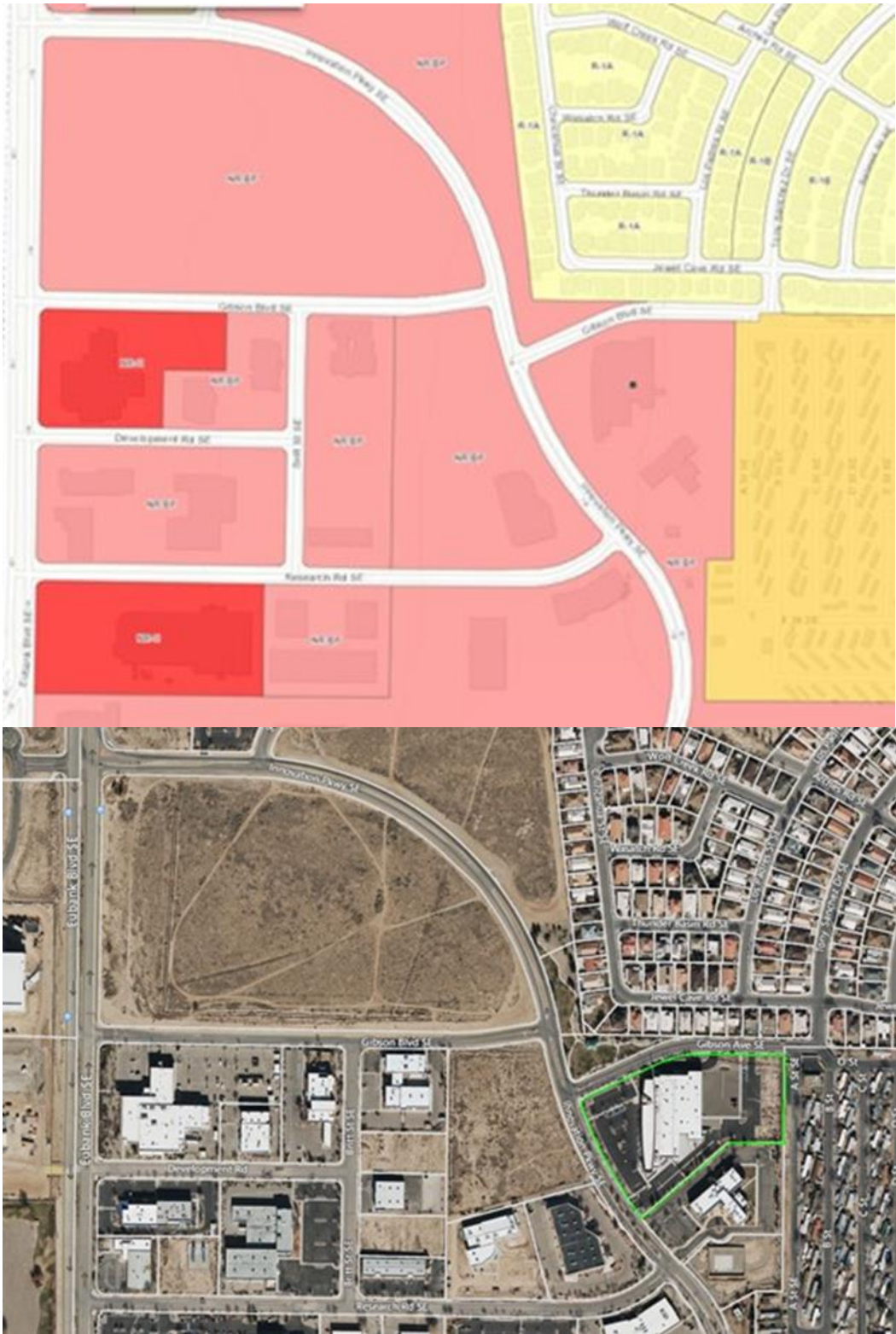
In addition, New Mexico municipal IRB legislation specifically identifies "projects" as land, buildings, equipment and improvements that are suitable for use by any of the following:

