

CITY of ALBUQUERQUE

TWENTY-FIFTH COUNCIL

COUNCIL BILL NO. R-22-61 ENACTMENT NO.

SPONSORED BY: Isaac Benton, by request

RESOLUTION

RELATING TO THE REDEVELOPMENT, LEASING AND SALE OF A METROPOLITAN REDEVELOPMENT PROJECT WITHIN THE DOWNTOWN METROPOLITAN REDEVELOPMENT AREA CONSISTENT WITH THE TERMS OF THE DOWNTOWN 2025 METROPOLITAN REDEVELOPMENT PLAN; APPROVING THE METROPOLITAN REDEVELOPMENT APPLICATION ENTITLED "VILLA AGAVE, LLC; THE DOWNTOWN METROPOLITAN REDEVELOPMENT APPLICATION"; AUTHORIZING THE ACQUISITION OF LAND AND EXISTING IMPROVEMENTS AND CONSTRUCTION OF A BUILDING WITHIN THE DOWNTOWN METROPOLITAN REDEVELOPMENT AREA; AUTHORIZING THE DISPOSITION BY LEASE AND SALE OF THE CITY'S INTEREST IN SUCH PROJECT TO VILLA AGAVE, LLC, ITS SUCCESSORS AND ASSIGNS; AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE AGREEMENT AND OTHER DOCUMENTS IN CONNECTION WITH THE PROJECT; MAKING CERTAIN DETERMINATIONS AND FINDINGS RELATING TO THE PROJECT; RATIFYING CERTAIN ACTIONS TAKEN PREVIOUSLY; AND REPEALING ALL ACTIONS INCONSISTENT WITH THIS RESOLUTION.

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

WHEREAS, the City desires to promote redevelopment in areas designated as blighted areas so as to promote neighborhood stabilization by providing affordable housing, convenient services, creating new jobs, upgrading area buildings, infrastructure and housing for such areas and to promote public health welfare, safety convenience and prosperity; and

1 WHEREAS, pursuant to the Metropolitan Redevelopment Code, Sections 3-
2 60A-1 through 3-60A-13 and Sections 3-60A-14 through 3-60A-48, New Mexico
3 Statutes Annotated, 1978 Compilation, as amended (the "Act"), the City is
4 authorized to acquire, whether by construction, purchase, gift or lease, and to
5 finance, sell, lease, or otherwise dispose of, projects as defined in the Act; and

6 WHEREAS, the City Council (the "Council") has adopted an ordinance
7 establishing the Albuquerque Development Commission (the "Development
8 Commission") to review metropolitan redevelopment projects proposed to be
9 owned and leased by the City pursuant to City Resolution No. 16-1985, as
10 amended; and

11 WHEREAS, Villa Agave, LLC, a New Mexico limited liability company
12 (together with its successors and assigns, the "Company") has presented to the
13 Development Commission and the Council a proposed metropolitan
14 redevelopment project application (the "Plan") whereby the City will, pursuant to
15 the Act, acquire from the Company land and existing improvements located
16 within the City and within the Downtown Metropolitan Redevelopment Area for
17 redevelopment by the lessee/purchaser thereof for a multi-family project (the
18 "Project") consistent with the Downtown 2025 Metropolitan Redevelopment Plan
19 and the Act; and

20 WHEREAS, under the Company's proposal, the City will effectuate the
21 transfer and sale of real property with the Company related to the Project, as
22 authorized under this ordinance (this "Resolution"); and

23 WHEREAS, under the Company's proposal, after the City's acquisition of
24 the Property through a deed, the City and the Company will enter into a Lease
25 Agreement (the "Lease"), pursuant to which the Company will lease and agree to
26 purchase the land and improvements comprising the Project from the City, and
27 the Company shall comply with the obligations incurred pursuant to the
28 provisions of the Lease and this Resolution; and

29 WHEREAS, the Albuquerque Development Commission has reviewed the
30 Plan, has held a public hearing on the Plan and Project, has determined that the
31 Company has complied with Resolution No. 16-1985, as amended, and has
32 recommended approval of the Plan and Project by the Council; and

1 WHEREAS, the Council has held a public hearing on the Plan and the
2 Project, after proper notice; and

3 WHEREAS, the Plan and Project meets the objectives of the Act and will
4 benefit the City's efforts to revitalize the Downtown Metropolitan Redevelopment
5 Area of the City; and

6 WHEREAS, the Plan has been filed with the City Clerk and presented to the
7 Council; and

8 WHEREAS, the form of the Lease has been filed with the City Clerk and
9 presented to the Council; and The Lease and Deed are collectively referred to in
10 the Resolution as the "Project Documents"; and

11 WHEREAS, the Council has determined that it is in the best interest of the
12 City to approve the Project and to execute and deliver the Project Documents,
13 and other documents related thereto; and

14 WHEREAS, the City is authorized to execute the Project Documents under
15 the Act and this Resolution, and has concluded that it is desirable at this time to
16 approve the Project which constitutes a valid public purpose; and

17 WHEREAS, there has been published in The Albuquerque Journal, a
18 newspaper of general circulation in the City, public notice of the Council's
19 intention to adopt this Resolution, which notice contained certain information
20 concerning the Plan and the ownership, purpose, location and size of the Project,
21 which notice was published at least fourteen days prior to final action upon this
22 Resolution.

23 **BE IT RESOLVED BY THE COUNCIL, THE GOVERNING BODY OF THE CITY OF**
24 **ALBUQUERQUE:**

25 **Section 1. RATIFICATION.** All actions not inconsistent with the provisions
26 of this Resolution previously taken by the Council and the officials of the City
27 directed toward approval of the Plan and the Project should be approved and the
28 same hereby are ratified, approved and confirmed.

29 **Section 2. FINDINGS.** The Council, after a public hearing held upon proper
30 notice, hereby declares that it has considered all relevant information presented
31 to it relating to the Plan and the Project and hereby finds and determines that
32 approval of the Plan and the Project, and the execution of the Project Documents,

1 pursuant to this Resolution are necessary and advisable and in the interest of
2 and will promote the public health, safety, morals, convenience, education,
3 economy and welfare of the City and the residents of the City. The Council finds
4 that:

5 (1) The Plan and the proposed activities under the Plan aid
6 in the elimination or prevention of slum or blight;

7 (2) The Plan conforms to the general plan for the City as a
8 whole and the terms of the Sycamore Metropolitan Redevelopment Plan;

9 (3) The Plan affords maximum opportunity consistent with
10 the needs of the community for the rehabilitation or redevelopment of the area by
11 private enterprise or persons, and the objectives of the Plan justify the proposed
12 activities as public purposes and needs;

13 (4) The developer of the Project property is the Company;
14 and

15 (5) The Project property comprises of 14-unit multi-family
16 mixed use community on 0.63 acres located near 7th Street NW and Copper Ave
17 NW in central Albuquerque, New Mexico, all within the Downtown Metropolitan
18 Redevelopment Area.

19 Section 3. THE PROJECT. The City shall acquire the Project for the
20 purposes hereinabove described, and the Project shall be located at all times
21 within the corporate limits of the City and within the Sycamore Metropolitan
22 Redevelopment Area.

23 Section 4. PLAN APPROVAL.

24 A. The Plan in the form on deposit in the office of the City Clerk is
25 hereby approved in all respects.

26 B. Prior to submitting for building permit approval by the City, the
27 Developer shall submit to MRA the site plan, landscape plan, and full color
28 elevations of the Project for review and approval to ensure final building plans
29 are consistent with the Proposal.

30 Section 5. AUTHORIZATION OF OFFICERS; APPROVAL OF DOCUMENTS;
31 ACTIONS TO BE TAKEN.

1 A. The form, terms and provisions of the Project Documents in
2 the form on deposit in the office of the City Clerk are in all respects approved,
3 authorized and confirmed.

4 B. The Mayor or Chief Administrative Officer of the City is
5 authorized to execute and deliver in the name and on behalf of the City, and the
6 City Clerk or Deputy City Clerk is hereby authorized to attest, as necessary, the
7 Project Documents with such changes therein as are not inconsistent with this
8 Resolution.

9 C. The Mayor, Chief Administrative Officer, Treasurer and City
10 Clerk are further authorized to execute, authenticate and deliver such
11 certifications, instruments, documents, letters and other agreements and to do
12 such other acts and things as are necessary or appropriate to consummate the
13 transactions contemplated by the Project Documents and the Plan.

14 D. The officers of the City shall take such action as is necessary
15 to effectuate the provisions of the Project Documents and shall take such action
16 as is necessary in conformity with the Act for the Project and for carrying out
17 other transactions as contemplated by this Resolution and the Project
18 Documents.

19 E. The Project Documents shall not be executed until
20 Construction of the Project is complete, as exemplified by a final Certificate of
21 Occupancy, or prior at the sole discretion of the City. The Project Documents
22 must be entered into and effective within three years of the date of this
23 Resolution.

24 Section 6. LEASE TERM. The Lease term shall not exceed seven years.

25 Section 7. FINDINGS REGARDING PROPERTY TAX ABATEMENT AND
26 OTHER MATTERS. The Council makes the following determinations and findings
27 in accordance with Sections 3-60A-39 and 3-60A-40 of the Act:

28 A. The Company is committed to pay the fair value of the Project
29 pursuant to the Project Documents and the Act and comply with the terms of the
30 Lease.

31 B. It shall not be necessary to deposit any amount in a controlled
32 account for the maintenance of the Project property.

1 **C. The Lease requires that the Company maintain the Project**
2 **property in good repair and condition (excepting reasonable wear and tear) and**
3 **carry all proper insurance with respect to the Project property.**

4 **D. The Lease requires the Company to make all payments of or**
5 **relating to the Project property as they become due.**

6 **E. In accordance with Section 7-36-3.1, NMSA 1978, as amended**
7 **and supplemented, the Project property shall be exempt from property taxation**
8 **on the improvements to the Project for the shorter of the period of time in which**
9 **the City owns the Project or December 31 of the year in which the seventh**
10 **anniversary of the acquisition of the Project property by the City will occur.**

11 **Section 8. LIMITED OBLIGATIONS. Nothing contained in the Resolution or**
12 **in the Project Documents or any other instrument shall be construed as**
13 **obligating the City (except with respect to the Project property as provided in the**
14 **Project Documents), nor as incurring a pecuniary liability or a charge upon the**
15 **general credit of the City or against its taxing power, nor shall the breach of any**
16 **agreement contained in the Resolution, the Project Documents or any other**
17 **instrument be construed as obligating the City (except with respect to the Project**
18 **property as provided in the Project Documents), nor as incurring a pecuniary**
19 **liability or a charge upon the general credit of the City or against its taxing power,**
20 **the City having no power to pay out of its general funds, or otherwise contribute**
21 **any part of the costs of constructing or furnishing the Project property.**

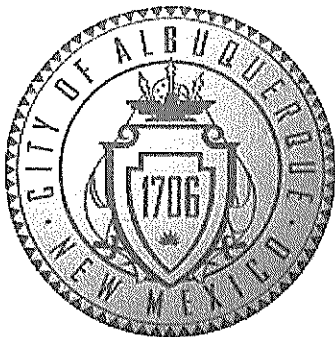
22 **Section 9. APPROVAL OF INDEMNIFICATION. The Council specifically**
23 **approves the provisions of the Lease relating to indemnification which provide**
24 **that the Company shall indemnify and hold harmless the City and its City**
25 **Councilors, officials, members, officers, employees and agents against liability to**
26 **the Company, or to any third parties that may be asserted against the City or its**
27 **City Councilors, officials, members, officers, employees or agents with respect to**
28 **the City's ownership of the Project property and arising from the condition of the**
29 **Project property or the acquisition, construction and operation of the Project**
30 **property by the Company, except to the extent Section 56-7-1, New Mexico**
31 **Statutes Annotated, 1978 Compilation, applies, and except claims for any loss or**

1 damage arising out of or resulting from the gross negligence or willful
2 misconduct of the City or any member, officer, employee or agent of the City.

