

**COUNCIL BILL NO. O-22-28 ENACTMENT NO. \_\_\_\_\_**

**ORDINANCE**

**APPROVING A PROJECT INVOLVING BLUEHALO, LLC PURSUANT TO THE LOCAL ECONOMIC DEVELOPMENT ACT AND CITY ORDINANCE F/S O-04-10, THE CITY'S IMPLEMENTING LEGISLATION FOR THAT ACT, TO SUPPORT THE RENOVATION, EXPANSION AND IMPROVEMENT OF ENGINEERING, MANUFACTURING AND TRAINING FACILITIES FOR AN INTEGRATED TECHNOLOGY COMPANY IN ALBUQUERQUE, NEW MEXICO; AUTHORIZING THE EXECUTION OF A PROJECT PARTICIPATION AGREEMENT AND OTHER DOCUMENTS IN CONNECTION WITH THE PROJECT; MAKING CERTAIN DETERMINATIONS AND FINDINGS RELATING TO THE PROJECT INCLUDING THE APPROPRIATION OF FUNDS; RATIFYING CERTAIN ACTIONS TAKEN PREVIOUSLY; AND REPEALING ALL ACTIONS INCONSISTENT WITH THIS ORDINANCE.**

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

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

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

1 WHEREAS, pursuant to the LEDA Ordinance, BlueHalo, LLC (the "Company"),  
2 has submitted to the Council and the Albuquerque Development Commission (the  
3 "Commission") an application (the "Application") requesting certain economic  
4 development assistance for the renovation, expansion and improvement of engineering,  
5 manufacturing and training facilities for the Company, which will include the addition of  
6 64 new employees, within the City (the "Project"); and

7 WHEREAS, the City will administer and disburse to the Company funds totaling  
8 up to \$2,500,000, of which \$2,250,000 is to be received by the City from the State  
9 Economic Development Department and \$250,000 are to be City funds; and

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

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

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

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

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

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

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1 WHEREAS, the Commission has considered the Project and the proposed  
2 Agreement and has recommended that the Council approve the Company's proposal;  
3 and

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

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

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

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

21 BE IT ORDAINED BY THE COUNCIL, THE GOVERNING BODY OF THE CITY  
22 OF ALBUQUERQUE:

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

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

32 Section 3. THE PROJECT. The Project will consist of the renovation,  
33 expansion and improvement of engineering, manufacturing and training facilities for the

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1 Company, which will include the addition of 64 new employees within the City and the  
2 operation of the facility within the City for a minimum of ten years.

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

9 Section 5. AUTHORIZATION AND APPROVAL OF THE PROJECT AND THE  
10 AGREEMENT; APPROPRIATION OF FUNDS. The City hereby approves the Project  
11 and the Agreement, which provides, among other things, that the City will administer  
12 and disburse to the Company funds totaling up to \$2,500,000, of which \$2,250,000 is to  
13 be received by the City from the State Economic Development Department and  
14 \$250,000 are to be City funds, in exchange for which the Company will complete the  
15 Project as specified in the Agreement. There is hereby appropriated for the Project up  
16 to \$2,250,000 of funds received from the State Economic Development Department and  
17 up to \$250,000 of City funds.

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

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

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

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

1 necessary or appropriate to consummate the transactions contemplated by the  
2 Agreement.

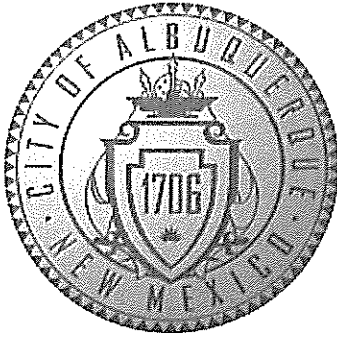
3 (D) City officials shall take such action as is necessary in conformity  
4 with the Act, the LEDA Ordinance and this Ordinance to effectuate the provisions of the  
5 Agreement and carry out the transactions as contemplated by this Ordinance and the  
6 Agreement, including, without limitation, the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

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

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

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

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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

**SUBJECT:** Approving an Ordinance Involving BlueHalo LLC Pursuant to the Local Economic Development Act

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

BlueHalo, LLC, a Virginia limited liability company registered to do business in New Mexico ("BlueHalo"), is seeking the City of Albuquerque to be the fiscal agent for State LEDA funds, and for the City to directly provide LEDA funds, to be used for the construction and improvement of their facilities (the "Project"). BlueHalo is seeking LEDA funding in the amount of \$2,500,000. The State has agreed to provide \$2,250,000 and the City proposes to provide \$250,000. The City will act as fiscal agent for the State's LEDA funds. BlueHalo will be eligible for reimbursement for costs of the renovation, expansion and improvement incurred following execution of the Project Participation Agreement ("PPA").

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.

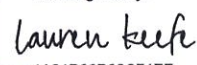
This project includes a fiscal impact analysis provided to the City from the New Mexico Economic Development Department, utilizing the IMPACT DataSource economic impact model. The fiscal impact determination of the project is from information the company provided. The analysis shows that the company will be making a substantive contribution to the community. Overall, the City will receive approximately \$28,830,300 in net benefits over the 10-year period and the Project will generate \$127,290,400 in total for all local taxing districts.

Approved:

DS  
  
 Lawrence Rael  
 Chief Operations Officer

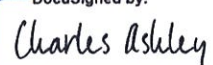
Date

Approved as to Legal Form:

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 5/11/2022 | 6:06 PM MDT  
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 Esteban A. Aguilar, Jr.  
 City Attorney

Date

Recommended:

DocuSigned by:  
 5/11/2022 | 1:23 PM MDT  
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 Charles Ashley III  
 Director

Date

## **Cover Analysis**

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

BlueHalo, LLC, a Virginia limited liability company registered to do business in New Mexico (“BlueHalo”), is seeking the City of Albuquerque to be the fiscal agent for State LEDA funds, and for the City to directly provide LEDA funds, to be used for the construction and improvement of their facilities (the “Project”). BlueHalo is seeking LEDA funding in the amount of \$2,500,000. The State has agreed to provide \$2,250,000 and the City proposes to provide \$250,000. The City will act as fiscal agent for the State’s LEDA funds. BlueHalo will be eligible for reimbursement for costs of the renovation, expansion and improvement incurred following execution of the Project Participation Agreement (“PPA”).

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

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 ordinance would allow reimbursement of approved Project costs so BlueHalo can undertake the acquisition and construction for its new manufacturing facility located in Albuquerque of up to \$2,500,000. The total investment in the acquisition and construction for its new distribution facility is estimated at \$20,000,000.00.

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, 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.

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

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



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 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.

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

The State has agreed to provide \$2,250,000 and the City proposes to provide \$250,000. The City will act as fiscal agent for the State's LEDA funds.

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

No. There is no direct revenue to the City.

**6. 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.

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

There are other defense, directed energy and aerospace companies in Albuquerque. The company is a key player in the industry locally.

**Project Participation Agreement**  
**City of Albuquerque and BlueHalo, LLC**  
**Local Economic Development Act Project**

This Project Participation Agreement is made as of this \_\_\_\_ day of \_\_\_\_\_, 2022 by and between the CITY OF ALBUQUERQUE, NEW MEXICO (the “City”), and BLUE HALO, LLC, a Delaware limited liability company, with a place of business at 6365 Americas Parkway, Albuquerque, New Mexico (“BlueHalo”).

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

BlueHalo shall renovate and improve its campus located at 10800 Gibson Blvd. SE in Albuquerque (the “Facility”), at an estimated cost of approximately \$20,000,000 including land, building, and infrastructure upgrades. 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 the renovated Facility in support of BlueHalo Labs and Defense Sectors delivering to government and commercial customers throughout the US and abroad;

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

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

WHEREAS, the City Council approved the LEDA Project on May \_\_, 2022; and

WHEREAS, BlueHalo estimates a total investment of approximately \$20,000,000 for renovation, expansion and improvement of the Facility; and

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

WHEREAS, the City has determined that the cost benefit analysis with respect to the Project, based on assessments obtained by the City on the basis of information provided to the City by BlueHalo, shows that the City will recoup the value of its contribution within ten (10) years; and

WHEREAS, the BlueHalo Application clearly demonstrates that BlueHalo, 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 ten 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 BlueHalo 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 adopted Ordinance No. O-22-\_\_\_\_\_ on May \_\_, 2022 (the “Project Ordinance”) (i) finding that BlueHalo is a qualifying entity as defined in Section 5-10-3(G) NMSA, (ii) approving the BlueHalo Application for assistance with the Project pursuant to the LEDA Ordinance, which Application proposed that the City direct up to \$2,250,000 in funds to be received from the State EDD (the “State Contribution”) and \$250,000 in funds to be committed by the City (the “City Contribution”), all to finance certain statutorily eligible expenses of the Project consisting of reimbursement for the acquisition, construction and improvement of the Facility, and (iii) approving this Agreement.

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

2. Company Contribution. BlueHalo shall renovate and improve its campus Facility with an office complex, laboratories, manufacturing facilities, test areas and secure spaces at an estimated cost of approximately \$20,000,000, and will hire and retain employees as contemplated by this Agreement all in accordance with the schedule and other terms and conditions set forth in this Agreement. BlueHalo will maintain the Project's operations in Albuquerque for a minimum of ten (10) years. BlueHalo 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 State Contributions; Procedure for Disbursement of the State Contributions. The City anticipates that the State Contribution of up to \$2,250,000 will be delivered to the City for subsequent disbursement to BlueHalo, following enactment of the Project Ordinance and execution of this Agreement and an intergovernmental agreement between the State and the City. The City will submit an invoice to the State and request transfer of the State funds. Upon receipt, the City will place the State Contribution into a separate account established in connection with the Project, as required by law. If, and only if, the City receives the State Contribution, the City will disburse the State Contribution to BlueHalo in the manner as follows:

- 1) \$1,000,000 upon obtaining an Occupancy Permit for the Facility.
- 2) \$750,000 for hiring ten additional full-time employees and retention of 260 existing employees for total employment of 270.
- 3) \$500,000 for hiring twenty additional full-time employees and retention of 260 existing employees for total employment of 280.

4. The City Contribution. Pursuant to the Project Ordinance and the LEDA Ordinance, the City has committed the amount of \$250,000 for use in connection with the Project. As required by the LEDA Ordinance, the City will deposit the proceeds of the City Contribution into a clearly identified separate account, which account will be subject to an annual independent audit. City funds will be dispensed upon BlueHalo obtaining an Occupancy Permit for the Facility and BlueHalo hiring ten additional full-time employees bringing total employment to 270.

5. Time Commitment. BlueHalo intends to invest approximately \$20,000,000 for the renovation and improvement of the Facility. Operations at the Facility are expected to begin following completion of the renovations and improvements or as soon thereafter as possible. BlueHalo will continue to operate the Facility and diligently conduct operations in the Facility in the manner contemplated by this Agreement at least through June 30, 2032.

6. Use of Public Contributions. BlueHalo will be eligible for reimbursement of up to \$2,500,000 for costs of the renovation and improvement actually incurred after the date hereof and paid for, subject to the receipt by the City of the State Contribution. The City will make payment

to BlueHalo following submission to the City of documentation reasonably satisfactory to the City evidencing receipt of the Occupancy Permit with respect to the Project, and meeting the occupancy, operations, and job creation targets set forth herein.

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

7. Job Commitment and Clawbacks.

A. Number of Jobs. BlueHalo will increase employment, above the current level of 260 full-time employees, by (i) at least fifteen full-time employees as measured as of close of business on June 30, 2023 for a total employment of 275, (ii) at least fourteen full-time additional employees as measured as of close of business on June 30, 2024 for a total employment of 289, (iii) at least sixteen full-time employees as measured as of close of business on June 30, 2025 for a total employment of 305, (iv) at least ten full-time employees as measured as of close of business on June 30, 2026 for a total employment of 315, (v) at least nine full-time employees as measured as of close of business on June 30, 2027 for a total employment of 324, at an average salary of approximately \$90,000 plus benefits, and maintenance of at least 90% of projected employees through June 30, 2032 as measured for the preceding year on an annual basis beginning June 30, 2023. A Job will represent an employment position for a person for at least one pay period consisting of at least 32 hours of work per week and offering the employee the full range of benefits offered to other similarly situated BlueHalo employees. Positions filled by contract, part-time and temporary workers will not be considered Jobs. All references herein to “employees” mean employees in Jobs as contemplated by this Section 7.A.