- A. any industry for the manufacturing, processing or assembling of any agricultural or manufactured products; public utilities;
- B. any business in which all or part of the activities of the business involve the supplying of services to the general public or to governmental agencies or to a specific industry or customer but does not include establishments primarily engaged in the sale of goods or commodities at retail;

### Infrastructure

- A. It is an existing in-fill development project, as discussed above. The existing office building will be rehabilitated and it has no historic properties/elements.
- B. Although the building has been vacant for four years, it was initially developed to accommodate the kind of employee and business uses projected by the Company.
- C. BlueHalo is currently not planning on making any significant changes, and no major changes have been identified as needed.

IRB 22-4 BlueHalo LLC Industrial Revenue Bond Project



## IRB 22-4 BlueHalo LLC Industrial Revenue Bond Project



### III ECONOMIC BENEFITS

This project will have numerous positive economic benefits across the community and the state. First, the City will be retaining and expanding a valued Albuquerque employer that does well for its employees, customers, suppliers, the community and the tax base. In addition to the 260 employees they had at the end of 2021, they will be adding another 64 with starting average salaries of \$90K and estimated 2.8% increases annually. The annual net payroll increase will be start at over \$1.3M for the first year, growing to over \$6M by year five.

#### COMPETITION

The project includes unique and innovative technologies and will not create local competition and BlueHalo does not have a true competitor in the City

Staff research was not able to uncover anything that suggests this statement is not accurate.

#### Effect on Existing Industry and Commerce during and after Construction

This project will create about 40-50 construction jobs, increased employment of over 60 high-paying employees within BlueHalo itself, and represents the first phase in continued planned expansion by BlueHalo within the Albuquerque community.

The company has stated that the expansion will allow them to continue to grow and innovate in Albuquerque. The salaries for the jobs should meet or exceed the average for similar positions within the community. In a review of positions from the NM Dept. of Labor, it appears that the salaries for the jobs profiled are comparable for similar positions within the community.

## IRB 22-4 BlueHalo LLC Industrial Revenue Bond Project

## 1. Net new jobs and employee ramp over the next 3 to 5 years

Year	Jobs Added	Total net new jobs
1	15	15
2	14	29
3	16	45
4	10	55
5	9	64

## 2. Salary rates for each of the positions

Job	# of net new jobs	Salary (or hourly equivalent)	Salary Total
Mechanical			
Electrical			
Manufacturing			
Systems			
Engineer			
Systems Test			
Assemblers			
Technicians			
Total	64	\$90,000 AVG	\$6,000,000

## 3. Estimated net new payroll - \$6,000,000 annually

## 4. Confirmation the company pays at least 50% of the employee's health insurance premium – Confirmed

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? Sixty percent to 70% of these jobs are expected to be filled by Albuquerque residents.

2) Will jobs benefit low and moderate income residents? Yes

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

5) Will new employees be trained to fill the positions? Yes.

6) What stated advancement opportunities are there? BlueHalo provides career planning and looks to “grow” its staff from within.

7) Will “Job Training Incentive Program” or other job training programs be used? BlueHalo plans to include Job Training Incentive Program in its overall strategy.

8) Will at least 50% of health insurance premiums be covered for employees? Yes

## IRB 22-4 BlueHalo LLC Industrial Revenue Bond Project

### Corporate Citizenship Policy/Plan

List any company policies/plans regarding the promotion of donations and volunteerism policy.

BlueHalo is committed to serving the communities where we live, work, and play. BlueHalo believes in paying it forward and proudly supports the efforts of employees, individuals, and organizations focused on serving the needs of others. Through time, volunteer efforts, and other means, BlueHalo seeks to be an active and integral part of the communities. The goal of the company and the spirit of our employees is to “Make a Difference” by helping those less fortunate and supporting the needs and causes we are passionate about – that’s the BlueHalo way.

## **IV. PROJECT FEASIBILITY**

### **COST/ FEASIBILITY/ FINANCING:**

Funding is subject to City Council approval. BlueHalo intends to self-fund the improvements through the bond proceeds, and they are responsible for their own and the City’s fees related to the IRB applications and associated legal or other administrative fees, including the fiscal impact analysis.