3 **Section 10. REPEALER.** All bylaws, orders, resolutions and ordinances, or
4 parts thereof, inconsistent with this Resolution are repealed by this Resolution
5 but only to the extent of that inconsistency. This repealer shall not be construed
6 to revive any bylaw, order, resolution or ordinance, or part thereof, previously
7 repealed.

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

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




CITY OF ALBUQUERQUE
Albuquerque, New Mexico
Office of the Mayor

Mayor Timothy M. Keller

5/25/2022

INTER-OFFICE MEMORANDUM

TO: Councilor Benton, City Council President

FROM: Timothy M. Keller, Mayor 

SUBJECT: RELATING TO THE REDEVELOPMENT, LEASING AND SALE OF A METROPOLITAN REDEVELOPMENT PROJECT WITHIN THE DOWNTOWN METROPOLITAN REDEVELOPMENT AREA CONSISTENT WITH THE TERMS OF THE DOWNTOWN 2025 METROPOLITAN REDEVELOPMENT PLAN; APPROVING THE METROPOLITAN REDEVELOPMENT APPLICATION ENTITLED "VILLA AGAVE, LLC; THE DOWNTOWN METROPOLITAN REDEVELOPMENT APPLICATION"; AUTHORIZING THE ACQUISITION OF LAND AND EXISTING IMPROVEMENTS AND CONSTRUCTION OF A BUILDING WITHIN THE DOWNTOWN METROPOLITAN REDEVELOPMENT AREA; AUTHORIZING THE DISPOSITION BY LEASE AND SALE OF THE CITY'S INTEREST IN SUCH PROJECT TO VILLA AGAVE, LLC, ITS SUCCESSORS AND ASSIGNS; AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE AGREEMENT AND OTHER DOCUMENTS IN CONNECTION WITH THE PROJECT; MAKING CERTAIN DETERMINATIONS AND FINDINGS RELATING TO THE PROJECT; RATIFYING CERTAIN ACTIONS TAKEN PREVIOUSLY; AND REPEALING ALL ACTIONS INCONSISTENT WITH THIS RESOLUTION.

On March 17th, 2022, the Albuquerque Development Agreement approved the restructuring of the Metropolitan Redevelopment Bond program, now named the Redevelopment Tax Abatement PILOT Program. Among other changes, this program no longer requires the City to issue bonds in association with the approval of a tax abatement.

Baker Architecture & Design/Villa Agave, LLC ("Applicant") has applied for a Redevelopment Tax Abatement ("RTA") for their upcoming Project Villa Agave. The Project, located at 7th and Copper (205 7th Street NW) will convert a former dilapidated convent nursing home into a multifamily facility, which will provide at least 14 housing units (the "Project"). See the attached conceptual renderings and site plans for details. The full application is attached as Exhibit A.

The existing annual property tax amount due on the property, identified as the baseline tax prior to construction, is \$6,305 (2021 assessed value). The Applicant will continue to pay the baseline amount throughout the seven-year abatement period (Payment in Lieu of Taxes, or PILT).

Following completion of the Project, the increased property tax amount is estimated to be \$17,262. With the approval and issuance of the RTA, the estimated annual amount of the property tax abated on the Project would be \$10,957 annually, or \$76,699 over a period of 7 years. The total value of the Tax Abatement over the term of 7 years is Projected to be \$69,029 (taxes abated minus annual MR fees).

On May 19th, 2022, the Albuquerque Development Commission recommended to City Council the approval of the Villa Agave Redevelopment Tax Abatement.

Findings:

- MRA found the Project meets all requirements outlined in the Redevelopment Tax Abatement PILOT Program:
 - The Project removes blighted conditions and meets the goals of the Downtown 2025 Metropolitan Redevelopment Area Plan by adding more housing, renovating a blighted property, and contributing to a walkable and vibrant atmosphere in the Downtown core;
 - The Project meets the enhanced design criteria by renovating and beautifying an existing structure and creating an aesthetically pleasing landscape; and
 - The Applicant has demonstrated sufficient experience to reasonably complete the Project.

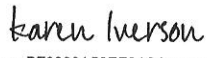

Title of Legislation: RELATING TO THE REDEVELOPMENT, LEASING AND SALE OF A METROPOLITAN REDEVELOPMENT PROJECT WITHIN THE DOWNTOWN METROPOLITAN REDEVELOPMENT AREA CONSISTENT WITH THE TERMS OF THE DOWNTOWN 2025 METROPOLITAN REDEVELOPMENT PLAN; APPROVING THE METROPOLITAN REDEVELOPMENT APPLICATION ENTITLED "VILLA AGAVE, LLC; THE DOWNTOWN METROPOLITAN REDEVELOPMENT APPLICATION"; AUTHORIZING THE ACQUISITION OF LAND AND EXISTING IMPROVEMENTS AND CONSTRUCTION OF A BUILDING WITHIN THE DOWNTOWN METROPOLITAN REDEVELOPMENT AREA; AUTHORIZING THE DISPOSITION BY LEASE AND SALE OF THE CITY'S INTEREST IN SUCH PROJECT TO VILLA AGAVE, LLC, ITS SUCCESSORS AND ASSIGNS; AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE AGREEMENT AND OTHER DOCUMENTS IN CONNECTION WITH THE PROJECT; MAKING CERTAIN DETERMINATIONS AND FINDINGS RELATING TO THE PROJECT; RATIFYING CERTAIN ACTIONS TAKEN PREVIOUSLY; AND REPEALING ALL ACTIONS INCONSISTENT WITH THIS RESOLUTION.

Approved:

A handwritten signature in blue ink, appearing to read "L. Rael", followed by the date "6/2/22".

Lawrence Rael Date
Acting Chief Administrative Officer

Recommended:

DocuSigned by:  6/7/2022 | 4:59 PM MDT 

B70326A62EF84C4...

Karen Iverson Date
Manager, Metropolitan Redevelopment Agency

Cover Analysis

1. What is it? This will approve a Redevelopment Tax Abatement for Villa Agave, LLC (“Applicant”) at 205 7th Street NW, Albuquerque, NM 87102. The 7-year tax abatement will enable the conversion of a former abandoned convent nursing facility into a multifamily project, adding 15 housing units to downtown.

2. What will this piece of legislation do? As provided for in Metropolitan Redevelopment Statute, this ordinance will allow the City to take title to the property and lease the property back to the developer for a seven-year period, during which the property will be exempt from property taxes. The applicant will continue to pay a payment-in-lieu-of-taxes to Bernalillo County equivalent to the current property tax amount. The estimated annual amount of the property tax abated is \$ 10,957 for a term of 7 years, totaling \$76,699.

3. Why is this project needed? An explicit goal of the Downtown 2025 Metropolitan Redevelopment Plan is to add more housing units to the downtown core. The delivery of new downtown housing projects has been jeopardized by rapidly escalating construction costs. This project is needed because it leverages a tax abatement to drive the private development of a project that will transform a blighted property into a vibrant housing project, improving the public realm and providing more housing choices.

4. How much will it cost and what is the funding source? There is no fiscal impact to the City. The City will continue to receive the current property tax amount.

5. Is there a revenue source associated with this contract? If so, what level of income is projected? Following the 7-year tax abatement period, the property taxes generated at the property are anticipated to increase from \$6,305 to \$17,262.

6. What will happen if the project is not approved? The project will not be financially viable, jeopardizing the removal of blight and threatening the delivery of additional housing units to the Downtown core.

7. Is this service already provided by another entity? No.

FISCAL IMPACT ANALYSIS

TITLE: RELATING TO THE REDEVELOPMENT, LEASING AND SALE OF A METROPOLITAN REDEVELOPMENT PROJECT
WITHIN THE DOWNTOWN METROPOLITAN REDEVELOPMENT AREA CONSISTENT WITH THE TERMS OF THE
DOWNTOWN 2025 METROPOLITAN REDEVELOPMENT PLAN; APPROVING THE METROPOLITAN REDEVELOPMENT
APPLICATION ENTITLED "VILLA AGAVE, LLC;

R: **O:**

FUND: 275

DEPT: Metro Redev

- ☒ [X] No measurable fiscal impact is anticipated, i.e., no impact on fund balance over and above existing appropriations.
- ☐ [] (If Applicable) The estimated fiscal impact (defined as impact over and above existing appropriations) of this legislation is as follows:

	2022	Fiscal Years 2023	2024	Total
Base Salary/Wages				-
Fringe Benefits at	-	-	-	-
Subtotal Personnel	-	-	-	-
Operating Expenses				-
Property			-	-
Indirect Costs	-			-
Total Expenses	\$ -	\$ -	\$ -	\$ -
<hr/>				
[X] Estimated revenues not affected				
[] Estimated revenue impact				
Amount of Grant	-			-
City Cash Match	-	-	-	-
City Inkind Match		-	-	-
City IDOH	-			-
Total Revenue	\$ -	\$ -	\$ -	\$ -

These estimates do not include any adjustment for inflation.

* Range if not easily quantifiable.

Number of Positions created 0

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

Approval will not require any funding sources and will have a neutral impact on City Funding and/or other expenses.

PREPARED BY: Guy Harris

APPROVED:

FISCAL OFFICER (date)

DIRECTOR (date)

REVIEWED BY:

EXECUTIVE BUDGET ANALYST (date)

BUDGET OFFICER (date)

CITY ECONOMIST (date)

CITY OF ALBUQUERQUE, NEW MEXICO,

AND

The Villa Agave, LLC
a New Mexico Limited Liability Corporation

LEASE AND PURCHASE AGREEMENT

Dated as of [], 2022

The CITY OF ALBUQUERQUE, NEW MEXICO, a New Mexico municipal corporation existing under the laws of the State of New Mexico (together with its successors and assigns, the “City”), and Villa Agave, LLC (together with its successors and assigns, the “Company”), as of the Execution Date, agree as follows:

ARTICLE I - RECITALS

Section 1.1 Recitals. The City is authorized under the Metropolitan Redevelopment Code, Sections 3-60A-1 to 3-60A-13 and 3-60A-14 to 3-60A-48 NMSA 1978 (the “Code”), to acquire certain metropolitan redevelopment projects and to lease such projects in order to secure a property tax abatement of up to seven years under Section 7-36-3.1 of the Property Tax Code.

(a) The Company has submitted a proposal (the “Project Plan”) to the Albuquerque Development Commission (the “Development Commission”) for a metropolitan redevelopment project consisting of the redevelopment of a former convent nursing facility into 14 housing units (collectively, the “Project”) to be located on approximately 0.6 acres located at 205 7th Street NW, Albuquerque, New Mexico, all within the Downtown 2025 Metropolitan Redevelopment Area (as more specifically described on Exhibit A, the “Project Site”).

(b) The Company intends to invest \$3,679,240.56 over the next fourteen months to redevelop the Project Site, all to the benefit of the Project and the Downtown 2025 Metropolitan Redevelopment Area.

(c) The Project Plan contemplates, among other things, that the City acquire the Project thereby providing the tax abatement under Section 7-36-3.1 NMSA 1978, and to lease, and ultimately sell, the Project Site back to the Company to operate and maintain pursuant to the terms of this Lease and Purchase Agreement (together with all amendments and supplements, this “Lease”).

