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**SPONSORED BY:** Isaac Benton, by request

ORDINANCE

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

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

24 WHEREAS, pursuant to the LEDA Ordinance, Nypro Healthcare Baja Inc. (the  
25 “Company”), has submitted to the Council and the Albuquerque Development

1 Commission (the "Commission") an application (the "Application") requesting certain  
2 economic development assistance for the renovation and improvement of healthcare  
3 manufacturing facilities, which will include the addition of 120 new employees, within the  
4 City (the "Project"); and

5 WHEREAS, the City will administer and disburse to the Company funds totaling  
6 up to \$1,000,000, of which \$750,000 is to be received by the City from the State  
7 Economic Development Department and \$250,000 are to be City funds; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

29 Section 3. THE PROJECT. The Project will consist of the renovation and  
30 improvement of healthcare manufacturing facilities, the addition of 120 new employees,  
31 and the operation of the facility within the City for a minimum of ten years.

32 Section 4. FINDINGS. The Council hereby declares that it has considered all  
33 relevant information presented to it relating to the Project and the Agreement and

1 hereby finds and determines that the provision of economic development assistance for  
2 the Project is necessary and advisable and in the interest of the public and will promote  
3 the public health, safety, morals, convenience, economy, and welfare of the City and its  
4 residents.

5 Section 5. AUTHORIZATION AND APPROVAL OF THE PROJECT AND THE  
6 AGREEMENT; APPROPRIATION OF FUNDS. The City hereby approves the Project  
7 and the Agreement, which provides, among other things, that the City will administer  
8 and disburse to the Company funds totaling up to \$1,000,000, of which \$750,000 is to  
9 be received by the City from the State Economic Development Department and  
10 \$250,000 are to be City funds, in exchange for which the Company will complete the  
11 Project as specified in the Agreement. There is hereby appropriated for the Project up  
12 to \$750,000 of funds received from the State Economic Development Department and  
13 up to \$250,000 of City funds.

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

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

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

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

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

1 Agreement, including, without limitation, the execution and delivery of any documents  
2 deemed necessary or appropriate in connection therewith.

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

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

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



Mayor Timothy M. Keller

# CITY OF ALBUQUERQUE

## Albuquerque, New Mexico

### Office of the Mayor

#### INTER-OFFICE MEMORANDUM

August 26, 2019

**TO:** Klarissa Pena, President, City Council

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

**SUBJECT:** Approving an Ordinance Approving the Adoption of a Local Economic Development Act Project for the Nypro Healthcare Baja Project (LEDA 19-2)

This legislation authorizes an ordinance for the adoption and approval of the Nypro Baja Healthcare Inc. Inc. (the "Company") Local Economic Development Act ("LEDA") Project, a Project Participation Agreement and funds in the amount of \$250,000. (There is also an anticipated State contribution of \$750,000, for which the City would act as fiscal agent.) This Project would support the expansion of the Company's business operations for the manufacturing of healthcare related products in Albuquerque and upgrade its 233,136 square foot facility. The Project is located at 3801 University Boulevard SE in Albuquerque near I-25 and Rio Bravo next to the University of New Mexico golf course. The Company's intention is for the Albuquerque facility to be a National Center for Excellence for 3-D and Advanced Manufacturing in the medical products field. The Company is a subsidiary of Jabil Inc., which is one of the world's largest contract manufacturing firms for medical products and devices. The Company's services include ideation to device development support, engineering, supply chain optimization, and device assembly operations.

Nypro projects the creation of 120 new positions, in addition to the existing 364 Company's positions which will remain in Albuquerque due to the selection of the Albuquerque facility for the expansion. Of the 120 new positions, 70 will be production jobs with starting average salaries of more than \$40,000 without benefits (\$20/hour) and an average annual salary of \$64,000 (including benefits). The remaining 50 positions are non-production jobs with an average annual salary of \$92,000 (including benefits). Other employee benefits include competitive medical, dental and vision insurance; disability insurance; 401K savings plan; employee stock purchase plan; paid time off; ten paid holidays; bereavement leave and a shift differential. The Company intends to provide training to all new employees and to avail itself of the State's Job Training Incentive Program in connection with the training of its employees.

Nypro Healthcare Baja LEDA Ordinance

The Company's expansion of operations at the Albuquerque facility will help advance an economic development project that fosters, promotes, and enhances local economic development efforts and provides job growth and career opportunities.