The initial bond amount covers a total of \$16.175 million for the site, buildings, and improvements, although the entire project costs are estimated at a greater amount.

### **DEVELOPER’S RECORD:**

BlueHalo is a major employer in the United States with locations in 11 states. The company has a proven track record of successful developments, acquisitions and expansions.

Additional information is available on <https://bluehalo.com/>

### **EQUITY:**

BlueHalo requests the previously approved amount of the IRBs at \$16,175,675. There is no private financing outside of BlueHalo

### **MANAGEMENT:**

The company appears to have a strong, experienced management team.

The company will self-manage the project. Local efforts are led by Steve Conyne, Director of Operations. The local team will handle all aspects of the project.



## IRB 22-4 BlueHalo LLC Industrial Revenue Bond Project

Based on the description given in the project plan, management appears to be qualified to manage the project. Based on financial information provided, the Company appears capable of managing and completing the Project.

### FISCAL IMPACT ANALYSIS

This Project includes an impact analysis prepared by the University of New Mexico's Bureau of Business and Economic Research (BBER) as required given the project is a recipient of City funds. The BlueHalo project, employing the current 20- year bond rate of 3.25%. A yield of more than \$1.5 million additional dollars is expected to the city after 20 years.

The fiscal impact analysis demonstrates that the City will recoup the value of its investment within the term of the bonds.

### FINDINGS:

1. IRB 22-4 is a qualified project as defined by the State's Industrial Revenue Bond Act and the City enabling legislation (Resolution R-196, Sixth Council (126-1985) as amended by Resolution 350 Sixth Council; and
2. IRB 22-4 would make positive substantive contributions to the local economy and community by creating an additional 64 high-wage economic base jobs to the existing 260; and
3. IRB 22-4 will bolster Albuquerque's space technology and directed energy industries; and
4. IRB 22-4 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives;
5. IRB 22-4 would adequately meet the evaluation criteria established by the City for Industrial Revenue Bond Act projects, including the requirement that the City recoup the value of its investment over the term of the bonds.