(d) The Development Commission has reviewed the Project Plan, and after notice has held a public hearing and determined that the Company has complied with the requirements of City Resolution No. 16-1985, as amended, and has recommended approval of the Project Plan to the City Council of the City.

(e) The City has determined that it is desirable to acquire the Project by Council Ordinance No. R-[REDACTED], adopted [REDACTED], 2022 (the “Project Resolution”) and under the terms of the Project Resolution has authorized the acquisition of the Project.

(f) After having considered the provisions of the Project Plan and the Company’s proposal to finance the acquisition, renovation, construction and equipping of the Project, the City deems it desirable, in the best interest of its residents and in accordance with the purposes of the Code, to enter into this Lease for the purposes described above.

ARTICLE II- DEFINITIONS AND RULES OF CONSTRUCTION

Section 2.1 Definitions. All words and terms used in this Lease shall have the following meanings:

- (a) “Additional Payments” has the meaning assigned in Section 5.3(b).
- (b) “Administrative Fee” means the annual fee payable to the City from the Company due each December 31 for the term of this Lease as provided in Section 5.3(b) herein.
- (c) “Applicable Environmental Laws” means any applicable law, statute, regulation, order or rule pertaining to health or the environment, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (“CERCLA”), and the Resource Conservation and Recovery Act of 1976 (“RCRA”).
- (d) “Authorized City Representative” means the Mayor or Chief Administrative Officer of the City, or any one of the persons at the time designated to act on behalf of the City in a certificate furnished to the Company containing the specimen signatures of such persons and signed on behalf of the City by its Mayor or Chief Administrative Officer.
- (e) “Basic Rent” has the meaning assigned in Section 5.3(a).
- (f) “Business Day” means any day that is not a Saturday or Sunday or a day on which banking institutions in the State or in the city of payment of Rent are authorized or required to close.
- (g) “City” means the City of Albuquerque, New Mexico, a New Mexico municipal corporation.
- (h) “Code” has the meaning assigned in Section 1.1.
- (i) “Company” means The Villa Agave, LLC, a New Mexico limited liability company.
- (j) “Eminent Domain” means the taking of title to, or the temporary use of, all or any part of the Project pursuant to eminent domain or condemnation proceedings, or by any settlement or compromise of such proceedings, or any voluntary conveyance of all or any part of the Project during the pendency of, or as a result of a threat of, such proceedings.
- (k) “Event of Default” has the meaning assigned in Section 8.1.
- (l) “Execution Date” means the date of this Lease is executed both the City and the Company.
- (m) “Improvements” means all buildings, structures and other improvements constructed and to be constructed or renovated on the Project Site together with related demolition and site work, all equipment, fixtures and furnishings together with equipment, fixtures and

furnishings that are in replacement thereof due to obsolescence, and all other personal property of any kind that is suitable for use and used as part of the Project.

(n) “Indemnitee” has the meaning assigned in Section 6.3.

(o) “Lease” means this Lease and Purchase Agreement.

(p) “NMSA 1978” means the New Mexico Statutes Annotated, 1978 Compilation, as amended and supplemented.

(q) “Permitted Liens” means, as of the date of delivery of this Lease, the liens and encumbrances shown in Exhibit B, and, as of any particular time, (i) liens for taxes and special assessments, if any, to the extent permitted in Section 4.15, (ii) this Lease and any assignment of lease permitted by this Lease and any supplements thereto, (iii) easements, licenses, rights-of-way and other rights or privileges in the nature of easements permitted in Section 4.11, (iv) mechanics’, materialmen’s, carriers’ and other similar liens to the extent permitted in Section 4.15, (v) liens securing loans or other financing for the Project, (vi) such other liens as are specifically consented to in writing by both the City and the Company, and (vii) such minor defects, irregularities, encumbrances, easements, rights-of way and clouds on title to the Project as normally exist with respect to similar properties and as do not, individually or in the aggregate, materially impair the Project for the purpose for which it is used by the Company or materially detract from the value of the Project.

(r) “Person” means any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision.

(s) “Proceeds” when used with respect to any insurance proceeds or any award resulting from, or other amount received in connection with, Eminent Domain, means the gross proceeds from the insurance or such award or other amount.

(t) “Project” means, collectively, the existing improvements on the Project Site, together with all renovations and new construction contemplated thereto under the Project Plan, constructed on the Project Site, all as more specific described in the Project Plan.

(u) “Project Resolution” means the City’s Resolution No. R-[REDACTED], adopted [REDACTED], 2022.

(v) “Project Site” means the real property in the City of Albuquerque, Bernalillo County, New Mexico described on Exhibit A.

(w) “Rent” means Basic Rent, any Additional Payments and any other amount payable by the Company under this Lease.

(x) “State” means the State of New Mexico.

(y) “Term” means the period from the Execution Date to the earlier of the date of termination of this Lease or the Termination Date.

- (z) “Termination Date” mean the date seven years from the Execution Date.

Section 2.2 Rules of Construction.

- (a) The captions and headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Lease.
- (b) All references in this Lease to particular articles, sections or exhibits are references to articles or sections of or exhibits to this Lease unless some other reference is established.

ARTICLE III - REPRESENTATIONS

Section 3.1 City Representations. The City represents that, as of the date of delivery of this Lease:

- (a) The City is a municipal corporation organized and existing under the laws of the State.
- (b) By adoption of the Project Resolution, the City has duly authorized the execution, delivery and performance of this Lease and acquisition of the Project for the purpose of enabling the Company to obtain the tax exemption authorized under Section 7-36-3.1 NMSA 1978, and to support the Company’s investment in and improvements to the Project Site to the benefit of the City and its residents, in particular the Downtown 2025 Metropolitan Redevelopment Area.
- (c) To the knowledge of the City, without independent investigation, (i) the execution, delivery and performance by the City of the Lease will not conflict with or create a material breach of or a material default under the Code or any other law, rule, regulation or ordinance applicable to the City or the charter of the City or any agreement or instrument to which the City is a party or by which it is bound, and (ii) there is no action, suit, proceeding, inquiry or investigation by or before any court, public board or body, pending or threatened against the City, which seeks to or does restrain or enjoin the execution and delivery of this Lease or the City’s acquisition of the Project.

Section 3.2 Company Representations. The Company represents that, as of the date of delivery of this Lease:

- (a) The Company is a limited liability company duly organized and validly existing under the laws of New Mexico, and has duly authorized the execution, delivery and performance of this Lease.
- (b) The Company has full right, power and authority to approve the execution, delivery and performance of this Lease and to perform its obligations under this Lease.
- (c) The execution, delivery and performance by the Company of this Lease do not and will not conflict with, contravene, violate or constitute a breach of or a default under its articles of organization or operating agreement or any agreement or instrument to which the Company is a party or by which the Company or any of its property is bound or any law, rule,

regulation, decree or order applicable to the Company; nor will such execution, delivery, and performance result in the imposition of a lien on any of the Company's properties.

(d) No Event of Default, or event or condition which, with notice or lapse of time or both, would constitute an Event of Default, with respect to the Company has occurred and is continuing.

(e) All necessary authorizations, approvals, consents and other orders of any governmental authority or agency for the execution and delivery by the Company of this Lease have been obtained and are in full force and effect.

(f) There is no action, suit, proceeding at law or in equity by or before any court, public board or body pending or, to the best of the knowledge of the Company, threatened, against or affecting the Company, (i) which seeks to or does restrain or enjoin the execution and delivery of this Lease, (ii) which in any manner questions the validity or enforceability of this Lease, (iii) which questions the authority of the Company to own or operate the Project; or (iv) in which an adverse outcome is probable, and which, if adversely determined, would have a material adverse effect on the Company, the Project or the Company's ability to perform under this Lease.

(g) The Company has not received any notice of an alleged violation and is not in violation of any zoning, land use, environmental or other similar law or regulation applicable to the Project Site.

(h) The location, construction, occupancy, operation and use of the Project does not violate any applicable law, statute, ordinance, rule, regulation, order or determination of any governmental authority (or other body exercising similar functions), or any restrictive covenant or deed restriction (recorded or otherwise) affecting the Project, including, without limitation, all applicable zoning ordinances and building codes, flood disaster laws and health and environmental laws and regulations.

(i) The Project Site is not the subject of any existing, pending or threatened investigation or inquiry by any governmental authority or subject to any remediation obligations under any Applicable Environmental Laws, and the Company is not aware of any basis for such investigation, inquiry or obligation.

(j) No representation made by the Company in this Lease and no statement made by the Company in any information, material or report furnished to the City in connection with the transactions contemplated by this Lease contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(k) The Company is not in default in the payment of the principal of or interest on any indebtedness for borrowed money or in default under any instrument or agreement under and subject to which any indebtedness for borrowed money has been issued.

(l) The Company has the economic ability to meet all of the financial obligations imposed upon the Company under this Lease and as related to the proposed improvements to the Project Site as outlined in the Project Plan.

(m) The Company will operate or to cause the Project to be operated to the expiration or sooner termination of the Term.

(n) The Project will be located inside the corporate limits of the City.

All representations of the Company contained in this Lease or in any certificate or other instrument delivered by the Company pursuant to this Lease will survive the execution and delivery of this Lease and the termination of this Lease, as representations of facts existing as of the date of execution and delivery of the instrument containing such representation.

ARTICLE IV- THE PROJECT

Section 4.1 Acquisition, Renovation, Construction, Equipping and Completion.

(a) On or prior to the date of execution of this Lease, the Company has conveyed the Project or caused the Project to be conveyed to the City, by special warranty deed and such other transfer or conveyance documents, including a bill of sale, as appropriate, to vest good title thereto in the City. The City agrees to cooperate with the Company, at the sole expense of the Company, in the Company's efforts to take all necessary steps to cause the records of the Bernalillo County Assessor's office to reflect on or before the Execution Date, the acquisition and ownership of the Project by the City in order to permit the Project to be exempt from property taxation pursuant to Section 7-36-3.1 NMSA 1978.

(b) The Company will not allow any contractor, subcontractor, materialman or laborer with respect to the Project to remain unpaid, and will take all actions or cause to be taken all actions necessary to prevent liens by such parties being filed against the Project. If the Company makes any payment pursuant to this Section, it will not be entitled to reimbursement or reduction of the Rent.

Section 4.2 Plans and Specifications; Changes.

(a) The Company will not make any changes that will change the nature of the Project as a qualified "project" as contemplated by the Code.

(b) The Company shall have the sole responsibility for the construction of the Project and for procurement from the appropriate State, county, municipal and other authorities and corporations, connection or reconnection and discharge arrangements for the supply of gas, electricity and other utilities for the operation of the Project.

Section 4.3 No Warranty. THE COMPONENTS OF THE PROJECT HAVE BEEN DESIGNATED AND SELECTED BY THE COMPANY. THE CITY HAS NOT MADE AN INSPECTION OF ANY PORTION OF THE PROJECT. THE CITY MAKES NO WARRANTY OR REPRESENTATION, EXPRESS, IMPLIED OR OTHERWISE, WITH RESPECT TO ANY PORTION OF THE PROJECT OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, FITNESS FOR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY OF THE SAME, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP IN THE SAME. THE PROJECT IS A PRIVATE ENTERPRISE OF THE COMPANY AND IS NOT, AND SHALL NOT BE DEEMED, A

PUBLIC PROJECT OF CITY. ALL RISKS INCIDENT TO THE PROJECT ARE TO BE BORNE BY THE COMPANY. THE CITY WILL HAVE NO LIABILITY WITH REGARD TO OR ARISING OUT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN ANY PORTION OF THE PROJECT, WHETHER PATENT OR LATENT. THE PROVISIONS OF THIS SECTION 4.3 HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE CITY, EXPRESS OR IMPLIED TO THE EXTENT ALLOWED BY LAW, WITH RESPECT TO ANY PORTION OF THE PROJECT, WHETHER ARISING UNDER THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT.