B. Wages and Benefits. BlueHalo 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 or the total estimated increase set forth in Section 7.A. shall not constitute an Event of Default (defined below) or form the basis for any clawback payment.

C. Performance Clawbacks. If BlueHalo does not employ and maintain at least 90% of the required number of full-time employees as set forth in Section 7.A herein by June 30, 2023, or by June 30 of any year thereafter through the year 2032, then subject to the remainder of this Section 8.C, BlueHalo will repay to the City, within sixty (60) days of the due date of the annual report referred to in Section 12 below, the State Contribution and City Contribution paid on behalf of BlueHalo pursuant to this Agreement that has already been disbursed to BlueHalo for such year as of the date of repayment (the “Performance Clawback”) in accordance with the following table:

<b><i>Job Creation Commitment and Schedule</i></b>						
<u><i>Year</i></u>	<u><i>Annual Full Time Job Creation Target</i></u>	Min Job (90% of target new jobs)	<u><i>Cumulative Payroll for New Jobs</i></u>	<u><i>Job Determination Period</i></u>		<u><i>%- Clawback</i></u>
1	260+15=275	274	\$29,737,060	Ordinance Date	6/30/23	100%
2	275+14=289	286	\$31,864,978	7/1/23	6/30/24	100%
3	289+16=305	300	\$34,278,973	7/1/24	6/30/25	100%
4	305+10=315	309	\$36,216,524	7/1/25	6/30/26	100%
5	315+9=324	318	\$38,135,186	7/1/26	6/30/27	75%
6	324	318	\$39,202,971	7/1/27	6/30/28	50%
7	324	318	\$40,300,654	7/1/28	6/30/29	50%
8	324	318	\$41,429,072	7/1/29	6/30/30	25%
9	324	318	\$42,589,087	7/1/30	6/30/31	25%
10	324	318	\$43,781,581	7/1/31	6/30/32	25%
<i>Total</i>	260+64=324					
Additional Notes: Starting Headcount 260 as of 6/30/2022 as defined by ES903A or its equivalent shown as Exhibit B						

For the purposes of this table:

(i) The “Clawback Penalty” is a penalty that BlueHalo will be required to pay to the City upon BlueHalo’s failure to meet the Job Target on or before the conclusion of the applicable Job Determination Period, if such Job Target is not otherwise reached by Blue Halo during the Cure Period. The Clawback Penalty shall be equal to the product of the Percentage Hiring Shortfall (as defined herein), multiplied by the total amount of funds paid under this Agreement to BlueHalo as of that time. For purposes of this subsection, the “Percentage Hiring Shortfall” shall be the quotient of (i) the Minimum Full-Time Job Creation for the applicable Job Determination Period, minus the actual number of jobs BlueHalo maintains at the Facility at that time, divided by (ii) the Minimum Full-Time Job Creation for the applicable Job Determination Period. See Exhibit D hereto for examples of Clawback Penalty Calculations. Notwithstanding anything herein to the

contrary, in no event shall the aggregate Clawback Penalty paid by BlueHalo exceed the total amount of funds paid under this Agreement.

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

Notwithstanding the foregoing, if BlueHalo fails to employ the required full-time employees as identified in Section 7.A herein, and BlueHalo believes Business Climate Changes were the cause for the failure to meet such requirements, BlueHalo will so advise the City in writing describing the Business Climate Changes in detail. “Business Climate Changes” mean substantial changes outside of the control of BlueHalo, in the segment of the industry in which the BlueHalo operates, that cause a significant decrease in the amount of sales BlueHalo is able to achieve. The shifting of BlueHalo’s operations to another Project, whether within or outside of Albuquerque, will not constitute a Business Climate Change.

If the City determine that Business Climate Changes affect BlueHalo’s ability to maintain employment levels, it may waive or modify the Performance Clawback, but only related to the City Contribution and the City shall consult with the State EDD as to any potential waiver of the Performance Clawback or a portion thereof related to the State Contribution. Any Performance Clawback due will be paid within 30 days after the City notifies BlueHalo of its decision or the decision of the State EDD. If BlueHalo 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 BlueHalo cease operations, or notify the City of its intent to cease operations, of the Project (i.e., cease to conduct operations at the Project) before June 30, 2032, BlueHalo shall, within ninety (90) days of the cessation of operations at the Facility, pay to the City, in cash, an amount equal to a specified percentage of the amount of the City Contribution and State Contribution paid pursuant to this Agreement, with the specific percentage based on the date of cessation of operations in accordance with the following table (each percentage inclusive of any Performance Clawback already paid by BlueHalo):

Date of Cessation of Operations	Percent of Public Contributions to be Repaid
On or before June 30, 2027	100%
From July 1, 2027 through June 30, 2029	60%
From July 1, 2029 through June 30, 2032	25%

Winding down of BlueHalo's operations at the Facility 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 maximum aggregate clawback and reimbursement payable hereunder will be \$2,500,000, 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.

8. Security. To secure the performance of its obligations under this Agreement, prior to the payment of any portion of the State Contribution or the City Contribution to BlueHalo, BlueHalo shall provide the City an acceptable form of security in favor of the City in the form of (i) an annually renewable surety bond/letter of credit; and/or (ii) UCC financing statement in a form and with collateral of a type and of a value reasonably acceptable to the City. If BlueHalo chooses to provide an annually renewable surety bond/letter of credit, non-renewal from the surety company/bank does not constitute a claim under the surety bond or letter of credit, as applicable. The amount of the security posted will be equal to the amount of funds provided by the State and the City or the liability of the clawbacks as provided in Section 7, herein, whichever is less.

9. Events of Default and Remedies.

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

B. Notice of Event of Default. If any Event of Default occurs, the City shall notify BlueHalo in writing, and BlueHalo 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.



10. Fees. BlueHalo 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 BlueHalo shall not be liable for costs incurred by the City that are the responsibility of the City in the ordinary course of business. If so determined by the City, in its sole discretion, such third-party expenses may be offset against or reimbursed from the City Contribution or the State Contribution. Although the City does not anticipate incurring significant third party expenses during the term of this Agreement, such expenses 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.

11. Reporting Requirement, Performance Review and Termination. Quarterly, on or before each January 31, April 30, July 31 and October 31, BlueHalo will provide to the City and to State EDD the company's 903A or its equivalent filed with New Mexico's Department of Workforce Solutions for the previous quarter regarding the workforce for BlueHalo and such other information necessary for the City or its independent contractor to determine whether BlueHalo has met its obligations under this Agreement. As required by the LEDA Ordinance, the Project will be subject to an annual performance review conducted by City staff, which will evaluate whether the Project is attaining the requirements of this Agreement. This review shall be presented to the City administration and the City Council. If the requirements of this Agreement are not being satisfied, the City Council at a public hearing may cause the enforcement of this Agreement, including the right of the City to any Performance Clawbacks and other remedies set forth herein. In addition, pursuant to LEDA, if BlueHalo has ceased operations and paid all amounts due to the City as provided herein, the City may enact an ordinance terminating the LEDA Ordinance.

12. Dispute Resolution. The parties will work in good faith to resolve any disputes that arise hereunder. In the event of a dispute between the parties, the Chief Executive Officer of BlueHalo, 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 Chief Executive Officer of BlueHalo 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.

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

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

15. Indemnity. BlueHalo agrees to defend, indemnify and hold harmless the City and its officials, agents and employees from and against any and all claims, actions, suits or proceedings of any kind brought against said parties because of any injury or damage received or sustained by any person, persons or property arising out of or resulting from the Services performed by BlueHalo or BlueHalo's agents under this Agreement or by reason of any asserted act or omission, neglect or misconduct of BlueHalo or BlueHalo's agents or employees or any subcontractor or its agents or employees. The indemnity required hereunder shall not be limited by reason of the specification of any particular insurance coverage in this Agreement.

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

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

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

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

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

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

22. Force Majeure. Neither party shall be liable to the other party for any failure to perform any provisions or obligations of this Agreement if such failure to perform is caused by or results directly or indirectly from Force Majeure. "Force Majeure" means any cause beyond the reasonable control of a party affected, including but not limited to, any acts of God, fire, flood, storm, strike, riot or civil disturbance, war, earthquake, lightning, epidemic, pandemic, 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 fifteen (15) 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.

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

24. Assignment by the Company. Should BlueHalo move, sell, lease or transfer its leasehold or operation duties in the Facility before the expiration of this Agreement and desire to transfer its right hereunder to such assignee, the City retains the right to deny any and all assignments, sales, leases or transfers of any interests in the Facility until adequate assurances are made that the transferee, assignee or lessee is a qualifying entity and that the terms of this Agreement shall be satisfied by the transferee, assignee or lessee or BlueHalo terminates this

Agreement and pays any Clawback or reimbursement amounts due hereunder as of such date. At its discretion, the City may choose to deny said assignment, lease or transfer or may negotiate a new agreement with the new operator.

25. Miscellaneous. This Agreement, together with the Letter or 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.

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

[Signature Page Follows]

CITY OF ALBUQUERQUE,  
NEW MEXICO

BLUEHALO, LLC, a Delaware Limited Liability  
Company

By \_\_\_\_\_  
Name: Lawrence Rael  
Title: Chief Administrative Officer  
Date: \_\_\_\_\_

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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

Address for notice:  
Attention: Mary Clum  
BlueHalo, LLC  
6365 Americas Parkway  
Albuquerque, New Mexico  
Tel: (505) 321-1530  
Email: mary.clum@bluehalo.com

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

Mailing Address:  
P.O. Box 1293  
Albuquerque, NM 87103

LEDA 22-7: BlueHalo, LLC LEDA

**ALBUQUERQUE DEVELOPMENT COMMISSION**

**April 21, 2022**

**Local Economic Development Act Hearing**

Case #2022-12

**LEDA-22-7:** BlueHalo LEDA Project

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

**PROJECT SUMMARY:**

BlueHalo, LLC, a Virginia limited liability company registered to do business in New Mexico (“BlueHalo”), is seeking the City of Albuquerque to be the fiscal agent for State LEDA funds, and for the City to directly provide LEDA funds, to be used for the construction and improvement of their facilities (the “Project”). BlueHalo is seeking LEDA funding in the amount of \$2,500,000. The State has agreed to provide \$2,250,000 and the City proposes to provide \$250,000. The City will act as fiscal agent for the State’s LEDA funds. BlueHalo will be eligible for reimbursement for costs of the renovation, expansion and improvement incurred following execution of the Project Participation Agreement (“PPA”).

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 ordinance would allow reimbursement of approved Project costs so BlueHalo can undertake the acquisition and construction for its new manufacturing facility located in Albuquerque of up to \$2,500,000. The total investment in the acquisition and construction for its new distribution facility is estimated at \$20,000,000.00.

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

## LEDA 22-7: BlueHalo, LLC LEDA

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, 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.

The Project will generate additional benefits and costs for local taxing districts, a summary of which is provided below. The source of specific benefits and costs are provided in greater detail for each taxing district on subsequent pages. Overall, the City will receive approximately \$28,830,300 in net benefits over the 10-year period and the Project will generate \$127,290,400 in total for all local taxing districts.

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

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

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

**A business in which all or part of the activities of the business involves the supplying of services to the general public or to the governmental agencies or to a specific industry or customer, but, other than as provided in subsection (5) of this definition, not including businesses primarily engaged in the sales of goods or commodities at retail;”**

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

Exhibit 2 delineates the required Project Participation Agreement (“PPA”) between BlueHalo and the City. The PPA is summarized in Section V.