### STAFF RECOMMENDATION:

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

Charles Ashley, Director  
Economic Development Department

# FISCAL IMPACT ANALYSIS OF PROPOSED BLUEHALO, LLC PROJECT IN THE CITY OF ALBUQUERQUE

Prepared for the City of Albuquerque by Omar Solis

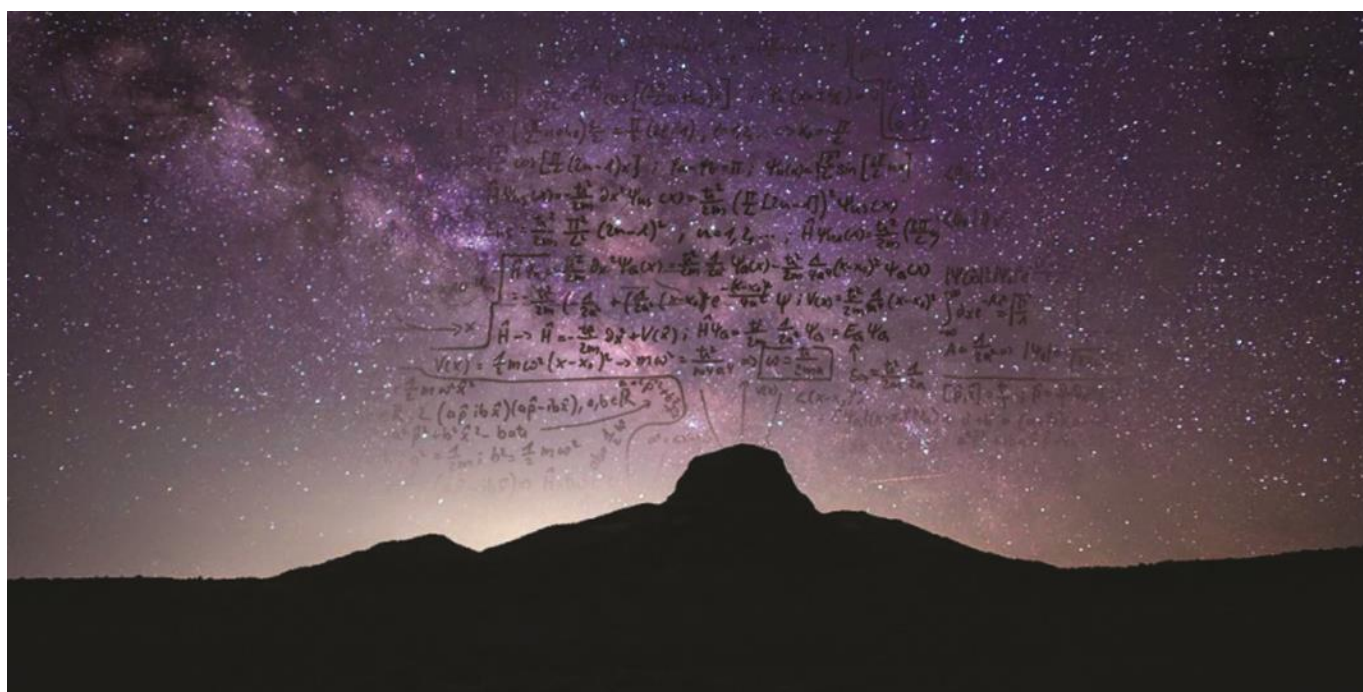


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## 1. Introduction

BlueHalo, LLC, headquartered in Arlington, Virginia has entered into an agreement with KTECH Corporation to lease and renovate a currently vacant 73-thousand square foot facility in Albuquerque. The project would allow BlueHalo to support continued operations. The current phase of upgrades is expected to continue into May 2022, though additional phases may be implemented in the near future.

Blue Halo estimates that \$20 million will be spent for land, building, and infrastructure. An additional \$13 million are estimated for personal property. The facility will house offices, laboratories, manufacturing and testing areas, and other secure spaces.

BlueHalo is requesting an industrial revenue bond (IRB) from the City of Albuquerque totaling \$16,175,675 to complete the project. The leased property is currently under a separate IRB between the landowner and the City of Albuquerque. That IRB, which allows for a property tax abatement to the landowner, will remain in place until 2025.

## 2. Property

The property is located at:

10800 Gibson Boulevard, SE.  
Albuquerque, NM 87123  
Parcel ID: 102105521850220405

Furthermore, it is described as:

TR E-1 PLAT OF TRACTS E-1 & E-2 SANDIA SCIENCE & TECHNOLOGY  
PARK A REPLAT OF TRACT E, SANDIA SCIENCE

In 2021, the property was assessed a total value of almost \$4.8 million and a taxable value just short of \$1.6 million. Notice of Value has been confirmed by the Office of the Bernalillo County Assessor. BlueHalo estimates an appraised value of \$25 million upon completion.

### 3. Employment

The renovation project is expected to create between 40 and 50 construction jobs sourced from local labor pools. As multiple updates are expected to the property, construction is divided into various phases; phase one includes office renovations/restorations.

BlueHalo estimates that this project will expand its workforce by sixty-four full-time positions over the next 5 years. Salaries will average \$90 thousand. Sixty percent to 70% of these jobs are expected to be filled by Albuquerque residents. New jobs are expected to fill gaps in engineering (including manufacturing, software, and other engineers) and manufacturing. Manufacturing positions include those for manufacturing technicians, testing, quality inspectors, and supply chain specialists.

### 4. Methodology

This analysis is based on self-reported budget and expenditure information provided directly BlueHalo, LLC. Information transmitted to the City of Albuquerque through the IRB application are also considered. Data consists of expected payroll and employment figures, operations' spending, and construction and equipment expenditures over the next 20 years.