Section 4.4 Assessment in the Company's Name. Upon termination of this Lease (on or before Termination Date), the Company will take all necessary action to have the Project assessed for property tax purposes in the name of the Company, and the Company will pay all ad valorem taxes imposed on the Project from and after the date of termination. The Project shall be conveyed to the Company to accomplish such assessment. The provisions of Article IX of this Lease govern the manner and form of any such conveyance. Notwithstanding the foregoing, if the Company fails to take all necessary action to have the Project assessed for property tax purposes in the name of the Company on or before the date of termination, the City may execute, deliver and cause to be recorded, at the expense of the Company, a statutory form quitclaim deed and other transfer or conveyance documents conveying the Project to the Company.

Section 4.5 Compliance with Law. The Company will obtain or cause to be obtained all necessary permits and approvals for the operation and maintenance of the Project, will comply with all lawful requirements of any governmental body, agency or department regarding the use or condition of the Project and will cause the Project, upon completion, to comply with all applicable zoning and planning ordinances, building codes, restrictive covenants, environmental laws and regulations, and all other applicable laws, ordinances, statutes, rules and regulations relating to the Project. The Company may in good faith contest the validity or the applicability of any such requirement. During the period of such contest and any related appeal, this Section 4.5 will be deemed satisfied with respect to the requirement so contested.

Section 4.6 Nuisance Not Permitted. The Company will not permit or suffer its agents, employees, invitees (including building contractors and subcontractors), guests or other visitors to commit a nuisance on or about the Project or itself commit a nuisance in connection with its use or occupancy of the Project.

Section 4.7 Taxes and Utility Charges. The Company will pay, as and when due, (i) all taxes, assessments, governmental and other charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project, including property taxes as required under Section 3-60A-13.1 NMSA 1978, as amended, (ii) all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project, and (iii) all assessments and charges lawfully made by any governmental body for public improvements that may be secured by any lien on the Project. The Company may, in good faith, contest the amount or validity of any such levy, tax, assessment or other charge by appropriate legal proceedings, provided that such contest does not, in the reasonable judgment of the City, materially and adversely affect the interest or rights of the City. During the period of such contest and any related

appeal, this Section 4.7 will be deemed satisfied with respect to any such levy, tax, assessment or other charge so contested. Notwithstanding the foregoing or anything else herein to the contrary, it is understood and agreed that the Project is exempt from property taxes and assessments during the Term of this Lease pursuant to Section 3-60A-13 of the Code and only those payments in lieu of property taxes and assessments calculated, due and payable in accordance with Section 3-60A-13.1 of the Code, and the Administrative Fee, shall be payable during the Term of this Lease.

Section 4.8 Maintenance. The City will not be under any obligation to, and will not, operate, maintain or repair the Project. During the Term, the Company will, at its own expense, keep the Project in safe repair and in such operating condition as is needed for its operations and make all necessary repairs and replacements to the Project as determined in the Company's sole discretion (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen), provided that such repairs and replacements do not change the nature of the Project as a qualified "project" under the Code.

Section 4.9 Replacement and Removal of Project Property. The Company may replace or remove any equipment, fixtures or furnishings constituting a part of the Project, or make any structural changes or additions to the Project, provided that such replacement, removal, change or addition will not change the nature of the Project as a qualified "project" as contemplated by the Code. Upon request of the Company, the City will deliver to the Company, at the sole expense of the Company, appropriate instruments evidencing the acquisition by the Company of title to any machinery, equipment or fixtures permitted by this Section 4.9 to be so replaced or removed. The provisions of Article IX govern the delivery and form of any such instruments.

Section 4.10 Environmental Matters.

(a) To the extent that the Project will house petroleum or any petroleum products, asbestos, urea formaldehyde foam insulation or any other chemical, material or substance, exposure to which may or could pose a health hazard, the possession and use of such materials will be in accordance with law, including all Applicable Environmental Laws.

(b) To the extent that the use which the Company makes or intends to make of the Project will result in the manufacture, treatment, refining, transportation, generation, storage, disposal or other release or presence of any hazardous substance or solid waste on or to the Project, such use will be in accordance with law, including all Applicable Environmental Laws. For purposes of this Lease, the terms "hazardous substance" and "release" will have the meanings specified in CERCLA, and the term "disposal" (or "disposed") will have the meaning specified in RCRA; provided, in the event either CERCLA or RCRA is amended so as to broaden the meaning of any term defined thereby, such broader meaning will apply subsequent to the effective date of such amendment, and provided further, to the extent that the laws of the State establish a meaning for "hazardous substance," "release," or "disposal" which is broader than that specified in either CERCLA or RCRA, such broader meaning will apply; and provided further, that the term "hazardous substance" will also include those listed in the U.S. Department of Transportation Table (49 C.F.R. 172.101) and amendments thereto from time to time.

(c) The Company will promptly notify the City of any material violation or alleged material violation of any Applicable Environmental Laws pertaining to the Project relating to matters in subsections (a) and (b) above, of which the Company becomes aware.

Section 4.11 Easements. The Company may at any time or times grant easements, licenses, rights-of-way and other rights or privileges in the nature of easements with respect to any part of the Project and (ii) the Company may release existing interests, easements, licenses, rights-of-way and other rights or privileges with or without consideration, provided that no such grant or release shall materially and adversely affect the value, operation or utility of the Project. The City will, at the Company's expense, reasonably cooperate with the execution of required instruments in connection with the grant and release of such easements, licenses, rights-of-way and other rights and privileges. The Company understands that the City has a policy and practice which must be complied with prior to the City executing a grant or release of an easement, license, right-of-way or any other right or privilege in the nature of an easement, and, to the extent that such policy and practice is applied consistently by the City to all properties owned by the City under the Code, the Company agrees to comply with such policy and practice of the City in existence at the time of the grant or release.

Section 4.12 Eminent Domain; Damage; Destruction. The Company will give prompt notice to the City of any material damage to or destruction of the Project. If either the City or the Company receives notice of the proposed taking of all or any part of the Project by Eminent Domain, it will give prompt notice to the other. Any such notice will describe generally the nature and extent of such damage, destruction, taking or proposed taking. The Proceeds resulting from the exercise of Eminent Domain with respect to or from any damage to or destruction of all or any portion of the Project will be paid to the Company.

Section 4.13 Insurance. The Company will keep the Project continuously insured against such risks and in such amounts, with such deductible provisions, as are customary in connection with the operation of facilities of the type and size comparable to the Project as reasonably determined by the Company. Each casualty insurance policy will show the Company as loss payee and City as an additional insured and each public liability insurance policy will show the Company as insured and City as an additional insured, for each policy as the respective interests of such parties may appear. Such insurance may, to the extent permitted under applicable law, be provided by blanket policies maintained by the Company, by a captive insurance company controlled by the Company or through self-insurance. Such insurance will include general liability insurance against liability for (i) claims for injuries to or death of any person or damage to or loss of property arising out of or in any way relating to the condition of the Project, and (ii) liability with respect to the Project under the workers' compensation laws of the State (unless the Company has complied with the requirements of the laws of the State for self-insurance).

Section 4.14 Access and Inspection. During the Term, the Company will, upon 48-hour prior notice, give the City and their duly authorized agents, during regular business hours, (i) such rights of access to the Project as may be reasonably necessary to inspect the progress and condition of the Project and (ii) the right of entry onto the Project for any purpose contemplated by this Lease. The Company will execute, acknowledge and deliver all such further documents, including any deed or easement, and do all such other acts and things as may be necessary in order to grant to the City such rights of access and entry. During the Term, such rights of access and

entry will not be terminated, curtailed or otherwise limited by any sale, assignment, lease or other transfer of the Project by the Company to any other Person.

Section 4.15 Liens. The Company will not suffer any liens to exist on the Project other than Permitted Liens. The Company will notify the City of the existence of any lien, other than a Permitted Lien, on the Project within 30 days after such lien attaches. The Company may, in good faith, contest the validity of any lien on the Project, provided that such contest does not, in the reasonable judgment of the City, materially and adversely affect the interest or rights of the City. During the period of such contest and any related appeal, this Section 4.15 will be deemed satisfied with respect to the lien so contested.

Section 4.16 Use of Project. The Company will use the Project, or cause the Project to be used, continuously during the Term so as to constitute a “project” within the meaning of the Code as in effect on the date of execution and delivery of this Lease. A failure by the Company to comply with this requirement may result in the City taking all steps necessary to have the Project conveyed to the Company and assessed for property tax purposes in the name of the Company from and after 30 days after the failure to comply first occurs. As used in the first sentence of this Section 4.16 “continuously” means regularly and on a schedule consistent with that of similar facilities in the southwestern United States. Temporary cessation of operations for maintenance, during reasonable periods for the repair or replacement of facilities damaged or destroyed, resulting from labor disputes or because of excess inventories or short-term slack demand, or under similar circumstances will not constitute a failure by the Company to comply with this Section 4.16.

Section 4.17 Retail Space. Intentionally deleted.

ARTICLE V - LEASE; TERM; POSSESSION; RENT.

Section 5.1 Lease of the Project; Term. In consideration of the payment of Rent and the Company’s improvements to the Project Site consistent with the Project Plan, the City leases the Project to the Company for the Term.

Section 5.2 Quiet Enjoyment. The City will not take any action, other than pursuant to Section 4.12 or Article VII, and so long as the Company is not otherwise in default under this Lease, to prevent the Company from having quiet and peaceable possession and enjoyment of the Project during the Term (except as necessary with respect to Eminent Domain for public projects and purposes) and will, at the request of the Company and at the Company’s expense, to the extent that it is lawfully necessary and the City may lawfully do so, join in any legal action in which the Company asserts its right to such possession and enjoyment.

Section 5.3 Basic Rent, Administrative Fee and Additional Payments.

(a) The Company will pay to the City, such amounts at such times as are necessary to make all payments under this Lease as and when due (the “Basic Rent”). The Basic Rent, and the Company’s consideration to the City under the terms of this Lease, is determined based to the Company’s investment of \$3,679,240.56 in the Project consistent with the Project Plan. The Basic Rent, i.e. the Company’s investment of \$3,679,240.56, shall be amortized

annually over the seven-year term of the property tax abatement pursuant to Section 3-60A-13 of the Code. The Company shall also annually remit to the City payments in lieu of property taxes and assessments calculated, due and payable in accordance with Section 3-60A-13.1 of the Code.

(b) The Company shall annually, on or before December 31, pay to the City an Administrative Fee equal to 10% of the abated property taxes on the Project for the pending taxable year.

(c) The Company will also make payments to or on behalf of the City, for all reasonable out-of-pocket costs and expenses (including, but not limited to, counsel fees and expenses) incurred by the City in connection with the administration of or default under this Lease promptly on demand of the City, and provided the City may, prior to incurring such costs and expenses, request an advance payment of or indemnity against payment of such costs and expenses (the "Additional Payments").

Section 5.4 Obligation Unconditional.

(a) Except to the extent that the City releases the Company from liability pursuant to Section 7.2, (i) the obligation of the Company to pay Rent and to perform its other obligations under this Lease shall be absolute and unconditional and shall not be subject to diminution by set off, counterclaim, abatement or otherwise, whether as a result of Eminent Domain with respect to, damage to or destruction of or removal of all or any portion of the Project or any other event or condition, and (ii) the Company will not suspend or discontinue payment of the Rent or fail to perform all of its obligations under this Lease and will not terminate this Lease prior to the expiration of the Term for any cause.