## LEDA 22-7: BlueHalo, LLC LEDA

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

### **FINDINGS:**

1. LEDA 22-7 is a qualified project as defined by the State’s Local Economic Development Act and the City enabling legislation (F/S O-04-10); and
2. LEDA 22-7 would make positive substantive contributions to the local economy and community by creating 64 base jobs; and
3. Subject to the development of acceptable security documents, LEDA 22-7 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives, including remaining in operation for 10 years; and
4. Subject to the development of acceptable security documents, LEDA 22-7 would adequately meet the evaluation criteria established by the City for Local Economic Development Act projects, including the requirement that the City recoup the value of its investment within 10 years.

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

## **I. PROJECT ELIGIBILITY**

### **1. QUALIFYING ENTITY**

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

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

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

- (1) An industry for the manufacturing, processing, or assembling of any agricultural or manufactured products;**
- (2) A business in which all or part of the activities of the business involves the supplying of services to the general public or to the governmental agencies or to a specific industry or customer, but, other than as provided in subsection (5) of**



## LEDA 22-7: BlueHalo, LLC LEDA

**this definition, not including businesses primarily engaged in the sales 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. BlueHalo qualifies as the type of project that meets the City’s identified economic development priorities under (F/S O-04-10) in the following categories:

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

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

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

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

### 2. LAND USE:

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.

## LEDA 22-7: BlueHalo, LLC LEDA

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.

### 3. INFILL:



## LEDA 22-7: BlueHalo, LLC LEDA



### 4. DESIGN AND CONSERVATION:

Water use will be consistent with any comparably-sized office building. BlueHalo does not plan on using significant amounts of water for our production or lab activities.

## LEDA 22-7: BlueHalo, LLC LEDA

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

### 5. RENEWABLE ENERGY:

There are no plans to incorporate renewable energy technology into the facility.

## III. ECONOMIC BENEFITS

### 1. COMPETITION:

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

### 2. JOBS:

BlueHalo will be creating and hiring to fill approximately 64 highly technical aerospace jobs in the areas of Engineering (Mechanical, Electrical, Manufacturing, Systems, Systems Test), and Manufacturing Support (assemblers, technicians).

The newly created jobs will have an average salary of \$90K, with expected increases of about 3% annually.

BlueHalo estimates that the majority of the new permanent jobs will be filled by current Albuquerque residents. The jobs will exceed the median wages for the industry within the community and will match the skills of current city residents.

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

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

## IV. PROJECT FEASIBILITY

### 1. COST/ FEASIBILITY/ FINANCING:

The BlueHalo project will be capitalized with the following capital structure:

- o Equity - \$20,000,000

LEDA funding is subject to City Council approval.

### 2. 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/>

## LEDA 22-7: BlueHalo, LLC LEDA

### 3. EQUITY:

Based upon financial information provided, the company appears capable of managing and completing the project.

### 4. MANAGEMENT:

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

Principal Directors:

CEO - Jonathan Money Maker

CFO - Robert Richards

COO - Katie Selbe

CHCO - Ray Khou

CGO - James Batt

### 5. FISCAL IMPACT ANALYSIS

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

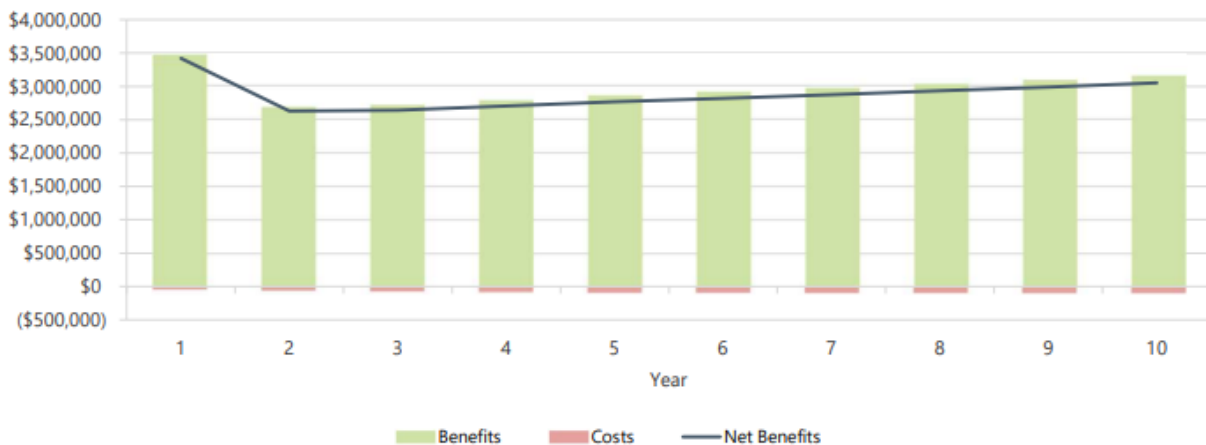


## LEDA 22-7: BlueHalo, LLC LEDA

Table 10. Albuquerque: Benefits, Costs, and Net Benefits Over the Next 10 Years

	Amount
Gross Receipts Taxes	\$28,399,613
Real Property Taxes - Project, after abatement	\$210,235
FF&E Property Taxes - Project, after abatement	\$90,571
Property Taxes - New Residential	\$17,390
Utility Revenue	\$480,336
Utility Franchise Fees	\$178,717
Building Permits and Fees	\$0
Lodgers Taxes	\$6,287
Miscellaneous Taxes & User Fees	\$219,096
<b>Subtotal Benefits</b>	<b>\$29,602,245</b>
Cost of Providing Municipal Services	(\$253,173)
Cost of Providing Utility Services	(\$518,763)
<b>Subtotal Costs</b>	<b>(\$771,936)</b>
<b>Net Benefits</b>	<b>\$28,830,309</b>
<i>Present Value (5% discount rate)</i>	<i>\$22,249,550</i>

Figure 3. Annual Fiscal Net Benefits for the Albuquerque



## 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;**

LEDA 22-7: BlueHalo, LLC LEDA

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

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

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

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

2. Company Contribution. BlueHalo shall renovate and improve its campus Facility with an office complex, laboratories, manufacturing facilities, test areas and secure spaces at an estimated cost of approximately \$20,000,000, and will hire and retain employees as contemplated by this Agreement all in accordance with the schedule and other terms and conditions set forth in this Agreement. BlueHalo will maintain the Project's operations in Albuquerque for a minimum of ten (10) years. BlueHalo 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 State Contributions; Procedure for Disbursement of the State Contributions. The City anticipates that the State Contribution of up to \$2,250,000 will be delivered to the City for subsequent disbursement to BlueHalo, following enactment of the Project Ordinance and execution of this Agreement and an intergovernmental agreement between the State and the City. The City will submit an invoice to the State and request transfer of the State funds. Upon receipt, the City will place the State Contribution into a separate account established in connection with the Project, as required by law. If, and only if, the City receives the State Contribution, the City will disburse the State Contribution to BlueHalo in the manner as follows:

- 1) \$1,000,000 upon obtaining an Occupancy Permit for the Facility.

## LEDA 22-7: BlueHalo, LLC LEDA

- 2) \$750,000 for hiring ten additional full-time employees and retention of 260 existing employees for total employment of 270.
- 3) \$500,000 for hiring twenty additional full-time employees and retention of 260 existing employees for total employment of 280.

4. The City Contribution. Pursuant to the Project Ordinance and the LEDA Ordinance, the City has committed the amount of \$250,000 for use in connection with the Project. As required by the LEDA Ordinance, the City will deposit the proceeds of the City Contribution into a clearly identified separate account, which account will be subject to an annual independent audit. City funds will be dispensed upon BlueHalo obtaining an Occupancy Permit for the Facility and BlueHalo hiring ten additional full-time employees bringing total employment to 270.

5. Time Commitment. BlueHalo intends to invest approximately \$20,000,000 for the renovation and improvement of the Facility. Operations at the Facility are expected to begin following completion of the renovations and improvements or as soon thereafter as possible. BlueHalo will continue to operate the Facility and diligently conduct operations in the Facility in the manner contemplated by this Agreement at least through June 30, 2032.

6. Use of Public Contributions. BlueHalo will be eligible for reimbursement of up to \$2,500,000 for costs of the renovation and improvement actually incurred after the date hereof and paid for, subject to the receipt by the City of the State Contribution. The City will make payment to BlueHalo following submission to the City of documentation reasonably satisfactory to the City evidencing receipt of the Occupancy Permit with respect to the Project, and meeting the occupancy, operations, and job creation targets set forth herein.

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

7. Job Commitment and Clawbacks.

A. Number of Jobs. BlueHalo will increase employment, above the current level of 260 full-time employees, by (i) at least fifteen full-time employees as measured as of close of business on June 30, 2023 for a total employment of 275, (ii) at least fourteen full-time additional employees as measured as of close of business on June 30, 2024 for a total employment of 289, (iii) at least sixteen full-time employees as measured as of close of business on June 30, 2025 for a total employment of 305, (iv) at least ten full-time employees as measured as of close of business on June 30, 2026 for a total employment of 315, (v) at least nine full-time employees as measured as of close of business on June 30, 2027 for a total employment of 324, at an average salary of approximately \$90,000 plus benefits, and maintenance of at least 90% of projected employees through June 30, 2032 as measured for the preceding year on an annual basis beginning June 30, 2023. A Job will represent an employment position for a person for at least one pay period consisting of at least 32 hours of work per week and offering the employee the full range of benefits offered to other similarly situated BlueHalo employees. Positions filled



## LEDA 22-7: BlueHalo, LLC LEDA

by contract, part-time and temporary workers will not be considered Jobs. All references herein to “employees” mean employees in Jobs as contemplated by this Section 7.A.

B. Wages and Benefits. BlueHalo 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 or the total estimated increase set forth in Section 7.A. shall not constitute an Event of Default (defined below) or form the basis for any clawback payment.

C. Performance Clawbacks. If BlueHalo does not employ and maintain at least 90% of the required number of full-time employees as set forth in Section 7.A herein by June 30, 2023, or by June 30 of any year thereafter through the year 2032, then subject to the remainder of this Section 8.C, BlueHalo will repay to the City, within sixty (60) days of the due date of the annual report referred to in Section 12 below, the State Contribution and City Contribution paid on behalf of BlueHalo pursuant to this Agreement that has already been disbursed to BlueHalo for such year as of the date of repayment (the “Performance Clawback”) in accordance with the following table:

<i><b>Job Creation Commitment and Schedule</b></i>						
<i><u>Year</u></i>	<i><u>Annual Full Time Job Creation Target</u></i>	<i><u>Min Job (90% of target new jobs)</u></i>	<i><u>Cumulative Payroll for New Jobs</u></i>	<i><u>Job Determination Period</u></i>		<i><u>%-Clawback</u></i>
1	260+15=275	274	\$29,737,060	Ordinance Date	6/30/23	100%
2	275+14=289	286	\$31,864,978	7/1/23	6/30/24	100%
3	289+16=305	300	\$34,278,973	7/1/24	6/30/25	100%
4	305+10=315	309	\$36,216,524	7/1/25	6/30/26	100%
5	315+9=324	318	\$38,135,186	7/1/26	6/30/27	75%
6	324	318	\$39,202,971	7/1/27	6/30/28	50%
7	324	318	\$40,300,654	7/1/28	6/30/29	50%
8	324	318	\$41,429,072	7/1/29	6/30/30	25%
9	324	318	\$42,589,087	7/1/30	6/30/31	25%
10	324	318	\$43,781,581	7/1/31	6/30/32	25%
<i>Total</i>	260+64=324					
Additional Notes: Starting Headcount 260 as of 6/30/2022 as defined by ES903A or its equivalent shown as Exhibit B						

## LEDA 22-7: BlueHalo, LLC LEDA

For the purposes of this table:

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

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

Notwithstanding the foregoing, if BlueHalo fails to employ the required full-time employees as identified in Section 7.A herein, and BlueHalo believes Business Climate Changes were the cause for the failure to meet such requirements, BlueHalo will so advise the City in writing describing the Business Climate Changes in detail. “Business Climate Changes” mean substantial changes outside of the control of BlueHalo, in the segment of the industry in which the BlueHalo operates, that cause a significant decrease in the amount of sales BlueHalo is able to achieve. The shifting of BlueHalo’s operations to another Project, whether within or outside of Albuquerque, will not constitute a Business Climate Change.