The fiscal impact analysis process involves measuring direct, indirect, and induced jobs, as well as associated labor income due from projects. The model employed by BBER also applies disposable income derived from annual employee wages. Nearly 60% of all labor income is taxable. A portion of these salaries and wages are allocated for federal and state income taxes. Other portions are spent on the purchase of food and drugs, which are not taxed. Likewise, a portion of earnings will be spent out-of-state where they, too, escape New Mexico taxation. With broad-based gross receipts (GRT) and compensation taxes, however, much local spending will be taxed.

As such, taxes associated with company purchases have been recorded. Property tax was determined using estimated employment increases and per capita property tax. Additionally, estimates for increases in per capita costs of City of Albuquerque services due to elevated resident activities in the city are employed.

Importantly, fiscal impact analysis results are dependent on assumptions; different assumptions can return markedly different results. The following summarizes the major assumptions used in this analysis:

1. Only City of Albuquerque incentives and the ensuing fiscal impact on the City are considered; incentives received from the State of New Mexico, or any other governing entity, are not considered.

2. Sixty-five percent of total BlueHalo new hires will be hired from within Albuquerque. A total (local- and non-local) of fifteen full-time new-hires are expected in 2022, 14 in 2023, 16 in 2024, 10 in 2025, and 9 in 2026. Full employment will be reached in 2026.
3. It is expected that all construction jobs will be sourced from within the city.
4. In connection with the City of Albuquerque IRB, 95% of real and personal property taxes will be foregone. As the property is currently under a previous IRB, real property taxes are not considered until its expiration, at the end of 2025.
5. As a manufacturer of directed laser technology, personal property purchases do not incur GRT, but are subject to compensating taxes if purchased out-of-state. This report records \$14 million of compensating tax-eligible purchases.
6. Ninety percent of operational expenditures for goods and services will be spent locally; these purchases do not forego gross receipts. BlueHalo expects a conservative total of \$10 thousand in goods and services expenditures.
7. Because BlueHalo sales are exclusively to the Federal Government of the United States, sales are not eligible for GRT.

## 5. Results

Table 1 illustrates the fiscal impacts of the BlueHalo project, employing the current 20-year bond rate of 3.25%. A yield of more than \$1.5 million additional dollars is expected to the city after 20 years.

**Table 1. 20-Year IRB Analysis: Estimated Tax Revenues for Proposed BlueHalo, LLC Project, Including Incremental Tax, Present Value of City Taxes and Net Tax Increment, and Cumulative Net Present Value by Year (2022 dollars)**