(b) In the event the City fails to perform any of its obligations under this Lease, the Company may institute such action against the City as the Company may deem necessary to compel such performance. The Company may also, at its own cost and expense and in its own name or, if legally necessary, in the name of the City, prosecute or defend any action or proceeding or take any other action involving third parties which the Company deems reasonably necessary in order to secure or protect its title to its right of possession, occupancy and use of the Project. In such event, if no Event of Default has occurred and is continuing, the City will cooperate with the Company, so long as it is not the adverse party, upon receipt of indemnity satisfactory to the City against any out-of-pocket costs, expense (including counsel fees and expenses) or liability the City may incur or suffer as a result of or in connection with such cooperation.

Section 5.5 Net Lease. This Lease will be deemed and construed to be a "net lease". The Company will pay all applicable insurance, utilities and taxes, in accordance with Sections 4.6 and 4.12.

ARTICLE VI - SPECIAL COVENANTS

Section 6.1 Recording and Filing; Further Assurances. The City and the Company will, at the expense of the Company, take all actions that at the time are and from time to time may be reasonably necessary to perfect, preserve, protect and secure the interest of the City in and to the Rent and in the Project including, without limitation, the recordation of this Lease, the filing

of financing statements and continuation statements and the execution, acknowledgment, delivery, filing and recordation of any other necessary agreements and instruments.

Section 6.2 Claims. The Company will pay and discharge and will indemnify and hold harmless the City from (a) any lien or charge upon payments by the Company to, or for the account of, the City under this Lease and (b) any taxes, assessments, impositions and other charges in respect of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the City will give prompt notice to the Company, and the Company will have the sole right and duty to assume the defense of the same and will have the power to litigate, compromise or settle the same.

Section 6.3 Release and Indemnification.

(a) The Company acknowledges that the City is acting as a conduit in this transaction at the request of the Company in order to enable the Company to take advantage of certain tax benefits. The Company releases the City from, agrees that the City will not be liable for, and indemnifies the City against, all liabilities, claims, costs and expenses imposed upon, incurred or asserted against the City on account of: (i) any loss or damage to property or injury to or death of or loss by any person that may be occasioned by any cause whatsoever pertaining to the construction, maintenance, operation and use of the Project; (ii) the inaccuracy of any representation by the Company (regardless of whether the Company was aware of such inaccuracy at the time the representation was made) or any breach or default on the part of the Company in the performance of any representation, covenant or agreement of the Company under this Lease, or any related document, or arising from any acts or failure to act by the Company, or any of its agents, contractors, servants, employees or licensees; (iii) the Company's failure to comply with any requirements of this Lease; (iv) any other loss, claim, damage, penalty, liability, disbursement, litigation expenses and attorneys' fees or court costs arising out of or in any way relating to the execution or performance of this Lease or any other cause whatsoever pertaining to the Project, and (v) any claim, action or proceeding brought with respect to the matters set forth in (i), (ii), (iii) and (iv) above; provided that no release or indemnity is given under this Section 6.3(a)(i) through (iv) due to exercise by the City of its police powers or in its performance of any essential governmental function other than governmental functions related to the Code, and provided further that there shall be excluded from the scope of this release and indemnity any liability, claims, costs and expenses imposed upon, incurred or asserted against the City resulting from or arising out of the willful misconduct or negligence of the Indemnitees or any Indemnatee (as the terms "Indemnitees" or any "Indemnatee" are defined below).

(b) Notwithstanding the fact that it is the intention of the parties that the City shall not incur pecuniary liability by reason of the execution of this Lease or the undertakings of the City hereunder, by reason of any act required of the City by this Lease, or the performance of any act related to this Lease requested of the City by the Company or the City's position as owner, lessor, assignor and seller of the Project, nevertheless, if the City shall incur any such pecuniary liability or the same is claimed or sought, excepting any such liability arising out of the exercise by the City of its police powers or its performance of any essential governmental function other than governmental functions related to the Code, and any such liability resulting from the willful misconduct or negligence of the City or any of its agents or employees, then in such event, the Company shall indemnify and hold harmless the City against all claims by or on behalf of any

person arising out of the same and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the City, the Company will defend the City in any such action or proceeding.

(c) In case any action or proceeding is brought against the City, in respect of which indemnity may be sought hereunder, the City will give notice of the action or proceeding to the Company, and the Company, upon receipt of that notice, will have the obligation and the right to assume the defense of the action or proceeding; provided that failure of the City to provide such notice will not relieve the Company from any of its obligations under this Section unless that failure prejudices the defense of the action or proceeding by the Company, in which case the liability of the Company under this Section shall be reduced only by an amount equal to the amount of the loss sustained by the Company solely as a result of such failure to notify.

(d) Except to the extent caused by City, the Company will indemnify, defend and hold harmless the City, from and against all suits, legal or administrative proceedings, demands, losses, liabilities, damages, claims, causes of action, costs and expenses resulting from or in any way connected with the generation, storage, manufacture, refining, release, transportation, treatment, disposal or other presence, in or under the Project, of any hazardous substances (as defined by CERCLA), hazardous wastes (as defined by RCRA), oils, radioactive materials, asbestos in any form or conditions, or any pollutant or contaminant or hazardous, dangerous or toxic chemicals, materials or substances within the meaning of any Applicable Environmental Laws, or any other applicable federal, state or local law, regulation, ordinance or requirement relating to or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or materials, all as now in effect or hereafter from time to time amended.

(e) The indemnifications set forth above are intended to and will include the indemnification of all affected officials, directors, councilors, officers, employees and agents of the City, (together with the City, the “Indemnitees” and each singularly an “Indemnitee”). The indemnification is intended to and will be enforceable by the City, to the full extent permitted by law.

Section 6.4 Assignment of Warranties. The City will, to the extent possible and at the expense of the Company, transfer and assign to the Company from time to time any and all of the City’s rights and interests in and under any warranties obtained in connection with the Project and will give the Company the right to take action in either the City’s or Company’s name for the enforcement of such warranties.

Section 6.5 Company to Maintain Its Existence. The Company will maintain its corporate existence, and will not dissolve or otherwise dispose of all or substantially all of its assets; provided, however, that the Company may, without violating the agreement contained in this Section, become a domestic corporation or partnership (i.e., a corporation or partnership formed and existing under the laws of one of the states of the United States), consolidate with or merge into a domestic corporation (i.e., a corporation incorporated and existing under the laws of one of the states of the United States) or another domestic limited liability company, or permit one or more other domestic corporations or domestic limited liability companies to consolidate with or merge into it, or may sell or otherwise transfer to another domestic corporation or domestic

limited liability company all or substantially all of its assets as an entirety and thereafter dissolve; provided that (i) the surviving, resulting or transferee corporation or limited liability company expressly assumes in writing all the obligations of the Company contained in this Lease, (ii) the surviving, resulting or transferee corporation or limited liability company has a consolidated net worth (after giving effect to said consolidation, merger or transfer) at least equal to or greater than that of the Company immediately prior to said consolidation, merger or transfer, and (iii) the City reasonably determines that the surviving, resulting or transferee corporation or limited liability company is at least as financially capable as the Company of performing all obligations under this Lease, and the City provides written consent to the release of the Company from such liability. The term “net worth”, as used in this Section, shall mean the difference obtained by subtracting total liabilities (not including as a liability any capital or surplus item) from total assets of the Company and all of its subsidiaries.

Section 6.6 Good Standing. The Company will execute, file and record all certificates and other documents and perform such other acts as may be necessary or appropriate to comply with all requirements for the formation, ownership and operation of a limited liability company under the laws of the State of New Mexico.

Section 6.7 Authority of Authorized Representative of City. Whenever under the provisions of this Lease the approval of the City is required or the Company is required to take some action at the request of the City, such approval or such request will be made by an Authorized City Representative unless otherwise specified in this Lease, and the Company will be authorized to act on any such approval or request and the City will have no complaint against the Company as a result of any such action taken.

Section 6.8 Authority of Authorized Representative of Company. Whenever under the provisions of this Lease the approval of the Company is required or the City is required to take some action at the request of the Company, such approval or such request will be made by an Authorized Company Representative unless otherwise specified in this Lease, and the City will be authorized to act on any such approval or request and the Company will have no complaint against the City as a result of any such action taken.

Section 6.9 Other Instruments. The Company will do, execute, acknowledge and deliver or cause of be done, executed, acknowledged and delivered, such instruments supplemental hereto and such further acts, instruments and transfers (i) as the City may from time to time reasonably require for better assuring the City’s title to or transferring and conveying the Project to the City, and (ii) as the City may from time to time reasonably require in furtherance of the accomplishment of the purposes of this Lease.

Section 6.10 Depreciation, Investment Tax Credit and Other Tax Benefits. The City agrees that any depreciation, investment tax credit or other tax benefits with respect to the Project or any part thereof shall (as between the City and the Company) be made available to the Company, and the City will, if necessary or appropriate in the judgment of counsel to the Company (which counsel may be in-house counsel to the Company), and at the sole expense of the Company, execute any elections, certificates, filings and other documentary assurances reasonably requested by the Company in any effort by the Company to avail itself of any such depreciation, investment tax credit or other tax benefits.

Section 6.11 Reports. Annually, on or before December 31, the Company shall submit to the City a written certification that the Company is in compliance with all the covenants and representations set forth in this Agreement.

ARTICLE VII - ASSIGNMENT, LEASING AND SELLING

Section 7.1 No Other Transfer by City. Except as provided in Sections 4.3 and 8.2, the City will not sell, assign, transfer or convey its rights, title or interests in this Lease or the Project, or its obligations under this Lease.

Section 7.2 Assignment, Lease, Mortgage and Sale by the Company. If the Company is not in default under this Lease, the rights of the Company under this Lease may be assigned, and the rights of the Company in the Project may be assigned, leased, subleased, mortgaged or sold as a whole or in part by the Company. No such assignment, lease, sublease, mortgage or sale will relieve the Company from primary liability for making payments of Rent and for the performance of its other obligations under this Lease to the same extent as though no assignment, lease, sublease, mortgage or sale had been made, unless the City reasonably determines that the Company's transferee is at least as financially capable as the Company of performing all obligations under this Lease, and the City provides written consent to the release of the Company from such liability. Notwithstanding any provision in this Section 7.2 to the contrary, the Company may not be released from its primary liability to perform under Sections 5.3(b), 6.3, 8.5 and 10.4 of this Lease, arising prior to the date of the assignment, without the written consent of the City. Any assignee, lessee, sublessee or purchaser of the Company's interest in this Lease or of the Project will assume in writing the obligations of the Company under this Lease to the extent of the interest assigned, leased or sold. The Company will, not less than five Business Days before the effective date of any such assignment, lease, sublease, mortgage or sale, furnish or cause to be furnished to the City a true and complete copy of such proposed assignment, lease, sublease, mortgage or purchase contract, and to the extent applicable, such assumption. On the effective date of any such assignment, lease, sublease, mortgage or sale, the Company will, at the request of the City and at the expense of the Company, deliver to the requesting Party, an opinion of counsel to the Company, which opinion may be provided by the Company's in-house counsel, to the effect that such assignment, lease, sublease, mortgage or sale has been duly authorized by the Company, does not conflict with applicable federal or State law, and does not affect the status of the Project as a "project" under the Code. In the event of an assignment of the Lease arising because of a change of status of the Company provided in Section 6.4, the provisions of Section 6.4 will apply rather than the provisions of this Section 7.2. Notwithstanding anything in this Section to the contrary, residential tenant leases in the ordinary course of business shall not be considered assignments, leases or subleases for the purposes of this Section 7.2.