If the City determine that Business Climate Changes affect BlueHalo’s ability to maintain employment levels, it may waive or modify the Performance Clawback, but only related to the City Contribution and the City shall consult with the State EDD as to any potential waiver of the Performance Clawback or a portion thereof related to the State Contribution. Any Performance Clawback due will be paid within 30 days after the City notifies BlueHalo of its decision or the decision of the State EDD. If BlueHalo 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.

## LEDA 22-7: BlueHalo, LLC LEDA

D. Project Closure Clawback. Should BlueHalo cease operations, or notify the City of its intent to cease operations, of the Project (i.e., cease to conduct operations at the Project) before June 30, 2032, BlueHalo shall, within ninety (90) days of the cessation of operations at the Facility, pay to the City, in cash, an amount equal to a specified percentage of the amount of the City Contribution and State Contribution paid pursuant to this Agreement, with the specific percentage based on the date of cessation of operations in accordance with the following table (each percentage inclusive of any Performance Clawback already paid by BlueHalo):

Date of Cessation of Operations	Percent of Public Contributions to be Repaid
On or before June 30, 2027	100%
From July 1, 2027 through June 30, 2029	60%
From July 1, 2029 through June 30, 2032	25%

Winding down of BlueHalo's operations at the Facility 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 maximum aggregate clawback and reimbursement payable hereunder will be \$2,500,000, 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.

8. Security. To secure the performance of its obligations under this Agreement, prior to the payment of any portion of the State Contribution or the City Contribution to BlueHalo, BlueHalo shall provide the City an acceptable form of security in favor of the City in the form of (i) an annually renewable surety bond/letter of credit; and/or (ii) UCC financing statement in a form and with collateral of a type and of a value reasonably acceptable to the City. If BlueHalo chooses to provide an annually renewable surety bond/letter of credit, non-renewal from the surety company/bank does not constitute a claim under the surety bond or letter of credit, as applicable. The amount of the security posted will be equal to the amount of funds provided by the State and the City or the liability of the clawbacks as provided in Section 7, herein, whichever is less.

9. Events of Default and Remedies.

A. Failure to Comply With Obligations. Failure by BlueHalo 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

## LEDA 22-7: BlueHalo, LLC LEDA

the foregoing, failure to meet employment projections or failure to meet wage and benefit projections shall not be considered an Event of Default; however, the failure to make timely payment of any clawback payment due as a result thereof shall be an Event of Default.

B. Notice of Event of Default. If any Event of Default occurs, the City shall notify BlueHalo in writing, and BlueHalo 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.

10. Fees. BlueHalo 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 BlueHalo shall not be liable for costs incurred by the City that are the responsibility of the City in the ordinary course of business. If so determined by the City, in its sole discretion, such third-party expenses may be offset against or reimbursed from the City Contribution or the State Contribution. Although the City does not anticipate incurring significant third party expenses during the term of this Agreement, such expenses 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.

11. Reporting Requirement, Performance Review and Termination. Quarterly, on or before each January 31, April 30, July 31 and October 31, BlueHalo will provide to the City and to State EDD the company's 903A or its equivalent filed with New Mexico's Department of Workforce Solutions for the previous quarter regarding the workforce for BlueHalo and such other information necessary for the City or its independent contractor to determine whether BlueHalo has met its obligations under this Agreement. As required by the LEDA Ordinance, the Project will be subject to an annual performance review conducted by City staff, which will evaluate whether the Project is attaining the requirements of this Agreement. This review shall be presented to the City administration and the City Council. If the requirements of this Agreement are not being satisfied, the City Council at a public hearing may cause the enforcement of this Agreement, including the right of the City to any Performance Clawbacks and other remedies set forth herein. In addition, pursuant to LEDA, if BlueHalo has ceased operations and paid all amounts due to the City as provided herein, the City may enact an ordinance terminating the LEDA Ordinance.

## **FINDINGS:**

1. LEDA 22-7 is a qualified project as defined by the State's Local Economic Development Act and the City enabling legislation (F/S O-04-10); and
2. LEDA 22-7 would make positive substantive contributions to the local economy and community by creating 64 base jobs; and
3. Subject to the development of acceptable security documents, LEDA 22-7 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives, including remaining in operation for 10 years; and

## LEDA 22-7: BlueHalo, LLC LEDA

4. Subject to the development of acceptable security documents, LEDA 22-7 would adequately meet the evaluation criteria established by the City for Local Economic Development Act projects, including the requirement that the City recoup the value of its investment within 10 years.

### **STAFF RECOMMENDATION:**

Based on the above findings, staff recommends approval of LEDA 22-7 as proposed in the project plan application.

Charles Ashley, Director  
Economic Development Department

## FY22 LEDA Application-ABQ

Applicant	Mary Clum
Applicant ID	APP-014931
Company Name	Blue Halo, LLC.
Phone	505-321-1530
Email	mary.clum@bluehalo.com
Status	Submitted
LEDA Starting Job Count	260
LEDA PPA Job Count Target	64

## Contact Information

Question:	Legal Company Name
	BlueHalo, LLC.
Question:	Trade Name (dba)
	Not Answered
Question:	Project Name
	BlueHalo Gibson Upgrade
Question:	Company Street Address
	6565 Americas Parkway, Suite 825
Question:	Company City
	Albuquerque
Question:	Company State
	NM
Question:	Company Zip
	87110

**Question:** Phone

505-321-6377

**Question:** Website

[bluehalo.com](http://bluehalo.com)

**Question:** Primary Contact Person First Name

Steven

**Question:** Primary Contact Person Last Name

Conyne

**Question:** Federal Tax ID #

85-0236241

**Question:** NM State Tax and Revenue Identification Number

01-816536-00

**Question:** City/County Business License Registration will be pursued

☐ Yes

☒ No

**Question:** NAICS Code(s)-North American Industry Classification System

3364 Aerospace Product and Parts Manufacturing

**Question:** DUNS # (preferred but not required)

Not Answered

**Question:** This Business is organized as a:

☐ C-Corporation

☐ S-Corporation

☒ LLC

☐ Partnership

☐ Sole Proprietorship

☐ B-Corporation

**Question:** Incorporation Papers

No Attachments

**Question:** Resumes of all principals (owners, partners, directors or officers; required for businesses 1 years or younger)

No Attachments

**Question:** Company Contact for Project Administration (if different from above)

Not Answered

**Question:** Title

Not Answered

**Question:** Telephone

Not Answered

**Question:** Cell Phone

Not Answered

**Question:** Email

steven.conyne@bluehalo.com

## Project Information

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Please include detailed information such as:

- Executive Summary; Business description and history
- Infrastructure Development/Needs
- Market analysis and strategy
- Summary of competition
- Tax Reporting Status
- Effect on Existing Industry and Commerce during and after Construction
- Land Acquisition



- Local Purchasing
- Water Conservation
- Relocation of Individuals or Businesses
- Construction Schedule
  - Target Close Date
  - General Contract Signed
  - Construction Start
  - Construction End
  - New Facility Operational Date
- Operations plan; Organizational chart
- Any document or record that the local governing body, in its sole discretion, deems necessary.

**Question:** Description of the Proposed Development, its product and its timeline.

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 approximately \$7M 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.

**Question:** Provide a detailed scope of work that is specific to the funding request/award and what the funds will be used for.

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.

**Question:** Business Plan (required for businesses 1 year or younger)

Not Answered

**Question:** Supporting Documentation

No Attachments

## Financial Information

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\*Upload sources and uses chart; enter N/A and zero for questions that do not apply to your business

**Question:** Provide detailed assumptions for your project including three years of projected cash flow income statements. If the applicant has been in business less than one year, you may be requested to provide additional financial information after review .

[2021.BH.FS\\_d.xlsx](#) (2/17/2022 12:10 PM)  
[2020.AuditReport.pdf](#) (2/17/2022 12:10 PM)  
[2019.AuditReport.pdf](#) (2/17/2022 12:09 PM)

**Question:** Provide financial statements (balance sheet, profit and loss and cash flow) or tax returns for the past three years. Also provide interim statements within 90 days of application date.

[2021.BH.FS\\_d.xlsx](#) (2/17/2022 12:11 PM)  
[2020.AuditReport.pdf](#) (2/17/2022 12:10 PM)  
[2019.AuditReport.pdf](#) (2/17/2022 12:10 PM)

**Question:** What is the collateral/security to be pledged to the funds awarded?

- ☒ Letter of Credit
- ☐ Surety Bond
- ☐ Mortgage Security
- ☐ Security Agreement/Escrow
- ☐ Security Agreement/Lien
- ☐ Security Interest/Lien

**Question:** What is the method of appraisal for stated security (if Security Mortgage or Lien were selected above)?

N/A

**Question:** What is the equity investment from the applicant?

\$20,000,000.00

**Question:** External Equity Investment Sources

N/A

**Question:** External Equity Investment Amount

\$0.00

**Question:** City/County Funding Source

N/A

**Question:** City/County Funding Amount

\$0.00

**Question:** Bank Loan Source (financial institution names), type (commercial, USDA, SBA 504, etc.), and stage (applied or approved)

N/A

**Question:** Bank Loans Amount Total

\$0.00

**Question:** Other Loans Source

N/A

**Question:** Other Loans Amount

\$0.00

**Question:** Other Sources

N/A

**Question:** Other Sources Amount

\$0.00

**Question:** Total Project Amount (Sum of above)

\$20,000,000.00

**Question:** Supporting financial documentation

No Attachments

## Company History and Background

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**Question:** How long has the company been in operation, as of the date of application?

approx 3 years

**Question:** At the time of this application, how many full-time employees do you currently employ? Please provide the most recent Department of Workforce Solutions report below. If no employees, disregard report. Enter 0.

1298.00

**Question:** List owners with more than 20% ownership stake in the company. Additionally, please list principal directors and/or officers.

CEO - Jonathan Money Maker  
CFO - Robert Richards  
COO - Katie Selbe  
CHCO - Ray Khou  
CGO - James Batt

Owners:

**Question:** Are owners and/or officers current with financial obligations/payments to the State of New Mexico or any other Federal or State entity? If no, please explain.

Yes

**Question:** Does the applicant have any loans or other financial obligations on which payments are not current? If yes, please explain.

No

**Question:** Please identify any financially affiliated/associated companies in which any of the applicant's owners have a 20% stake.

None (BlueHalo is 100% owned by BlueHalo Equity Holdings which owns no other assets)

## Community Aspects

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**Question:** At the community level, what are the infrastructure needs not yet in place or in process that will affect this project's application?

None

**Question:** What specific incentives are being REQUESTED from the COMMUNITY? Please

explain where the applicant is in this process and provide an idea of a timeline for incentives' deployment.

None

**Question:** What specific incentives will be PROVIDED from the COMMUNITY? (e.g. parcel of land, building lease, waiver of fees, utility access/extension)?

None

## Job Creation / Performance

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Please download the job creation worksheet to work up the required information for this section.

- [Job Creation Worksheet](#)

**Question:** Outline the number and types of jobs to be created.

BlueHalo will be creating and hiring to fill approximately 64 highly technical aerospace jobs in the areas of Engineering (Mechanical, Electrical, Manufacturing, Systems, Systems Test), and Manufacturing Support (assemblers, technicians).