It is the Company's intention to invest approximately \$36 million for necessary equipment plus an additional \$3.6 million on tenant improvements, which are expected to be completed by local contractors. (A request for industrial revenue bonds is being submitted separately for approval.) The Company expects to continue to spend at least \$8.6 million annually on local goods and services, with an annual increase of 5-10%.

As with all of the City's LEDA projects, performance measures are in place and penalties for non-compliance. If the Company does not meet their hiring commitments, there are provisions to recoup the City and State funds. The same is true should they shut down the facility.

The Albuquerque Development Commission approved the Project unanimously at their meeting on August 15, 2019.

Your consideration and approval is requested.

Recommended:

8/26/19

Synthia Jaramillo, Director  
Economic Development Department

Date

Approved:

Approved as to Legal Form:

8/29/19

Sarita Nair  
Chief Administrative Officer

Date

8-28-19

Esteban A. Aguilar, Jr.  
City Attorney

Date

## **Cover Analysis**

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

This is an ordinance authorizing a Local Economic Development ACT (LEDA) Project and Project Participation Agreement with Nypro Healthcare Baja Inc. (the "Company") in the amount of \$250,000 (there is also an anticipated State contribution of \$750,000, for which the City would act as fiscal agent). The Company is located in southeast Albuquerque near I-25 and Rio Bravo next to the University of New Mexico golf course (3801 University Boulevard SE).

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

The ordinance would support the expansion of the Company's business operations in Albuquerque and upgrade the 233,136 square foot facility they have secured under a long-term lease. The Project relates to the Company's intention for the Albuquerque facility to be a National Center for Excellence for 3-D and Advanced Manufacturing in the medical products field. The Company is a subsidiary of Jabil Inc., which is one of the world's largest contract manufacturing firms for medical products and devices. The Company's services include ideation to device development support, engineering, supply chain optimization, and device assembly operations. The Company expects to spend approximately \$3.6 million on tenant improvements and expects to work with the landlord to have the work done by local contractors.

The Company projects the creation of 120 new positions, in addition to the existing 364 positions which will remain in Albuquerque due to the selection of the Albuquerque facility for the Company's expansion. Of the 120 new positions, 70 will be production jobs with starting average salaries of more than \$40,000 without benefits (\$20/hour) and an average annual salary of \$64,000 (including benefits). The remaining 50 positions are non-production jobs with an average annual salary of \$92,000 (including benefits). Other employee benefits include competitive medical, dental and vision insurance; disability insurance; 401K savings plan; employee stock purchase plan; paid time off; ten paid holidays; bereavement leave and a shift differential. The Company intends to provide training to all new employees and to avail itself of the State's Job Training Incentive Program in connection with the training of its employees.

The Company expects to continue to spend at least \$8.6 million annually on local goods and services, with an annual increase of 5-10%. The fiscal analysis for the Project shows that the Company will be making a substantive contribution to the City. It is the Company's intention to invest approximately \$36 million for necessary equipment plus an additional \$3.6 million on tenant improvements, which is expected to be completed through local contractors.

The Albuquerque Development Commission approved the Project unanimously at their meeting on August 15, 2019.

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

The Company's expansion of operations at the Albuquerque facility will help advance an economic development project that fosters, promotes, and enhances local economic development efforts and provides job growth and career opportunities. In selecting the Albuquerque facility for the planned expansion, the Company projects to add 120 new positions as well as retain the existing 364 positions. This Project benefits a company with a long and successful history in Albuquerque of approximately forty years.



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

The City is proposing to spend \$250,000 out of its LEDA funds, and to act as fiscal agent for the anticipated \$750,000 in State LEDA funds.

The Fiscal Impact Analysis for the Project was conducted by UNM's Bureau of Business and Economic Research and shows a positive return for the City.