ARTICLE VIII - EVENTS OF DEFAULT AND REMEDIES

Section 8.1 Events of Default Defined. Each of the following events is an "Event of Default":

(a) failure by the Company to make any Rent payment when due, and such failure continues for a period of fifteen Business Days after written notice from the City thereof; or

(b) any representation by or on behalf of the Company contained in the Lease proves misleading in any material respect as of the date of the making or furnishing thereof, and such misrepresentation continues to materially adversely affect the interests of the City following 60 days after written notice, specifying such misrepresentation, stating in detail the material adverse effect on the City, and requesting that its adverse effect be remedied, is given to the Company by the City, or, if such adverse effect cannot reasonably be remedied within 60 days, failure by the Company to commence the remedy within such period and to pursue the same diligently to completion; or

(c) failure by the Company to perform any of its obligations under this Lease, other than the payment of Rent, following 60 days after written notice, specifying such failure and requesting that it be remedied, is given to the Company by the City, or, if such failure cannot reasonably be remedied within 60 days, failure by the Company to commence the remedy within such period and to pursue the same diligently to completion; or

(d) the Company files a voluntary petition in bankruptcy or is adjudicated a bankrupt or insolvent, or files any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors; or seeks or consents to or acquiesces in the appointment of any trustee, receiver or liquidator of the Company or any guarantor of all or any part of the Project, or of any or all of the royalties, revenues, rents, issues or profits thereof, or makes any general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due; or

(e) a court of competent jurisdiction enters an order, judgment or decree approving a petition filed against the Company seeking any reorganization, dissolution or similar relief under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, and such order, judgment or decree remains unvacated and unstayed for an aggregate of 120 days (whether or not consecutive) from the first date of entry thereof; or any trustee, receiver or liquidator of the Company or any guarantor of all or any part of the Project, or of any or all of the royalties, revenues, rents, issues or profits thereof, is appointed without the consent or acquiescence of the Company or such guarantor, as applicable, and such appointment remains unvacated and unstayed for an aggregate of 120 days (whether or not consecutive); or

(f) a writ of execution or attachment or any similar process is issued or levied against all or any part of or interest in the Project, or any judgment involving monetary damages is entered against the Company or the City which becomes a lien on the Project or any portion thereof or interest therein and such execution, attachment or similar process or judgment is not released, bonded, satisfied, vacated or stayed within 120 days after its entry or levy.

Section 8.2 Remedies on Default.

(a) If an Event of Default occurs and is continuing, the City may, but is not required to, take any one or more of the following remedial steps:

(i) by written notice to the Company declare all such amounts of Rent payable for the remainder of the Term in full, whereupon the same will be immediately due and payable;

(ii) re-enter and take possession of the Project, without terminating this Lease and lease or sublease the Project for the account of the Company, crediting against the Rent required to be paid by the Company the amounts received by the City from any sublessee;

(iii) terminate this Lease, hold the Company liable for all Rent due at the effective date of termination and due until the effective date of subleasing the Project to another, exclude the Company from possession of the Project and lease the Project to another; provided, however, that such termination and exclusion will not impair any remedy granted to the City under this Lease;

(iv) take whatever action at law or in equity may appear necessary or desirable to collect the Rent then due and thereafter to become due or to enforce the performance and observance of any obligation of the Company under this Lease.

(b) If an Event of Default occurs in which City is expressly entitled to, and does, provide notice of default pursuant to Section 8.1(b) above and the Company does not cure such Event of Default within the time provided above, City may, but shall not be obligated to, provide an additional notice of intent to terminate this Lease (the "City Termination Notice"). If such Event of Default set forth in the City Termination Notice is continuing for 30 days after delivery of the City Termination Notice to the Company, the City may immediately take all steps necessary to have the Project immediately assessed for property tax purposes in the name of the Company from and after the date of the City Termination Notice, the City shall convey the Project to the Company in accordance with Section 9.2 below, and this Lease be terminated as of such date.

(c) In the enforcement of the remedies provided in this Section, the City will treat all expenses of enforcement, including, without limitation, legal, accounting and advertising fees, as Additional Payments then due and owing. In the exercise of any of the remedies in Section 8.2(a)(i)-(iv) above, the City has the sole right and responsibility for the exercise of such remedies if an Event of Default occurs and is continuing.

Section 8.3 Company to Give Notice of Default. The Company will promptly give notice to the City of the occurrence of any Event of Default of which it has actual knowledge.

Section 8.4 No Remedy Exclusive. No remedy herein conferred upon or reserved to the City, is intended to be exclusive of any other available remedy or remedies, but each and every such remedy will be cumulative and will be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power or will be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City to exercise any remedy reserved to it in this Article VIII, it will not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 8.5 Agreement to Pay Attorneys' Fees and Expenses. If an Event of Default or an event or condition which, with notice or the lapse of time or both would constitute an Event of Default, has occurred, and the City should employ attorneys or incur other expenses for collection of Rent or the enforcement of performance or observance of any obligation or agreement on the part of the Company herein contained, the Company agrees that it will on demand therefor pay to the City the reasonable fees of such attorneys and such other expenses so incurred by the City in the enforcement of the provisions of this Lease enforceable by such party.

Section 8.6 No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Lease should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 8.7 Survival of Obligations. Except to the extent that the City releases the Company from liability pursuant to Section 7.1, the Company's obligations hereunder, including, without limitation, its obligations to make payments, will survive any sale of all or any portion of the Project or exercise of any other remedy in accordance with this Article and the Company will continue to pay the payments and perform all other obligations provided herein to the extent necessary to fulfill its obligation hereunder.

Section 8.8 Waiver of Extension, Stay and Appraisal. To the extent permitted by law, the Company will not, during the continuance of any Event of Default hereunder, insist upon, plead or in any manner whatever claim or take any benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force which may affect the covenants and terms of performance hereof; nor claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of the Project, or any part thereof, prior to any sale or sales thereof which may be made pursuant to decree, judgment or other of any court of competent jurisdiction; and the Company, to the extent permitted by law, hereby expressly waives all benefits or advantages of any such law or laws and covenants not to hinder, delay or impede the execution of any power herein granted or delegated to the City, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted

ARTICLE IX - PURCHASE OF PROJECT

Section 9.1 Purchase of Project. The Company will purchase, and the City will sell, the Project for \$1.00 at the expiration or sooner termination of this Lease (provided that the Rent and all other amounts due hereunder have been fully paid). The Company will give notice to the City specifying the date of closing of such purchase, which will be not less than 15 nor more than 90 days from the date of such notice. At the closing of such purchase, upon payment of the amount due by the Company, the City will, at the expense of the Company, convey the Project to the Company subject to the provisions of Section 9.2.

Section 9.2 Conveyance. At the closing of a purchase pursuant to this Article IX, the City will, upon receipt of the purchase price and at the sole expense of the Company, deliver to the Company documents, including, but not limited to a quitclaim deed and other transfer or conveyance documents, conveying to the Company the City's interest in the Project being

purchased, as such Project then exists subject only to: (i) those liens and encumbrances (if any) to which title to the Project was subject when conveyed to the City; (ii) those liens and encumbrances created by the Company or any Person other than the City or to the creation or suffering of which the Company consented; (iii) those liens and encumbrances resulting from the failure of the Company to perform any of its obligations under this Lease; (iv) Permitted Liens other than this Lease; and (v) any other lien arising as a matter of law (except as a result of any general action against City or arising from any act or omission of City). The Company may purchase the Project and exercise its other rights under this Article IX, whether or not an Event of Default has occurred and is continuing. Within fifteen (15) days after filing, City shall, at its sole costs and expense, cause to be paid or removed any lien or encumbrance against the Project that is created by or filed against City or the property of City and City shall hold the Company harmless from and against any costs or expenses related to or arising from such liens or encumbrances.

ARTICLE X - MISCELLANEOUS

Section 10.1 Amendments. This Lease may be amended or modified only by a writing signed by the City and the Company.

Section 10.2 Limitation of City's Liability.

(a) Except to the extent set forth in Section 9.2 or obligations, costs, expenses or liabilities arising out of the negligence or willful misconduct of City, no agreements or provisions contained herein nor any agreement, covenant or undertaking by the City contained in any document executed by the City in connection with any property of the Company will give rise to any pecuniary liability of the City, its officers and members of its governing body, or constitute a charge against the City's general credit, or will obligate the City financially in any way, except with respect to the funds or property available under the Lease. Except to the extent set forth in Section 9.2 or obligations, costs, expenses or liabilities arising out of the negligence or willful misconduct of City, no failure of the City to comply with any terms, covenants or agreements herein or in any document executed by the City in connection with the Project will subject the City to any pecuniary charge or liability except to the extent that the same can be paid or recovered from the funds available hereunder. None of the provisions of this Lease will require the City to expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder unless it will first have been adequately indemnified to its satisfaction against the cost, expense or liability which might be incurred thereby. Nothing herein will preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the City for any failure to comply with any term, conditions, covenant or agreement herein; provided that no costs, expenses or other monetary relief will be recoverable from the City except as may be payable from the funds available hereunder.

(b) No covenant, obligation or agreement in this Lease shall be deemed to be a covenant, obligation or agreement of any present or future member, officer, agent or employee of the City or the governing body of the City in other than his official capacity, and neither the members of that governing body nor any official executing the Lease shall be liable personally or shall be subject to any personal liability or accountability by reason of the covenants, obligations or agreements of the City contained in this Lease.

Section 10.3 No Violation of Public Policies Regarding Indemnity. If a court of competent jurisdiction determines that the provisions of Section 56-7-1 NMSA 1978 are applicable to the Lease or any claim arising under the Lease, then any agreement to indemnify contained in the Lease shall be limited as provided by Section 56-7-1.

Section 10.4 Administrative Fees, Attorneys' Fees and Costs. The Company will reimburse the City, upon demand, for all reasonable costs and expenses, including without limitation attorneys' fees, paid or incurred by the City in connection with (i) the discussion, negotiation, preparation, approval, execution and delivery of this Lease, and the documents and instruments related hereto or thereto; (ii) any amendments or modifications to any of the foregoing documents, instruments or agreements and the discussion, negotiation, preparation, approval, execution and delivery of any and all documents necessary or desirable to effect such amendments or modifications; and (iii) the enforcement by the City during the term hereof or thereafter of any of the rights or remedies of the City hereunder or under the foregoing documents, or any document, instrument or agreement related hereto or thereto, including, without limitation, reasonable costs and expenses of collection in connection with an Event of Default, whether or not suit is filed with respect thereto.

Section 10.5 Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the City, the Company, and their respective successors and assigns.

Section 10.6 Severability. In the event any provisions of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.7 Recording. This Lease and every assignment and modification hereof, or an appropriate and sufficient memorandum thereof, shall be recorded in the office of the County Clerk of Bernalillo County, New Mexico.

Section 10.8 No Waiver. No waiver of any breach of any covenant or agreement contained herein shall operate as a waiver of any subsequent breach of the same covenant or agreement, and in case of a breach by either party of any covenant, agreement or undertaking, the non-defaulting party may nevertheless accept from the other any payment or payments or performance hereunder without in any way waiving its right to exercise any of its rights and remedies provided for herein or otherwise with respect to any such default or defaults which were in existence at the time such payment or payments or performance were accepted by it.