	Gross Receipts Taxes (GRT)						Compensating Tax	Property Tax			Other Taxes	Pre-Abatement Revenues	Foregone		City Costs	Fiscal Impact		
	Company Employees	Indirect and Induced Employees	Company Purchases	Construction	Construction Employees	Utilities		Real (Company)	Personal (Company)	Real (Employees)			Real Property Tax	Personal Property Tax		Annual	Present Value	Cumulative
2022	3,611	4,700	248	82,500	3,204	578	51,250	-	7,726	2,385	224	156,425	-	7,340	1,927	147,158	147,158	147,158
2023	6,899	8,888	-	110,000	3,142	1,155	256,250	-	45,063	4,612	433	436,441	-	42,810	3,725	389,907	377,634	524,792
2024	10,558	13,445	-	-	-	1,178	205,000	-	69,219	7,156	672	307,228	-	65,758	5,780	235,690	221,086	745,877
2025	13,469	17,225	-	-	-	1,202	205,000	-	85,139	8,747	821	331,602	-	80,882	7,064	243,656	221,364	967,241
2026	16,340	20,979	-	-	-	1,226	-	39,254	70,307	10,178	955	159,239	37,291	66,791	8,220	46,936	41,300	1,008,541
2027	16,396	21,567	-	-	-	1,250	-	37,607	55,474	10,178	955	143,428	35,727	52,701	8,220	46,780	39,867	1,048,408
2028	16,855	22,171	-	-	-	1,275	-	35,961	40,642	10,178	955	128,037	34,163	38,610	8,220	47,044	38,830	1,087,238
2029	17,327	22,791	-	-	-	1,301	-	34,314	25,810	10,178	955	112,676	32,598	24,519	8,220	47,338	37,843	1,125,080
2030	17,812	23,430	-	-	-	1,327	-	32,668	12,081	10,178	955	98,451	31,034	11,477	8,220	47,719	36,946	1,162,027
2031	18,311	24,086	-	-	-	1,353	-	31,021	3,844	10,178	955	89,748	29,470	3,652	8,220	48,406	36,299	1,198,325
2032	18,824	24,760	-	-	-	1,380	-	29,374	-	10,178	955	85,472	27,906	-	8,220	49,346	35,838	1,234,164
2033	19,351	25,453	-	-	-	1,408	-	27,728	-	10,178	955	85,073	26,341	-	8,220	50,511	35,530	1,269,694
2034	19,893	26,166	-	-	-	1,436	-	26,081	-	10,178	955	84,709	24,777	-	8,220	51,712	35,230	1,304,924
2035	20,450	26,899	-	-	-	1,465	-	24,435	-	10,178	955	84,381	23,213	-	8,220	52,948	34,936	1,339,860
2036	13,574	27,495	-	-	-	1,494	-	22,788	-	10,178	955	76,484	21,649	-	8,220	46,615	29,790	1,369,650
2037	13,954	28,108	-	-	-	1,524	-	21,141	-	10,178	955	75,860	20,084	-	8,220	47,555	29,434	1,399,084
2038	14,345	28,737	-	-	-	1,554	-	19,495	-	10,178	955	75,265	18,520	-	8,220	48,524	29,088	1,428,172
2039	14,746	29,385	-	-	-	1,586	-	17,848	-	10,178	955	74,698	16,956	-	8,220	49,522	28,752	1,456,924
2040	15,017	30,051	-	-	-	1,617	-	16,202	-	10,178	955	74,020	15,392	-	8,220	50,409	28,345	1,485,270
2041	15,438	30,735	-	-	-	1,650	-	14,555	-	10,178	955	73,511	13,827	-	8,220	51,464	28,028	1,513,298
Total	303,170	457,069	248	192,500	6,345	26,958	717,500	430,473	415,306		17,436	2,752,750	408,949	394,540	150,020			

**Gross Receipts Taxes, Company Employees:** Gross receipts taxes on local purchases by new operating personnel employed by applicant.

**Gross Receipts Taxes, Indirect and Induced Employees:** Gross receipts taxes on local spending by those supported by company's purchases of local goods and services and by spending by operating personnel.

**Gross Receipts Taxes, Company Purchases:** Gross receipts taxes on increased company purchases of local goods and services as a result of the project.

**Gross Receipts Taxes, Construction:** Gross receipts taxes on contractor receipts and on local spending by construction workers and those supported indirectly by the project.

**Total Revenues:** Gross receipt tax revenues and other revenues associated with the additional population resulting from the project.

**Foregone Property Taxes:** Property taxes that would have been paid on land, buildings and equipment financed by the IRB. Title to properties financed are held by the City and the properties are exempt from taxes during the life of the bond. There is a minimum Payment in Lieu of Taxes of 5% of the taxes foregone.

**City Costs:** Costs of providing City services and infrastructure to the additional population and additional employment supported by the project. Costs include general fund expenditures, the subsidy for Transit, city street fund expenditures and average spending over past 5 years in the City's Capital Acquisition less that supported by Federal funds or transfers. The cost of services provided by the city is split between businesses (based on employment) and residents (based on additional population).

**Fiscal Impact, Annual:** The annual fiscal impact is the total revenue less the cost for each year of the Industrial Revenue Bond.

**Fiscal Impact, Present Value:** Present value of the stream of annual net fiscal impacts discounted to current values. Here the discount rate is the real rate of interest on GO bonds.

**Fiscal Impact, Cumulative:** The running total of state present value fiscal impacts over the life of the Industrial Revenue Bond, where the last year is the net present value of the Industrial Revenue Bond.

**Company Purchases** includes employer paid health care insurance as well as G&S expenditures.

**Property Tax** includes Real and Personal property for applicant and employees.