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

The State has committed \$750,000 in funds which will be transferred to the City via an intergovernmental agreement, and the City will act as fiscal agent for those funds. The company will pay a five percent payment in lieu of taxes (PILOT) annually,

APPLICATION  
for  
LOCAL ECONOMIC DEVELOPMENT ACT (LEDA)  
Project Approval

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Name of Project: **Nypro Healthcare Baja Project**

Location of Project: **3801 University Boulevard SE  
Albuquerque, New Mexico 87106**

Company Name: **Nypro Healthcare Baja Inc.**

Contact Person: **John Silva**

Address: **3801 University Boulevard SE  
Albuquerque, New Mexico 87106**

Telephone: **505-764-2185**

Email: **john\_silva@jabil.com**

Bond Counsel: **Sutin, Thayer & Browne**

Address: **6100 Uptown Boulevard NE  
Suite 400  
Albuquerque, New Mexico 87110**

Telephone: **505-883-2500**

Amount Requested: \$ \_\_\_\_\_ Fee Submitted: \$ \_\_\_\_\_

**FOR STAFF USE**

Staff Assigned: \_\_\_\_\_

Case Number: \_\_\_\_\_

Fee Received: \$ \_\_\_\_\_

ADC Hearing Date: \_\_\_\_\_

Council Dates (Tentative):

Introduction \_\_\_\_\_

Committee \_\_\_\_\_

Council Hearing \_\_\_\_\_

## **PREFACE**

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

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

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

## **APPLICATION DESCRIPTION**

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

### **I. GENERAL DESCRIPTION**

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

**Nypro Healthcare Baja Inc. ("Nypro" or the "Company") began its operation in Albuquerque on February 25, 2019, through its acquisition of a business formerly operated by Johnson & Johnson Medical Devices Companies. In connection with such acquisition, the Company is operating out of a facility located at 3801 University Boulevard SE. The Company is currently leasing the facility.**

**In order to expand its operations from the facility, the Company anticipates investing \$36M for additional equipment for its medical device manufacturing operations. The Company will invest approximately \$3.6 million in certain building improvements and renovations (the "Building Renovation") in anticipation of the equipment purchases contemplated under the expansion project.**

As a result of the expansion contemplated under the Project, the Company anticipates significantly increasing output from the facility necessary to meet the Company's growing Operations at the facility will create approximately up to 120 new jobs by the end of 2026 with 70 production jobs with average salaries of \$64,000 (including benefits) per year and 50 non-production jobs with average salaries of \$ \$92,000 (including benefits). All full-time Company employees will receive a competitive benefits package including medical, dental (the the Company covering between 70% and 80% of the each employees health care costs, depending on which program the employee selects) and eye insurance and eligibility to participate in the Company's retirement plan.

The Company's investment in the Project will provide Albuquerque with a significant presence in the medical device manufacturing market and provide significant employment opportunities for Albuquerque residents in this rapidly growing field.

Funds are requested from the City to reimburse the Company for the costs associated with the Building Renovation.

## **II. SITE AND EXISTING CONDITIONS**

### **A. Legal Description**

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

The facility is located at 3801 University Boulevard SE. The Company currently leases the facility from the current property owner, with a lease extending through February 2025. Upon the expiration of the Lease, the Company is, subject to certain conditions set forth under the lease, obligated to purchase the facility from the landlord. The legal description of the Project Site is:

A certain tract or parcel of land lying and being situate within Section 9, Township 9 North, Range 3 East, New Mexico Principle Meridian, County of Bernalillo, State of New Mexico, said same tract or parcel of land being more particularly bounded and described as follows to wit:

Beginning at a point for the Northwest corner of said tract or parcel of land, said same point of beginning being the intersection of the line common to Sections 4 and 9, Township 9 North, Range 3 East and the East Right-of-Way line of U.S. Interstate Highway Number 25 as said same Right-of-Way is shown and designated on New Mexico State Highway Commission Right-of- Way Map, New Mexico Project No. 1-IG-025-4(14)217 having New Mexico (Central Zone) State Plane Coordinate Values X = 384, 108.75, Y = 1,466,090.82 and from whence Section Corner 4,5, 8 and 9, Township 9 North, Range 3 East bears S87°49'22"W a distance of 578.60 feet; thence on a bearing of N87°49'22"E along the line common to Sections 4 and 9, Township 9 North, Range