**Question:** Outline the proposed pay scale and payroll proposed by the entity.

Average salary of \$90K, with expected increases of about 3% annually.

**Question:** Outline the benefits offered to the employees, including but not limited to health care and retirement.

See uploaded document.

**Question:** Outline any efforts being made or proposed by the applicant to hire people within the local employment pool.

As part of our recruiting process, we focus on candidates within the state of New Mexico first. This provides multiple benefits: more stable and local workforce, lower costs for hiring (minimal relocation costs); and continued investment in the community.

**Question:** Attach job creation worksheet

[Incentive Analysis Questionnaire BlueHalo\\_Feb2022.doc](#) (2/17/2022 12:18 PM)

**Question:** Starting Headcount (from worksheet above)

1298.00

**Question:** Total new jobs to be created Year 1 (from worksheet above)

15.00

**Question:** Total new payroll Year 1 (from worksheet above)

\$1,500,000.00

**Question:** Total number of new jobs to be created Year 2 (from worksheet above)

14.00

**Question:** Total new payroll Year 2 (from worksheet above)

\$1,400,000.00

**Question:** Total number of new jobs to be created Year 3 (from worksheet above)

16.00

**Question:** Total new payroll Year 3 (from worksheet above)

\$1,400,000.00

## Economic Impact Analysis

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NMEDD will perform an Economic Impact Analysis to address the impact to the local tax base, the school system, etc. using the Impact Data Sheet provided by the applicant.

**Question:** Outline any impacts to the environment, positively or negatively.

We anticipate minimal impact on the environment. BlueHalo plans to utilize the latest innovations in energy efficiency and eco-friendly materials. Our goal is to reduce our waste wherever possible, reuse what we can, and recycle or repurpose what remains.

## Attachments

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Please download the authorization for examination and release of information template and the example employer quarterly wage and contribution report.

- [Authorization for examination and release of information form](#)
- [Employer quarterly wage and contribution report example](#)

If you are a new business, please apply for a NM Tax Identification Number here:

<http://www.tax.newmexico.gov/Businesses/wage-withholding-tax.aspx>

Please download the LEDA Application Affirmation Template here:

[LEDA Application Affirmation Template](#)

[Click here](#) to view a filled out sample.

**Question:** New Mexico Economic Development Department authorization for examination and release of information.

[Authorization for examination and release of information\\_NMEDD\\_signed.pdf](#) (2/21/2022 11:15 AM)

**Question:** Latest New Mexico employer's quarterly wage and contribution report submitted to the Department of Workforce Solutions.

[NM Wages and Tax Report 1st Q 2022.xlsx](#) (3/17/2022 8:51 AM)

**Question:** Affirmation and any other supporting documents

[Incentive Analysis Questionnaire\\_BlueHalo \(007\).doc](#) (3/17/2022 10:24 AM)  
[LED GRANT EIA DTA FORM BLUEHALO\\_r2.xlsx](#) (3/17/2022 10:22 AM)

## City of Albuquerque Project Information

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This section of the NMEDD LEDA Application contains information required by the City of Albuquerque Ordinance 0-04-10 and conforms with and complements the policies established for the Local Economic Development Act pursuant to the Council action. This documentation 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.

**Question:** Project Supporting Documents: City Zone Atlas Map of Location, aerial/satellite picture of area, conceptual overview of finished location, Fiscal Impact Analysis from UNM BBER (if requested by City ED Director), Conceptual Site Plan and Elevation.

[10800 Gibson Property Tax Bill\\_2021.pdf](#) (2/16/2022 12:57 PM)  
[LEDAApp71-3.jpg](#) (2/16/2022 12:57 PM)  
[LEDAApp71-2.jpg](#) (2/16/2022 12:56 PM)  
[LEDAApp71-1.jpg](#) (2/16/2022 12:56 PM)

**Question:** General Description-Statement of benefit to be gained by the Albuquerque community from this development

The expansion of BlueHalo into the building at 10800 Gibson represents a significant investment to the local economy and community. By generating high-paying jobs, BlueHalo will inject millions of dollars into the growing aerospace industry in New Mexico and provide an attractive and desired place to work amongst workers in that field. This investment includes the funding to upgrade and equip this facility, but also the longer-term benefits of salaries and program expenditures.

**Question:** Site and Existing Conditions: Legal Description-Give both the precise and complete legal description and address or identification of location.

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

**Question:** 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.

**Question:** Present Assessed Value: According to the Bernalillo County Assessor's office.

See attached property tax bill 2021

**Question:** Present Zoning of Property

NR-BP

**Question:** Proposed Zoning: If change in zoning is required for the proposed use, enter the proposed new zone.

N/A

**Question:** Status of Permitting/Regulatory matters needed for project.

In progress.

**Question:** Sustainability Initiatives: Describe any sustainability initiatives or programs the company already has and/or plans to use in its facility operations and processes.

N/A

**Question:** Renewable Energy: Indicate in detail if and how the Project will create, produce or use renewable energy and renewable energy technology.

N/A

**Question:** Products and Process: Will the proposed development generate air, noise or waste pollution or traffic congestion? If so, what plans are in place for the reduction and disposal of waste and/or project emissions?

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.

**Question:** Competition: The Development Commission and City Council do not wish to make



public funds available for projects with local competition. Describe any competition in the same area of commerce or industry existing in the City.

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

**Question:** Describe the predicted effects of the project including construction jobs generated, increased employment, increased sales, new industrial base, possible spin-off business in the City.

This project creates not only 64+ highly skilled, high paying aerospace jobs in the community, but it also will have an associated positive impact on the community economically. The renovation and upgrade project itself will inject more than \$20M for construction, refurbishment, and outfitting of equipment. In addition, the support contractors and suppliers for our production will contribute to the local economy through their increased workloads and transportation needs.

**Question:** Proposed Development: Describe any construction to be undertaken in the project, including square footage, construction type, location of construction on project site.

Construction will consist of renovation of the 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.

**Question:** Proposed Development: Will existing buildings will be rehabilitated or incorporated in the construction?

We are refurbishing and outfitting an existing building at 10800 Gibson Blvd SE.

**Question:** Proposed Development: Detail any demolition required and indicate whether it involves any identified historic properties.

No historic properties are affected. We will do minimal demolition, essentially giving the building a facelift, and renovating the interior.

**Question:** Infrastructure: Indicate if the project will require any extension or relocation of utility or road systems and if so, what cost sharing agreements have been reached between the applicant and the City.

N/A

**Question:** Area Enhancement: Describe how project design and placement will enhance the area.

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.

**Question:** Local Purchasing: Provide and 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.

See attached spreadsheet.

**Question:** Water Conservation: Estimate average daily and monthly water consumption and include any plans for 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 or lab activities.

**Question:** 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.

BlueHalo anticipates that no individuals, families, or businesses will be displaced by the activities outlined in this plan.

**Question:** Corporate Citizenship Policy/Plan: List any company policies/plans regarding community charitable and civic donations and volunteerism.

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 where we live, work and play. 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.

**Question:** 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.

**Question:** Management: If the project will not be managed by the applicant, who will manage it and does the applicant have any long-range involvement?

N/A

**Question:** Indicate the estimated appraised value of the project after completion.

~\$25M

# EXECUTIVE SUMMARY

## A REPORT OF THE ECONOMIC IMPACT OF BLUEHALO CAMPUS IN ALBUQUERQUE, NM

May 24, 2021

Prepared by:

Ryan Eustice

New Mexico Economic Development Department

Joseph Montoya Building

1100 S. St. Francis Drive

Santa Fe, New Mexico 87505



Prepared using Total Impact



## PURPOSE & LIMITATIONS

This report presents the results of an analysis undertaken by the New Mexico Economic Development Department using Total Impact, an economic and fiscal impact analysis tool developed and supported by the Austin, TX based economic consulting firm, Impact DataSource.

The Total Impact model is a customized software program licensed to the New Mexico Economic Development Department. The model includes estimates, assumptions, and other information developed by Impact DataSource from its independent research effort detailed in New Mexico Economic Development Department's Total Impact User Guide.

The analysis relies on prospective estimates of business activity that may not be realized. New Mexico Economic Development Department made reasonable efforts to ensure that the project-specific data entered into the Total Impact model reflects realistic estimates of future activity.

No warranty or representation is made by New Mexico Economic Development Department or Impact DataSource that any of the estimates or results contained in this study will actually be achieved.



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Introduction

This report presents the results of an economic impact analysis performed using Total Impact, a model developed by Impact DataSource. The report estimates the impact that a potential project in the Albuquerque may have on the state and local economy and estimates the costs and benefits for the state and local taxing districts over a 10-year period.

Description of the Project

BlueHalo is pleased to inform you that we are expanding our manufacturing facilities. Albuquerque, NM is one of the potential locations for a new ~190,000 SF campus featuring 250 offices and manufacturing facilities. BlueHalo is head quartered in Arlington, VA with major locations supporting manufacturing in Albuquerque, NM and Huntsville, AL.

- The state-of-the-art campus project is estimated to cost approximately \$50M for the land, building, and infrastructure upgrades plus an estimated additional \$10M for furniture, fixtures, and equipment (FFE). The campus will include approximately 190,000 square feet outfitted with an office complex, laboratories, manufacturing facilities, test areas and secure spaces.
- BlueHalo will manufacture over 10 unique products at this new facility in support of our Space and Directed Energy and Air & Missile Defense and C4ISR sectors delivering to government and commercial customers throughout the US and abroad.

Existing & Expanded Operations

The Project under analysis represents the expansion of an existing company in the Albuquerque. The existing operations currently support 260.0 direct jobs in the community and 471.0 indirect and induced jobs. The direct workers earn \$109,181 per year and the company supports \$71.1 million per year in taxable sales and spending in the community. Additionally, the company supports taxable property valued at \$2.7 million annually. The table below illustrates the company's economic impact over the next 10 years - including both the existing and expanded operations.

Table 1. Economic Impact of Existing and Expanded Operations Over the Next 10 Years			
	Existing Operations	Expansion	Existing & Expanded Ops
Economic Output:			
Direct	\$1,999,283,987	\$412,227,461	\$2,411,511,448
Indirect & Induced	\$720,541,949	\$148,566,777	\$869,108,726
Total	\$2,719,825,936	\$560,794,238	\$3,280,620,174
Jobs			
Direct	260.0	64.0	324.0
Indirect & Induced	471.0	116.0	587.0
Total	731.0	180.0	911.0
Salaries			
Direct	\$310,830,386	\$55,091,703	\$365,922,089
Indirect & Induced	\$215,001,378	\$38,106,931	\$253,108,309
Total	\$525,831,764	\$93,198,634	\$619,030,398
Taxable Sales			
Direct	\$664,918,024	\$58,203,970	\$723,121,994
Indirect & Induced	\$46,321,823	\$8,210,099	\$54,531,921
Total	\$711,239,847	\$66,414,069	\$777,653,915

The table below illustrates the company's fiscal impact - the net benefits for local taxing districts - over the next 10 years - including both the existing and expanded operations.

Table 2. Fiscal Impact of Existing and Expanded Operations Over the Next 10 Years			
	Net Benefits		
	Existing Operations	Expansion	Existing & Expanded Ops
State of New Mexico	\$77,354,399	\$10,497,831	\$87,852,230
Albuquerque	\$27,022,814	\$1,807,495	\$28,830,309
Bernalillo County	\$8,937,987	\$756,723	\$9,694,710
Albuquerque Public Schools	\$57,721	\$568,154	\$625,874
Special Taxing Districts	\$52,992	\$234,316	\$287,309
Total	\$113,425,913	\$13,864,519	\$127,290,431

The remainder of this report will reference the combined economic and fiscal impact of the existing and expanded operations.

Economic Impact Overview

The Project's operations will support employment and other economic impacts in the state. The 324.0 workers directly employed by the Project will earn approximately \$105,000 per year initially. This direct activity will support 587.0 indirect and induced workers in the state earning \$40,000 on average. The total additional payroll or workers' earnings associated with the Project is estimated to be approximately \$619.0 million over the next 10 years.