Section 10.9 Non-Merger. The provisions of this Lease shall survive the conveyance of the Project to the City, the reconveyance of the Project to the Company, and all other performances hereunder, and shall not be deemed merged in any deed or other instrument or document delivered hereunder.

Section 10.10 Execution in Counterparts. This Lease may be executed in multiple counterparts, all of which taken together will constitute one instrument.

Section 10.11 Notices. Any notice, demand, direction, request, consent, report or other instrument authorized or required to be executed, given or filed (excluding Uniform Commercial Code filings, recordings and other governmental filings) will be in writing and will be deemed to

have been sufficiently sent for all purposes when delivered by hand delivery, by recognized overnight delivery service or by registered or certified mail, postage prepaid, addressed as follows:

If to the City:

City of Albuquerque
One Civic Plaza NW, 11th Floor
Albuquerque, NM 87102
Attn: City Clerk

With a copy to:

City of Albuquerque - Legal Department
One Civic Plaza NW, 4th Floor
Albuquerque, NM 87102
Attention: City Attorney

With a copy to:

City of Albuquerque
PO Box 1293
Albuquerque 87103
Attn: Metropolitan Redevelopment Agency

If to the Company:

The Villa Agave, LLC
505 Central Ave NW, Suite E
Albuquerque, NM 87102
ATTN: Mark Baker

Notices shall be effective upon receipt. Any Party may, by notice to each of the other Parties, designate any further or different addresses to which subsequent notices, certificates or other communications are to be sent.

Section 10.12 Applicable Law. The validity, construction and effect of this Lease will be governed by the law of the State applicable to agreements made and to be performed in the State, without regard or effect given to conflict of laws or rules which would require the application of the laws of any other jurisdiction.

[Signature Page Follows]

IN WITNESS WHEREOF, the City and the Company have executed this Lease as of the Execution Date.

CITY OF ALBUQUERQUE, NEW MEXICO

By: _____

Date: _____

Name: Lawrence Rael

Title: Interim Chief Administrative Officer

State of New Mexico)
) ss.
County of Bernalillo)

This instrument was acknowledged before me on [_____], 2022 by Lawrence Rael as Interim Chief Administrative Officer of the City of Albuquerque, New Mexico, a New Mexico municipal corporation.

Notary Public

My commission expires: _____

The Villa Agave, LLC

By: _____

Name: _____

Title: _____

Date: _____

State of New Mexico)
) ss.
County of Bernalillo)

 This instrument was acknowledged before me on _____, 2022 by Mark Baker,
as _____ of The Villa Agave, a New Mexico limited liability corporation.

Notary Public

My commission expires: _____

EXHIBIT A

LEGAL DESCRIPTION OF PROJECT SITE

Lots numbered Thirteen (13), Fourteen (14), Fifteen (15), Sixteen (16), Seventeen (17) Eighteen (18) Nineteen (19) and the East One-half (E/12) Lot numbered Twenty (20) in Block numbered Seven (7) of the NEW MEXICO TOWN COMAPNY'S ORIGINAL TOWNSITE of Albuquerque, New Mexico, as the same is shown and designated on the Map of said Townsite filed in the office of the Probate clerk and Ex-Officio Recorder of Bernalillo County, New Mexico on December 29, 1882

EXHIBIT B
PERMITTED LIENS

Staff Report to ADC



Tim Keller, Mayor

May 10, 2022

To: Albuquerque Development Commission

From: Ciaran Lithgow, Redevelopment Project Manager

Subject: Case #2022-15 - Villa Agave – Redevelopment Tax Abatement Application

Executive Summary. Baker Architecture & Design/Villa Agave, LLC (“Applicant”) has applied for a Redevelopment Tax Abatement (“RTA”) for their upcoming Project Villa Agave. The Project, located at 7th and Copper (205 7th Street NW) will convert a former dilapidated convent nursing home into a multifamily facility, which will provide at least 14 housing units (“Project”). See the attached conceptual renderings and site plans for details. The full application is attached as Exhibit A.

Value of RTA. The existing annual property tax amount due on the property, identified as the baseline tax prior to construction, is \$6,305 (2021 assessed value). The Applicant will continue to pay the baseline amount throughout the seven-year abatement period (Payment in Lieu of Taxes, or PILT). Following completion of the Project, the increased property tax amount is estimated to be \$17,262. With the approval and issuance of the RTA, the estimated annual amount of the property tax abated on the Project would be \$10,957 annually, or \$76,699 over a period of 7 years.

The total value of the Tax Abatement over the term of 7 years is Projected to be \$69,029 (taxes abated minus annual MR fees).

Detailed Report of Application. The following section details how the project meets the RTA Threshold Criteria and Evaluation Criteria.

RTA Threshold Criteria

Criteria	Staff Evaluation
MR Area. Projects must be located in a Metropolitan Redevelopment Area with an Approved Metropolitan Redevelopment Plan.	The project is located in the Downtown Metropolitan Redevelopment Area, which has adopted the Downtown 2025 Redevelopment Plan.
Site Control. Applicant must have site control.	The Applicant owns the property (fee simple title).
Minimum Project Size. The scope of the Project must meet <u>one</u> of the following criteria: <ul style="list-style-type: none">• Total hard construction cost is at least \$2M OR <ul style="list-style-type: none">• A minimum of eight additional (new or converted space from a different use) residential units are created; OR	The Project meets two of the minimum project sizes: <ul style="list-style-type: none">• Total project cost is \$3.6M• The project adds at least 14 housing units



<ul style="list-style-type: none"> A minimum of 15,000 sq. ft. of commercial space is created or put into active use (If space is put into active use, it must be currently vacant). 	
Community Benefit. A Project must achieve a minimum Community Benefit score of 100 based on the Community Benefit Matrix in Appendix B.	The project scores 170 points. See the Community Benefits Matrix below for details.

Community Benefit Criteria	Points Earned
Sustainability	
At least 50% of Project utilizes existing structures	30
Rooftop is built to be solar-ready with necessary electrical infrastructure and structural support	20
Project includes cool surface treatments, such as cool pavements, or cool treatment applied to surface parking/top level of parking garage (if applicable)	10
The Project will install high efficiency WaterSense-labeled fixtures and water efficient equipment: 1.28 GPF toilets, 0.5 gpf urinals, 1.5 gpm aerators, 2.0 gpm showerheads and washing machines with an integrated Water Factor (IWF) of 3.0 or less.	10
The multifamily Project offers least 50% of units at 600 usable square feet or smaller.	25
Economic Development	
The Project creates missing middle development (\$1M – \$3.99M)	25
The Project adds density between 15 – 19.99 dwelling units/acre	15
Community Benefits	
Culture & Art. Project includes a mural that is at least 150 sq ft or other significant artistic feature such a large sculpture, artistic lighting, etc. Art must be located within prominent public view.	15
Diverse/Local Team	
Developer is a local business	10
General contractor is a local business	10
Total Points Earned	170

RTA Evaluation Criteria

☒ **Criteria A: Removal of Blighted Conditions and Conformance with Metropolitan Redevelopment Area Plan.** The applicant must demonstrate that the Project meets the relevant Metropolitan Redevelopment Plan goals.

- Project results in the removal of slum or blighted conditions.** [The Project redevelops an abandoned/unutilized former convent that has received complaints of squatting and deterioration.](#)



- **Project furthers the goals and objectives of the adopted Metropolitan Redevelopment Area Plan.** The Project is located in the Downtown 2025 Metropolitan Redevelopment Area and meets the Plan goals by:
 - Expanding urban housing towards the goal of reaching 20,000 people living in the Downtown core by 2025; and,
 - Contributing to a walkable and vibrant Downtown district.
- **Demolition of viable buildings has been/will be avoided.** The Project redevelops an existing building into housing. No demolition of existing structures is planned.
- **Relocation of existing residents and businesses has been/will be avoided.** No existing businesses or residents will be displaced.

☒ **Criteria B: Design.** RTA Projects shall meet the following enhanced design criteria to ensure high quality Projects that are recognized as exemplary:

- ☐ Buildings shall have exterior building materials and colors which are aesthetically pleasing and compatible with the overall site plan. Construction material shall provide variation in color, texture, and scale; *and*
- ☐ Each building elevation that faces a street or will be visible from adjacent streets/trails at full site plan buildout shall be modulated. The wall and foundation line shall be offset at intervals so that there is at least one offset every 100 feet of wall length that varies the depth of the building wall by a minimum of 6 feet. Offsets shall comprise at least 10 percent of the length of the elevation, for at least 40 percent of the building height.

OR

- ☒ If Projects cannot meet the enhanced design criteria above, applicants can propose other compensating design elements that ensure a high-quality Project

Because the Project is not a new ground-up development, the ability for the Applicant to meet the first option for design criteria is limited. Instead, the Project utilizes and enhances an existing building's structure and property. The Villa Agave's size, a mid-scale structure with and shared outdoor spaces, offers a housing alternative that differentiates itself from a typical stacked apartment complex in scale and relation to the public sphere. This scale compliments the existing neighborhood, providing an appropriate transition from large downtown structures to the East and the single-family residences to the north and west.

The most significant design change will be seen in the landscaping. The existing property is currently dirt and dead grass, with some mature trees. The property will be transformed by the addition of drought tolerant vegetation and trees throughout. Existing mature trees will be saved. New landscaping, including street trees, will be planted along the street median/sidewalk verge on both 7th Street and Copper Avenue, improving the pedestrian sphere and enhancing walkability in the area. Xeric plants such as Desert Willow trees, yuccas, cacti, native grasses, and agaves (the building's namesake) will be added throughout. Other aesthetic commitments include sculptures in the courtyard, which will be visible from the street. See attached Site Plan, Elevations, and Landscape Plans for details.



☒ **Criteria C: Applicant Experience.** Applicant must demonstrate a record of financing, constructing, and managing Projects of this type and size, and has provided convincing evidence that the Project will be completed.

The Applicant has demonstrated experience in other redevelopment Projects, with 27 years of experience as an architect and over 10 years of experience as a developer. His most notable recent Project is at 505 Central, a former Downtown office building converted into a successful Downtown food hall with 9 local vendors and 34 housing units.