Accounting for various taxable sales and purchases, including activity associated with the Project, worker spending, and visitors' spending in the state, the Project is estimated to support approximately \$777.7 million in taxable sales over the next 10 years.

Table 3. Economic Impact Over the Next 10 Years Statewide			
	Direct	Indirect & Induced	Total
Economic output generated by direct, indirect, and induced activity	\$2,411,511,448	\$869,108,726	\$3,280,620,174
Number of permanent direct, indirect, and induced jobs to be created	324.0	587.0	911.0
Salaries to be paid to direct, indirect, and induced workers	\$365,922,089	\$253,108,309	\$619,030,398
Taxable sales and purchases	\$723,121,994	\$54,531,921	\$777,653,915

## BLUEHALO CAMPUS | ECONOMIC IMPACT

The project is not expected to result in a consequential increase in the state's population. A majority of newly hired employees would likely be current New Mexico residents. However, it is estimated that approximately 24.0% of the new direct workers may be new residents to Bernalillo County. The local population impacts may result in new residential properties constructed in the county and increase the enrollment of local public schools.

Table 4. Population Impacts Over the Next 10 Years for the County

	Direct	Indirect & Induced	Total
Number of direct, indirect, and induced workers who will move to the County	15.4	18.4	33.8
Number of new residents in the County	40.0	47.8	87.8
Number of new residential properties to be built in the County	1.5	1.8	3.3
Number of new students expected to attend local school district	7.7	9.3	17.0

The Project is estimated to support an average of approximately \$21.5 million in new non-residential taxable property each year over the next 10 years. The taxable value of property supported by the Project over the 10-year period is shown in the following table. The values represent the taxable value of property before the consideration of any possible property tax abatements.

Table 5. Value of Taxable Property Supported by the Project Over the Next 10 Years

Year	New Residential Property	The Project's Property				Total Residential & Nonresidential Property
		Land	Buildings & Other Real Prop. Improvements	Furniture, Fixtures, & Equipment	Subtotal Nonresidential Property	
1	\$38,860	\$0	\$16,666,667	\$4,243,228	\$20,909,895	\$20,948,755
2	\$79,274	\$0	\$17,000,000	\$5,485,572	\$22,485,572	\$22,564,846
3	\$121,290	\$0	\$17,340,000	\$4,894,582	\$22,234,582	\$22,355,872
4	\$151,208	\$0	\$17,686,800	\$4,303,593	\$21,990,393	\$22,141,601
5	\$182,274	\$0	\$18,040,536	\$3,712,603	\$21,753,139	\$21,935,414
6	\$185,920	\$0	\$18,401,347	\$3,121,614	\$21,522,961	\$21,708,881
7	\$189,638	\$0	\$18,769,374	\$2,530,625	\$21,299,998	\$21,489,636
8	\$193,431	\$0	\$19,144,761	\$1,939,635	\$21,084,396	\$21,277,827
9	\$197,300	\$0	\$19,527,656	\$1,348,646	\$20,876,302	\$21,073,602
10	\$201,246	\$0	\$19,918,209	\$1,181,979	\$21,100,188	\$21,301,434

The taxable value of residential property represents the value of properties that may be constructed as a result of new workers moving to the community.

This analysis assumes the residential real property appreciation rate to be 2.0% per year. The Project's real property is assumed to appreciate at a rate of 2.0% per year. The analysis assumes the Project's furniture, fixtures, and equipment will depreciate over time according to the depreciation schedule shown in Appendix A.



## Temporary Construction Impact

The Project will include an initial period of construction lasting 1 year(s) where \$50.0 million will be spent to construct new buildings and other real property improvements. It is assumed that 50.0% of the construction expenditure will be spent on materials and 50.0% on labor. The temporary construction activity will support temporary economic impacts in the community in the form of temporary construction employment and sales for local construction firms.

Table 5. Spending and Estimated Direct Employment Impact of Project-Related Construction Activity

	Amount
Total construction expenditure	\$50,000,000
Materials	\$25,000,000
Labor	\$25,000,000
Temporary Construction Workers Supported (Average Earnings = \$54,900)	455.4

The following table presents the temporary economic impacts resulting from the construction.

Table 6. Temporary Economic Impact of Project-Related Construction Activity

	Direct	Indirect & Induced	Total
Number of temporary direct, indirect, and induced job years to be supported*	455.4	309.5	764.9
Salaries to be paid to direct, indirect, and induced workers	\$25,000,000	\$12,262,500	\$37,262,500
Revenues or sales for businesses related to construction	\$50,000,000	\$41,570,000	\$91,570,000

\* A job year is defined as full employment for one person for 2080 hours in a 12-month span.

Gross receipt tax calculations related to construction activity are presented in the following table. The gross receipts tax revenue generated from construction-period taxable spending is included in the fiscal impact for affected districts.

Table 7. Construction-Related Taxable Spending

	Estimate
Expenditure for Materials	\$25,000,000
Percent of Materials subject to local gross receipts tax	75.0%
<b>Subtotal Taxable Materials</b>	<b>\$18,750,000</b>
Expenditure for Labor / Paid to construction workers	\$25,000,000
Percent of gross earnings spent on taxable goods and services	24.0%
Percent of taxable spending done locally	25.0%
<b>Subtotal Taxable Construction Worker Spending</b>	<b>\$1,500,000</b>
Expenditure for Furniture, Fixtures, & Equipment (FF&E)	\$10,000,000
Percent of FF&E subject to local gross receipts tax	25.0%
<b>Subtotal Taxable FF&amp;E Purchases</b>	<b>\$2,500,000</b>
<b>Total Construction-Related Taxable Spending</b>	<b>\$22,750,000</b>

The above construction analysis focuses on the impact resulting from the Project's initial construction investments over the first 1 year(s).

Fiscal Impact Overview

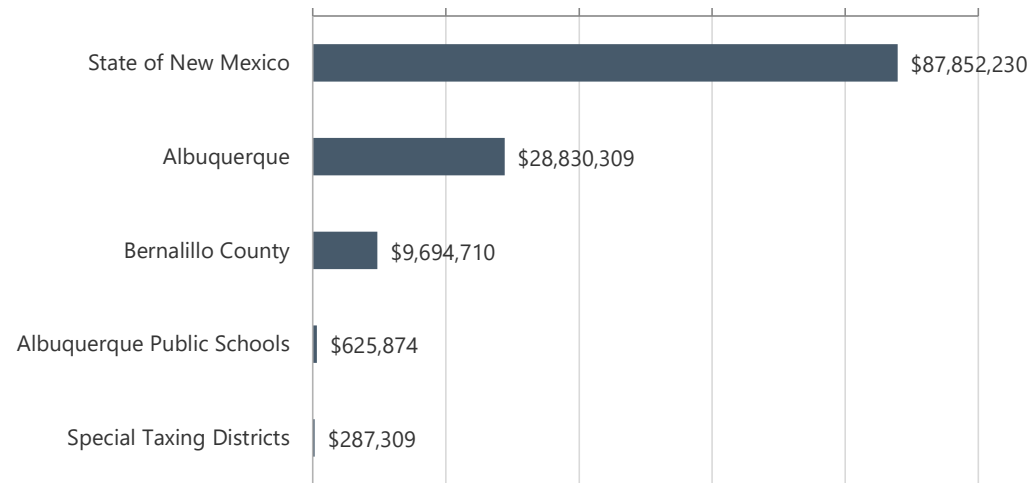
The Project will generate additional benefits and costs for local taxing districts, a summary of which is provided below. The source of specific benefits and costs are provided in greater detail for each taxing district on subsequent pages. Overall, the City will receive approximately \$28,830,300 in net benefits over the 10-year period and the Project will generate \$127,290,400 in total for all local taxing districts.

Table 8. Fiscal Net Benefits Over the Next 10 Years for the State and Local Taxing Districts

	Benefits	Costs	Net Benefits	Present Value of Net Benefits*
State of New Mexico	\$97,936,560	(\$10,084,331)	\$87,852,230	\$67,361,012
Albuquerque	\$29,602,245	(\$771,936)	\$28,830,309	\$22,249,550
Bernalillo County	\$9,831,226	(\$136,516)	\$9,694,710	\$7,484,442
Albuquerque Public Schools	\$1,130,432	(\$504,558)	\$625,874	\$468,792
Special Taxing Districts	\$287,309	\$0	\$287,309	\$180,437
Total	\$138,787,773	(\$11,497,341)	\$127,290,431	\$97,787,931

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

Figure 1. Net Benefits Over the Next 10 Years for the State and Local Taxing Districts



## State of New Mexico

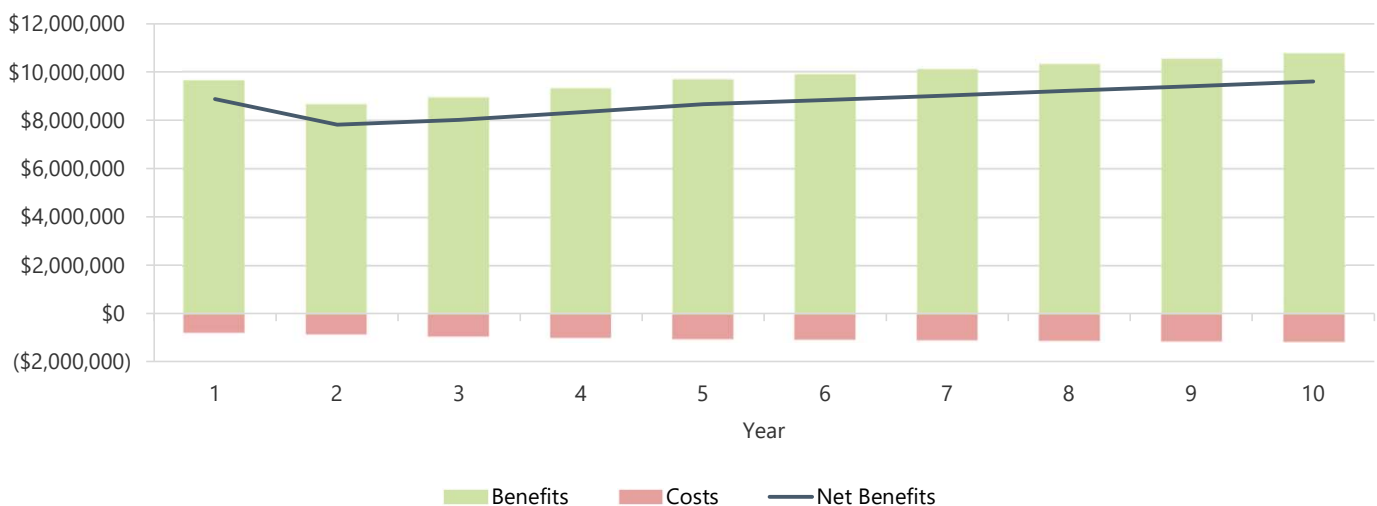
The table below displays the estimated additional benefits to be received by the State of New Mexico over the first 10 years. The project is expected to have a small effect on the statewide population and therefore some additional statewide costs to provide additional services were estimated for the state. Appendix C contains the year-by-year calculations.

Table 9. State of New Mexico: Benefits, Costs, and Net Benefits Over the Next 10 Years

	Amount
Gross Receipts Taxes	\$30,328,503
Real Property Taxes - Project, after abatement	\$24,819
FF&E Property Taxes - Project, after abatement	\$0
Property Taxes - New Residential	\$2,095
Personal Income Taxes	\$27,980,174
Corporate Income Taxes	\$238,895
Miscellaneous Taxes & User Fees	\$39,351,382
<u>Subtotal Benefits</u>	<u>\$97,936,560</u>
Cost of Providing State Services	(\$10,084,331)
<u>Subtotal Costs</u>	<u>(\$10,084,331)</u>
Net Benefits	\$87,852,230
<i>Present Value (5% discount rate)</i>	<i>\$67,361,012</i>

Gross receipts taxes are estimated on new taxable gross receipts resulting from the project. Property taxes are estimated on the firm's property and new residential property constructed. Personal income taxes are estimated based on an effective income tax rate and the earnings of new direct and indirect workers. Corporate income taxes on the direct activity is based on the net taxable income projected by the company. Corporate income taxes on the indirect activity is estimated on a per indirect worker basis and the observed statewide corporate income tax collections per worker. To the extent that the project will result in an increase in new households in the state, additional miscellaneous taxes and user fees have been estimated for the state. Additionally, the costs to provide state services to these new households were also estimated based on recent state expenditure data as detailed in the Appendix.

Figure 2. Annual Fiscal Net Benefits for the State of New Mexico



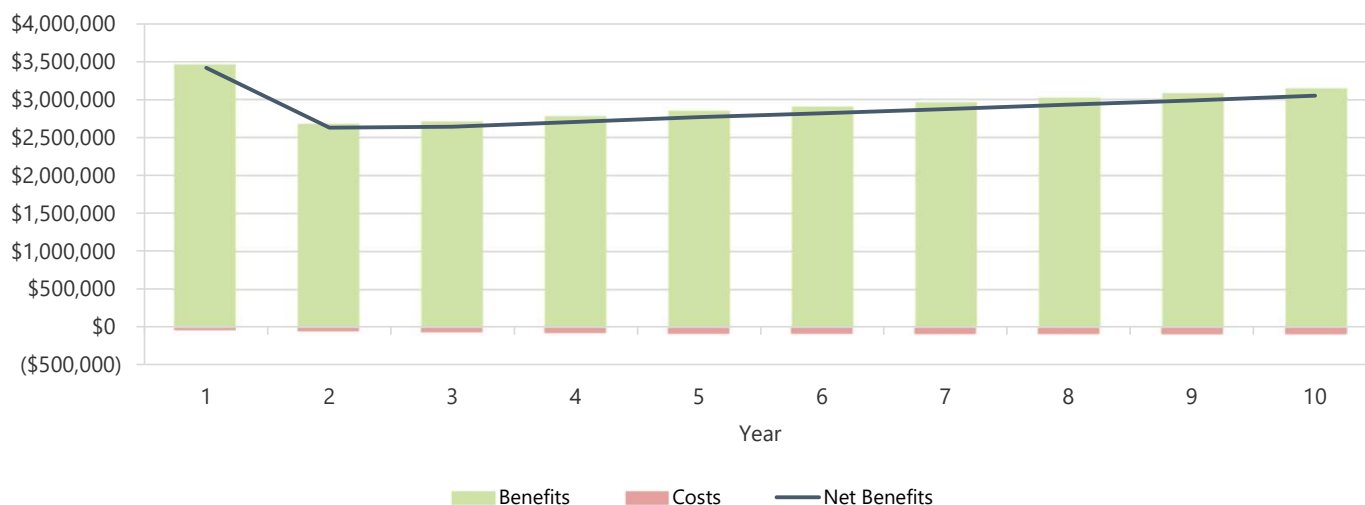
## Albuquerque

The table below displays the estimated additional benefits, costs, and net benefits to be received by the City over the next 10 years of the Project. Appendix C contains the year-by-year calculations.

Table 10. Albuquerque: Benefits, Costs, and Net Benefits Over the Next 10 Years

	Amount
Gross Receipts Taxes	\$28,399,613
Real Property Taxes - Project, after abatement	\$210,235
FF&E Property Taxes - Project, after abatement	\$90,571
Property Taxes - New Residential	\$17,390
Utility Revenue	\$480,336
Utility Franchise Fees	\$178,717
Building Permits and Fees	\$0
Lodgers Taxes	\$6,287
Miscellaneous Taxes & User Fees	\$219,096
<b>Subtotal Benefits</b>	<b>\$29,602,245</b>
Cost of Providing Municipal Services	(\$253,173)
Cost of Providing Utility Services	(\$518,763)
<b>Subtotal Costs</b>	<b>(\$771,936)</b>
<b>Net Benefits</b>	<b>\$28,830,309</b>
<i>Present Value (5% discount rate)</i>	<i>\$22,249,550</i>

Figure 3. Annual Fiscal Net Benefits for the Albuquerque



## Bernalillo County

The table below displays the estimated additional benefits, costs, and net benefits to be received by the County over the next 10 years of the Project. Appendix C contains the year-by-year calculations.

Table 11. Bernalillo County: Benefits, Costs, and Net Benefits Over the Next 10 Years

	Amount
Gross Receipts Taxes	\$501,525
Real Property Taxes - Project, after abatement	\$223,064
FF&E Property Taxes - Project, after abatement	\$33,817
Property Taxes - New Residential	\$16,785
Building Permits and Fees	\$0
Miscellaneous Taxes & User Fees	\$118,048
<u>Subtotal Benefits</u>	<u>\$893,239</u>
Cost of Providing County Services	(\$136,516)
<u>Subtotal Costs</u>	<u>(\$136,516)</u>
Net Benefits	\$756,723
<i>Present Value (5% discount rate)</i>	<i>\$633,790</i>

## Albuquerque Public Schools

The table below displays the estimated additional benefits, costs, and net benefits to be received by the school district over the next 10 years of the Project. Appendix C contains the year-by-year calculations.

Table 12. Albuquerque Public Schools: Benefits, Costs, and Net Benefits Over the Next 10 Years

	Amount
Real Property Taxes - Project, after abatement	\$206,731
FF&E Property Taxes - Project, after abatement	\$31,341
Property Taxes - New Residential	\$16,310
State Equalization Guarantee	\$818,330
<u>Subtotal Benefits</u>	<u>\$1,072,712</u>
Cost of Educating New Students	(\$504,558)
<u>Subtotal Costs</u>	<u>(\$504,558)</u>
Net Benefits	\$568,154
<i>Present Value (5% discount rate)</i>	<i>\$421,193</i>

Benefits for Other Taxing Districts

The table below displays the estimated additional property taxes to be received by other property taxing districts over the next 10 years of the Project. Appendix C contains the year-by-year calculations.

Table 13. Other Taxing Districts: Benefits Over the Next 10 Years	
	Amount
Real Property Taxes - Project, after abatement	\$189,795
FF&E Property Taxes - Project, after abatement	\$28,773
Property Taxes - New Residential	\$15,748
Benefits	\$234,316
<i>Present Value (5% discount rate)</i>	<i>\$180,437</i>

Property Tax Abatement

Some taxing districts are considering abating taxes on the Project's property. The table below identifies the type of property for which the taxing districts are considering abating taxes.

Table 14. Types of the Project's Property Subject to Tax Abatement

Land	✓
Buildings & Other Real Property Improvements	✓
Furniture, Fixtures, & Equipment	✓

The table below identifies the percentage of the property taxing abatement by taxing districts and the total value of the abatement.

Table 15. Tax Abatement Percentages and Value Over the First 10 Years

Year	State of New Mexico	Albuquerque	Bernalillo County	Albuquerque Public Schools	Special Taxing Districts
1	90%	90%	90%	90%	90%
2	90%	90%	90%	90%	90%
3	90%	90%	90%	90%	90%
4	90%	90%	90%	90%	90%
5	90%	90%	90%	90%	90%
6	90%	90%	90%	90%	90%
7	90%	90%	90%	90%	90%
8	90%	90%	90%	90%	90%
9	90%	90%	90%	90%	90%
10	90%	90%	90%	90%	90%
Total Value of Abatement	\$257,238	\$2,178,960	\$2,311,929	\$2,142,644	\$1,967,116

City Non-Tax Incentives

The City is considering the following non-tax incentives for the Project.

Table 17. City Incentives Under Consideration

Year	City LEDA
1	\$250,000
2	\$0
3	\$0
4	\$0
5	\$0
6	\$0
7	\$0
8	\$0
9	\$0
10	\$0
Total	\$250,000

These financial incentives may be considered an investment in the Project made by the city. Four calculations analyzing possible investments were made:

- 1. Net Benefits - detailed above
- 2. Present Value of Net Benefits - detailed above
- 3. Rate of Return on Investment - discussed and detailed below
- 4. Payback Period - discussed and detailed below

The rate of return on investment calculates the average annual rate of return to the city, treating the incentives as the initial investment and the net benefits to the city as the return on investment. The payback period is the number of years that it will take the city to recover the cost of incentives from the additional revenues that it will receive as a result of the Project.

The table below shows an analysis of these incentives, including a calculation of incentives per job, rate of return, and payback period.

Table 18. Analysis of City Incentives

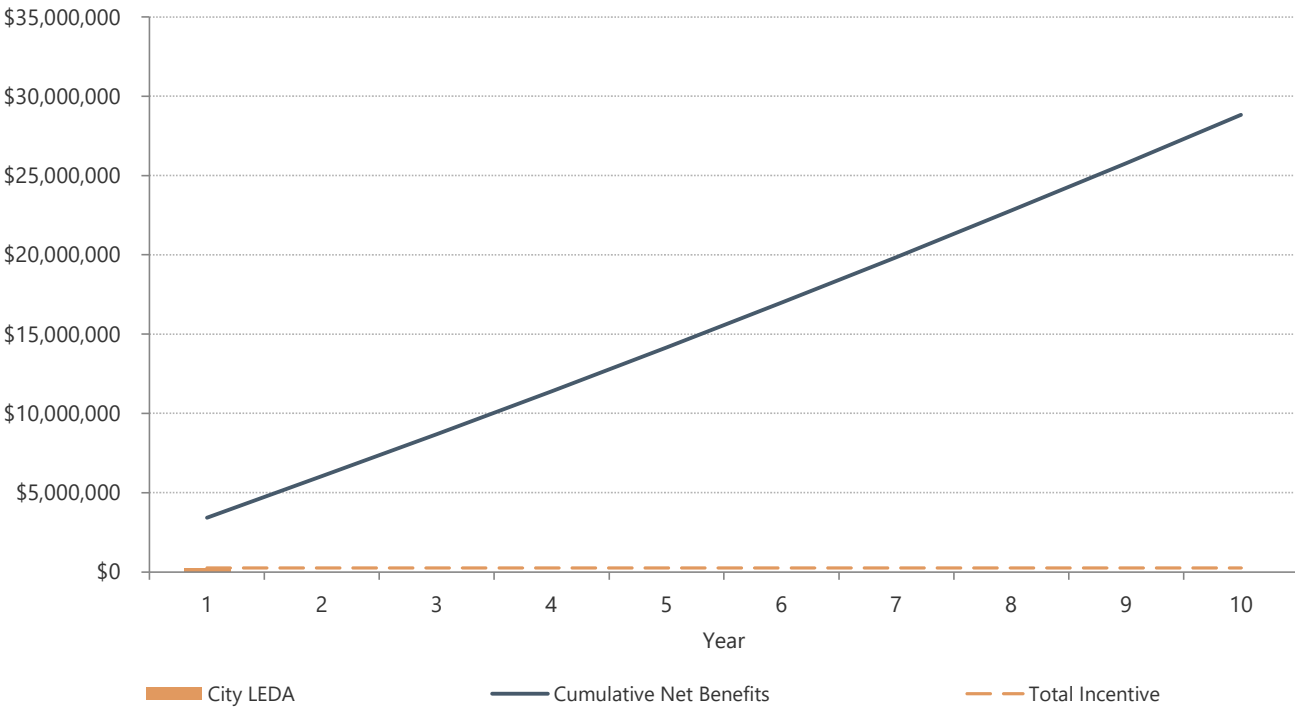
Total Non-Tax Incentive	\$250,000
Incentive Per Job	\$3,906
Rate of Return	1153.2%
Payback period (years)	0.1

Note: The Rate of Return and Payback Period are calculated based on the sum of annual incentives, not the present value of the incentives.