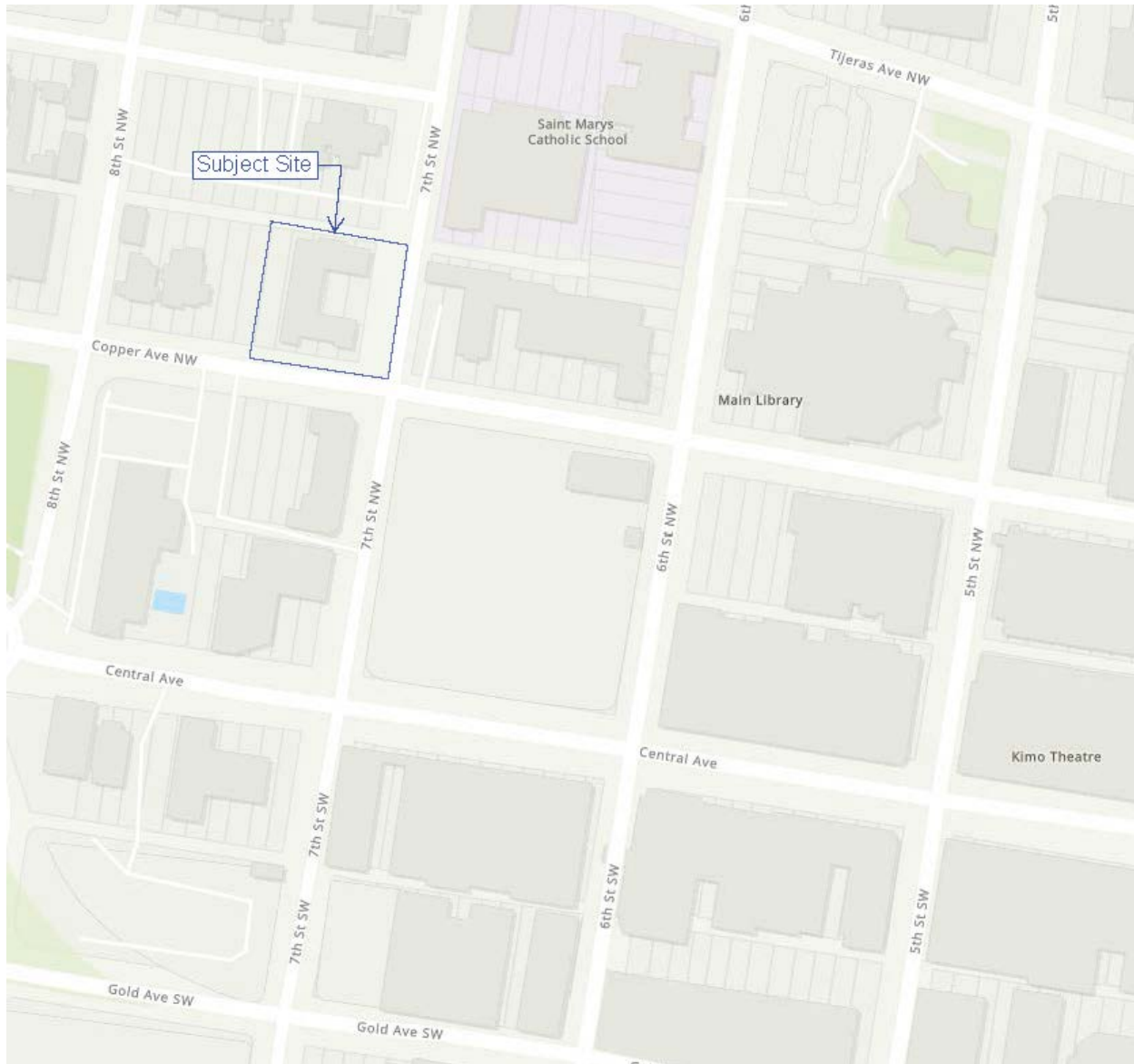
Findings:

- MRA found the Project meets all requirements outlined in the Redevelopment Tax Abatement PILOT Program:
 - The Project removes blighted conditions and meets the goals of the Downtown 2025 Metropolitan Redevelopment Area Plan by adding more housing, renovating a blighted property, and contributing to a walkable and vibrant atmosphere in the Downtown core;
 - The Project meets the enhanced design criteria by renovating and beautifying an existing structure and creating an aesthetically pleasing landscape; and
 - The Applicant has demonstrated sufficient experience to reasonably complete the Project.

Recommended Motion: Based on the findings in the staff report, the ADC recommends to City Council approval, in form, of the Redevelopment Tax Abatement with Villa Agave, LLC, for the development of the Villa Agave redevelopment Project.



LOCATION MAP



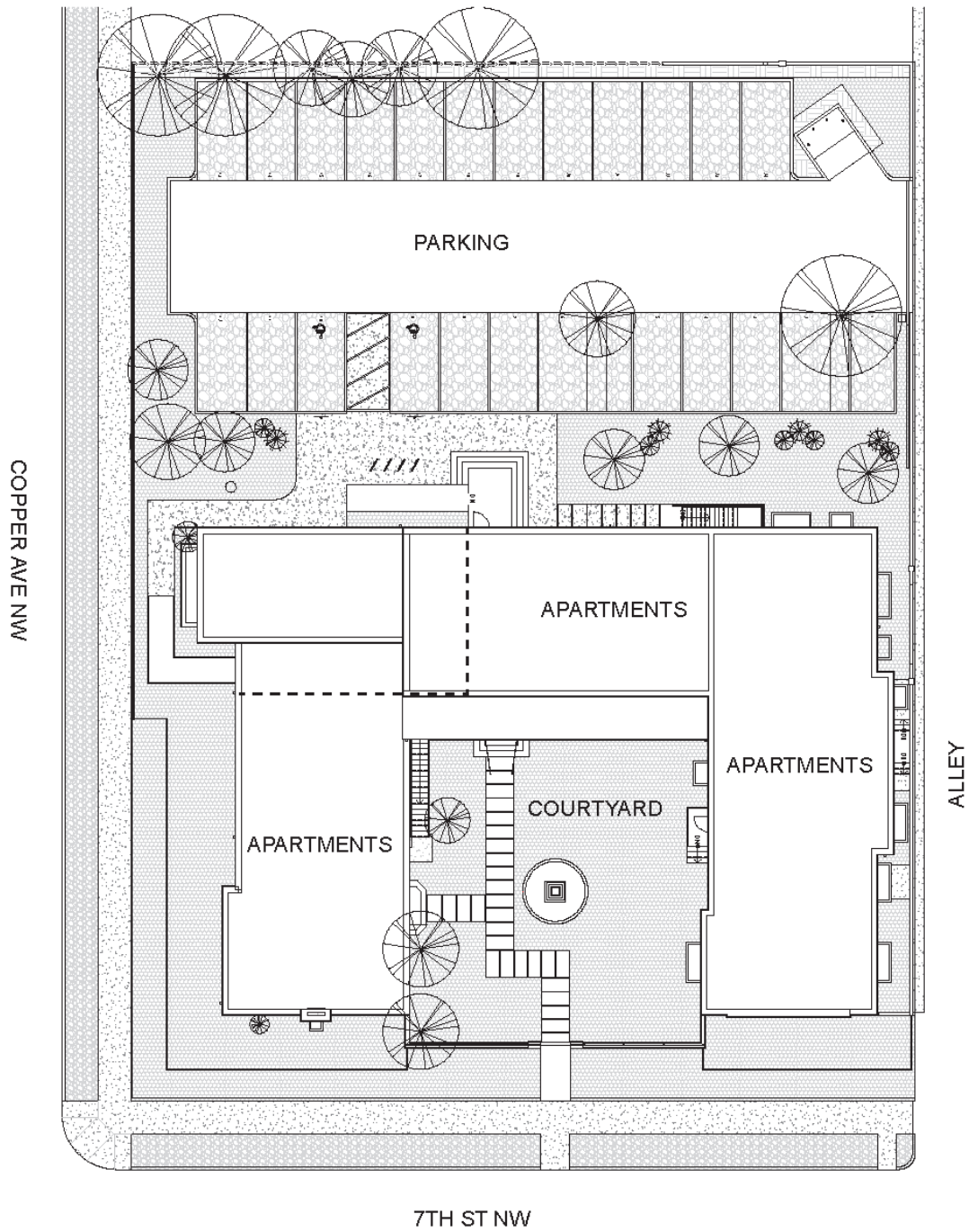


CONCEPTUAL RENDERINGS & ELEVATIONS





SITE PLAN









WALL AND FENCE









E PER-CITY OF ALBUQUERQUE IDO
REQ. REMENTS

EXCEPTIONS TO MAXIMUM WALL HEIGHT 6-7(1)(3)
57C.01(3) FOR MULTI-FAMILY RESIDENTIAL DEVELOPMENT, THE MAXIMUM HEIGHT IS 6 FEET IF VISION PENCINGS ARE USED FOR PORTIONS OF A WALL ABOVE THREE FEET.

CLAR: SIGHT REQUIREMENTS:
LANDSCAPE AND SCREENAGE WILL NOT INTERFERE WITH CLEAR SIGHT REQUIREMENTS TO DISPERSE, SIGNS, WALLS, TREES AND COUNTRY BETWEEN DAVIS STREET AND JAG MEASURED FROM THE GUTTER LINE WILL NOT BE ACCEPTABLE IN THE CLEAR SIGHT TRIANGLE.

PLANTING LEGEND

-  IN CONCRETE 4 THICK, SEE PG
 CRUSHED STONE, APPROXIMATELY 1/2 IN. TO 3/4 IN. NO FINE PARTICLES
 4 1/2" GRAVEL OVER BASE COURSE
 IN 1/2" GRAVEL, APPROXIMATELY 1/2 IN.
 BASE COURSE IF OVER COMPACTED, SEE PAGE

- | PLANTING LEGEND | |
|---------------------------------------------------------------------------------------|-------------------------------------------|
|  | SHRUBS TO 10 FEET TO 15 FEET, SIZE VARIES |
|  | DECEMBER BLOSSOMING, SIZE VARIES |
|  | SHRUBS, 5' TO 10' TALL, TO BE SELECTED |
|  | ORCHIDS, 10' TO 15' TALL |
|  | YUCCA, EUPHATIA, BANANA, YUCCA 2 GAL |
|  | GARDENIAS |
|  | YUCCA, BANANA, YUCCA, GARDENIAS, 2 GAL |
|  | GOLDEN BAMBOO 2 GAL, SPACE 3' BY 3' O.C. |





Property Tax With and Without Villa Agave Project | Incremental Tax Value

Abatement Year	Baseline Property Tax			Villa Agave Property Tax - Total			Tax Increment	MRA Lease Fee [2]	Net Tax Abatement	Net Tax Increment	Tax Abatement PV	Net Tax Increment PV	Cumulative NPV
	Total Assessed Value	Total Taxable Value	Tax Amount	Total Assessed Value [1]	Total Taxable Value	Tax Amount							
Year 1	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	-\$1,096	-\$9,861	\$0	-\$10,957	\$0	-\$10,957
Year 2	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	-\$1,096	-\$9,861	\$0	-\$10,586	\$0	-\$21,543
Year 3	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	-\$1,096	-\$9,861	\$0	-\$10,228	\$0	-\$31,772
Year 4	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	-\$1,096	-\$9,861	\$0	-\$9,883	\$0	-\$41,655
Year 5	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	-\$1,096	-\$9,861	\$0	-\$9,548	\$0	-\$51,203
Year 6	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	-\$1,096	-\$9,861	\$0	-\$9,225	\$0	-\$60,428
Year 7	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	-\$1,096	-\$9,861	\$0	-\$8,914	\$0	-\$69,342
Year 8	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$8,612	-\$60,730
Year 9	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$8,321	-\$52,409
Year 10	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$8,039	-\$44,369
Year 11	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$7,768	-\$36,602
Year 12	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$7,505	-\$29,097
Year 13	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$7,251	-\$21,846
Year 14	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$7,006	-\$14,840
Year 15	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$6,769	-\$8,071
Year 16	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$6,540	-\$1,531
Year 17	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$6,319	\$4,788
Year 18	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$6,105	\$10,894
Year 19	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$5,899	\$16,792
Year 20	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$5,699	\$22,492
Year 21	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$5,507	\$27,998
Year 22	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$5,320	\$33,319
Year 23	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$5,140	\$38,459
Year 24	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$4,967	\$43,426
Year 25	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$4,799	\$48,225
Year 26	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$4,636	\$52,861
Year 27	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$4,480	\$57,341
Year 28	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$4,328	\$61,669
Year 29	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$4,182	\$65,851
Year 30	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$4,040	\$69,891

Source: Bernalillo County Assessor/Treasurer; Economic & Planning Systems

[1] Total Assessed Value was estimated using a comparative property approach

[2] The MRA lease fee is equal to 10 percent of the total property tax abatement

Key Assumptions

Residential Mill Rate	47.407
Non-Residential Mill Rate	54.312
Escalation Factor	0.00%
Discount Rate	3.50%