The graph below depicts the total incentives currently under consideration versus the cumulative net benefits to the City. The intersection indicates the length of time until the incentives are paid back.

Figure 4. City Incentives Under Consideration



State Incentives

The state is considering the following incentives for the Project.

Table 21. State Incentives Under Consideration	
Year	LEDA, JTIP and other tax credits
1	\$4,900,000
2	\$0
3	\$0
4	\$0
5	\$0
6	\$0
7	\$0
8	\$0
9	\$0
10	\$0
Total	\$4,900,000

These financial incentives may be considered an investment in the Project made by the state. Four calculations analyzing possible investments were made:

- 1. Net Benefits - detailed above
- 2. Present Value of Net Benefits - detailed above
- 3. Rate of Return on Investment - discussed and detailed below
- 4. Payback Period - discussed and detailed below

The rate of return on investment calculates the average annual rate of return to the state, treating the incentives as the initial investment and the net benefits to the state as the return on investment. The payback period is the number of years that it will take the state to recover the cost of incentives from the additional revenues that it will receive as a result of the Project.

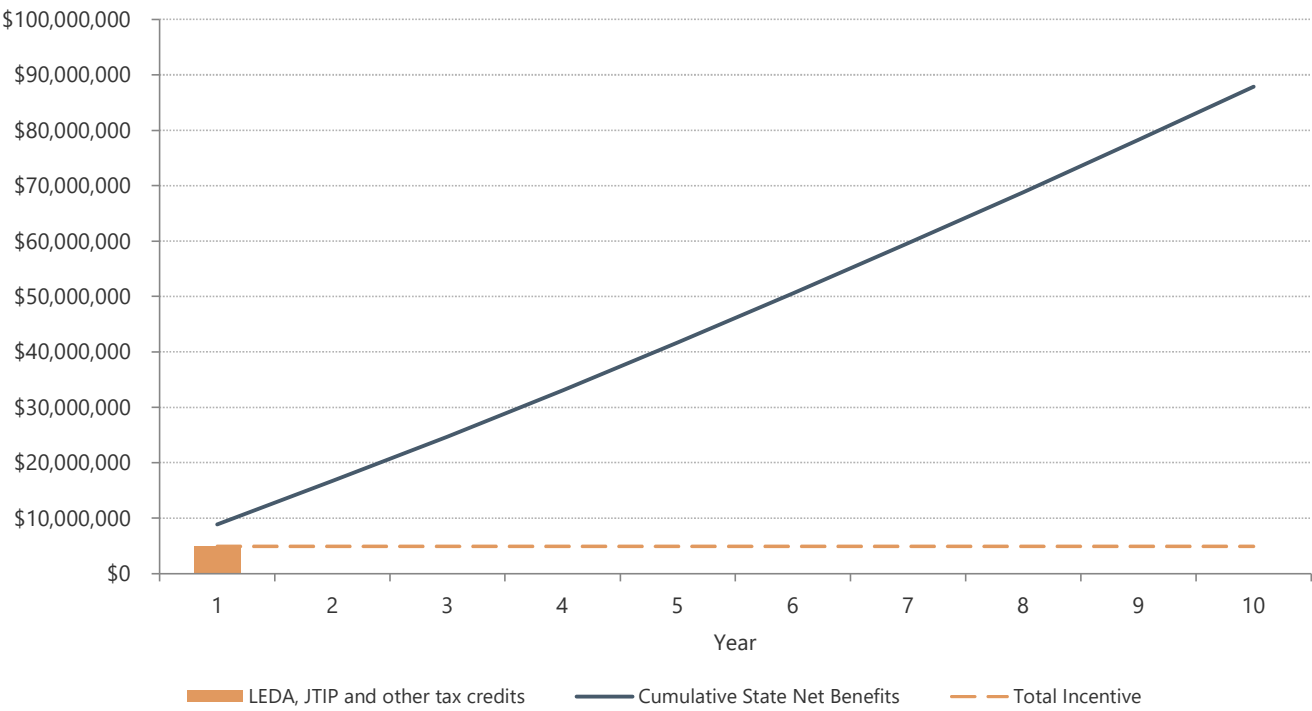
The table below shows an analysis of these incentives, including a calculation of incentives per job, rate of return, and payback period.

Table 22. Analysis of State Incentives	
Total State Incentives	\$4,900,000
Incentives Per Job	\$76,563
Rate of Return	179.3%
Payback period (years)	0.6

Note: The Rate of Return and Payback Period are calculated based on the sum of annual incentives, not the present value of the incentives.

The graph below depicts the total incentives currently under consideration versus the cumulative net benefits to the State. The intersection indicates the length of time until the incentives are paid back.

Figure 6. State Incentives Under Consideration



LEDA @ \$1.75M, JTIP @ \$1.2M, MIJTC @ \$513K, HWJTC @ \$1.4M for a total state incentive of \$4.9M. City LEDA of \$250K.

Overview of Methodology

This report presents the results of an analysis undertaken by the New Mexico Economic Development Department using Total Impact, an economic and fiscal impact analysis tool developed and supported by the Austin, TX based economic consulting firm, Impact DataSource.

The Total Impact model combines project-specific attributes with community data, tax rates, and assumptions to estimate the economic impact of the Project and the fiscal impact for local taxing districts over a 10-year period.

The economic impact as calculated in this report can be categorized into two main types of impacts. First, the direct economic impacts are the jobs and payroll directly created by the Project. Second, this economic impact analysis calculates the indirect and induced impacts that result from the Project. Indirect jobs and salaries are created in new or existing area firms, such as maintenance companies and service firms, that may supply goods and services for the Project. In addition, induced jobs and salaries are created in new or existing local businesses, such as retail stores, gas stations, banks, restaurants, and service companies that may supply goods and services to new workers and their families.

The economic impact estimates in this report are based on the Regional Input-Output Modeling System (RIMS II), a widely used regional input-output model developed by the U. S. Department of Commerce, Bureau of Economic Analysis. The RIMS II model is a standard tool used to estimate regional economic impacts. The economic impacts estimated using the RIMS II model are generally recognized as reasonable and plausible assuming the data input into the model is accurate or based on reasonable assumptions. Impact DataSource utilizes county-level multipliers to estimate the impact occurring at the sub-county level.

Two types of regional economic multipliers were used in this analysis: an employment multiplier and an earnings multiplier. An employment multiplier was used to estimate the number of indirect and induced jobs created or supported in the area. An earnings multiplier was used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs. The employment multiplier shows the estimated number of total jobs created for each direct job. The earnings multiplier shows the estimated amount of total salaries paid to these workers for every dollar paid to a direct worker. The multipliers used in this analysis are listed below:

Multiplier		City	County	State
Employment Multiplier	(Type II Direct Effect )	1.8993	2.1991	2.8115
Earnings Multiplier	(Type II Direct Effect )	1.3434	1.4579	1.6917

Calculation of Fiscal Impact

Calculation of Revenues for the State

The state's revenues from gross receipts taxes, property taxes, personal and corporate income taxes were estimated directly using data entered about the project and state tax rates and assumptions about workers moving to the area and possibly building new property.

Impact DataSource estimated the miscellaneous taxes and user fees as a function of statewide personal income. The data used to estimate these factors were obtained from the US Census of Governments and the Bureau of Economic Analysis. Next, these percentages were applied to the total increase in workers' earnings from the economic impact calculations to determine the annual miscellaneous taxes and user fees to be collected by the state related to the permanent increase in economic activity supported by the project.

The fiscal costs associated with the project result from the portion of new worker households that relocate to New Mexico to take a job and the resulting costs to provide state services to these new residents. Impact DataSource estimated the cost of providing state services to new worker households moving to the state by applying the average per household cost of state expenditures to the estimated number of new workers new to the state.

Impact DataSource determined the marginal cost to provide state government services on per household in the state by using approximately 40% of the average cost. The data used to estimate these costs were obtained from the US Census of Governments and US Census. On average, the state incurs \$5,000 in costs to provide these services to households.

#### *Calculation of Revenues for the City*

The city's revenues from gross receipts taxes, property taxes, city-owned utilities, utility franchise fees, lodging taxes, and building permits and fees were estimated directly using data entered about the project and local tax rates and assumptions about workers moving to the area and possibly building new property.

The new firm was not asked for nor could reasonably provide some data for calculating some other revenues for the city. For example, while the city will likely receive revenues from fines paid on speeding tickets given to new workers at the firm, the firm may not reasonably know the propensity of its workers to speed. Therefore, some other city revenues were calculated using an average revenue approach. This approach uses two assumptions:

- 1 - The city has two general revenue sources -- revenues from residents and revenues from businesses.
- 2 - The city will collect (a) about the same amount of other revenues from each household of new workers that may move to the city as it currently collects from an average household of existing residents, and (b) about the same amount of other revenues from the new firm (on a per worker basis) will be collected as the city collects from other businesses in the city.

Using this average revenue approach, revenues likely to be received by the city were calculated from the households of new workers who may move to the city and from the new firm using average city revenues per household and per worker calculations. These revenues are labeled as miscellaneous taxes and user fees.

The total annual city revenues used to make average revenue calculations in this analysis were obtained from the city's latest annual budget and the per household and per worker and calculations are detailed in Appendix A.

#### *Calculation of Costs for the City*

This analysis sought to answer the question, what additional monies will the city have to spend to provide services to households of new workers who may move to the city and to the firm. A marginal cost approach was used to calculate additional city costs from the new firm and its workers.

This approach uses two assumptions:

- 1 - The city spends money on services for two general groups -- residents and businesses.
- 2 - The city will spend (a) about the same amount for variable or marginal cost for each household of new workers that may move to the city as it currently spends for an average household of existing residents, and (b) about the same amount for variable or marginal costs for the new firm (on a per worker basis) as it spends for other businesses in the city.

#### *Calculation of Net Benefits for the City*

Net benefits calculated in this analysis are the difference between additional city revenues over a ten-year period and additional city costs to provide services to the new firm and its workers and indirect workers who may move to the city.

*Calculation of Revenues, Costs and Net Benefits for the County*

The model estimates additional revenues, costs and net benefits for the county using the same methodology described for the city relying on county budget data.

*Calculation of Revenues for Public Schools*

The school district's revenues from property taxes were calculated on the new residential property for some new direct and indirect workers who may move to the county and on the firm's property that will be added to local tax rolls.

However, school district revenues from state and federal funds and other local funding were calculated using an average revenue approach. This approach used the assumption that the school district will collect about the same amount of these revenues for each new student in the household of a new worker who may move to the county as it currently collects for each existing student.

*Calculation of Costs for Public Schools*

A marginal cost approach was used to calculate additional school district costs from the new firm and its workers. This approach uses the assumption that the school district will spend about the same amount for variable or marginal cost for each new student as it spends for each existing student.

*Calculation of Net Benefits for Public Schools*

Net benefits calculated in this analysis are the difference between additional school district revenues over a ten-year period and marginal costs for the school district to provide services to students in the households of new workers who may move to the county.

The school district's total annual revenues and expenses to make average revenue and marginal costs calculations in this analysis were obtained from the school district's latest annual budget.

*Calculation of Property Taxes to be Collected by Countywide Special Taxing Districts*

Revenues for countywide special taxing districts from property taxes were calculated on the new residential property for some new direct and indirect workers who may move to the county and on the firm's property that will be added to local tax rolls.

While each of these special taxing districts may incur additional costs from new residents and from the new firm, these additional costs were not calculated in this analysis.

## About Impact DataSource

Impact DataSource is an Austin economic consulting, research, and analysis firm founded in 1993. The firm has conducted over 2,500 economic impact analyses of firms, projects, and activities in most industry groups in New Mexico and more than 30 other states.

In addition, Impact DataSource has prepared and customized more than 50 economic impact models for its clients to perform their own analyses of economic development projects. These clients include the Frisco EDC in Texas and the Metro Orlando (Florida) Economic Development Commission.