3 East a distance of 1970.80 feet to a point on the West Right-of-Way of the proposed University Boulevard-Rio Bravo Boulevard Extension; thence on a bearing of S25°35'10"W along said proposed Right-of-Way a distance of 1082.79 feet to a point of curve having a Delta of 15°13'19" bearing to the right (Radius equals 3766.72 feet); thence along the Arc a distance of 1000.72 feet to a point on curve; thence 011 a bearing of N49°11'31"W a distance of 42.00 feet to a point on curve having a Delta of 03°14'16" bearing to the right (Radius equals 3724.72 feet); thence along the Arc a distance of 210.48 feet to a point of compound curve having a Delta of 46°48'16" bearing to the right (Radius equals 508.11 feet); thence along the arc a distance of 415.07 feet to a point of tangent; thence on a bearing of N89°08'59"W a distance of 235.98 feet to a point on said East Right-of-Way of U.S. Interstate Highway Number 25; thence on a bearing of N00°51'01"E along said East Right-of-Way a distance of 26.84 feet; thence on a bearing of N89°08'59' W along said East Right-of-Way a distance of 80.16 feet; thence on a bearing of N 07°38'59"W along said East Right-of-Way a distance of 830.09 feet; thence on a bearing of N00°51'01"E along said East Right-of-Way a distance of 1165.23 feet to the true point and place of beginning.

Containing 65.485 acres, more or less.

B. Prevailing Site Conditions

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

The project site consists of an approximately 65 acre parcel of land and a 233,136 square foot building. The facility is currently being occupied by the Company which uses the site for its manufacturing operations.

C. Present Assessed Value

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

The present value of the property according to the Bernalillo County Assessor's office is \$9,975,800

D. Present and Proposed Zoning

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

The building is currently zoned for manufacturing.

E. Renewable Energy

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

The Company will not create or produce renewable energy from the facility. The Company anticipates using renewable energy in a manner consistent with its parent company's Energy Policy. More specifically, Jabil, the Company's ultimate parent, recognizes the importance of renewable energy as a vital solution in mitigating the threat of climate change. Renewable energy adoption represents a significant part of not only Jabil's energy goals but also its customers' sustainability goals. Many Jabil company sites have already made the switch to using renewable energy solutions, and Jabil continuously investigates how it and its affiliates and subsidiaries can integrate more renewables both on a site-by-site basis and as part of a global strategy. The Company would anticipate exploring all such renewable energy options with respect to Albuquerque facility.

### **III. PROJECT PLAN**

#### **A. Information Concerning Applicant**

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

Nypro Healthcare Baja Inc., a Nevada corporation, offers healthcare customers the widest array of design and manufacturing capabilities in the industry. With more than 40 years of experience, our highly-specialized teams meet the complex demands of the diagnostic, medical device, pharmaceutical, and consumer health markets, enabling the world's leading brands to fulfill their market potential. The Company's customer-focused services range from ideation to device development support, engineering, supply chain optimization, and device assembly operations, all at our purpose-built facilities that support stringent healthcare requirements and protect our customers' intellectual property. The Company began its operation in Albuquerque on February 25, 2019, through its acquisition of a business formerly operated by Johnson & Johnson Medical Devices Companies. Such predecessor business operated in Albuquerque for a number of years prior to its acquisition by the Company.

The Company is a wholly-owned subsidiary of Nypro Inc., which, in turn, is wholly owned by Jabil Inc. ("Jabil"). Jabil is a leading manufacturing services company headquartered in St. Petersburg, Florida, with operations around the world. Jabil serves customers in a variety of end-markets, including mobility, automotive, consumer lifestyle, consumer packaging, aerospace, defense, industrial, energy, instrumentation, medical, printing, telecom and enterprise infrastructure. Jabil is a publicly traded, US based company with financial information filed with the SEC. FY18 revenue was approximately \$22 billion. Jabil's annual reports are available on <https://investors.jabil.com/financial-information>.

The principal individuals who are involved with the financing and development of the Project are:

1. **John Silva**                      **Plant General Manager]**
2. **Christina Chavez**       **Work Cell Manager**

**Biographies of these individuals are attached hereto as Exhibit A.**

**B.        Tax Issues**

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

**The Company certifies that it has no outstanding substantive federal, state or local tax issues.**

**C.        Information Concerning Products and Process**

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

**The Facility will be manufacturing medical devices utilizing the 3D Additive technology. Secondary processes include CNC Machining, sterile packaging and sterilization. The final product will then be distributed from the Albuquerque plant.**

**Through Nypro, Jabil will be expanding it's growing healthcare division in Albuquerque. This is consistent with the diversification of Jabil's growing capabilities. Nypro's Albuquerque facility will expand Jabil's medical device research, design and production. As the brand behind the brand Jabil is careful to not disclose customers or products. All production will adhere to Federal, State and local regulation. Products from this facility will be used in medical facilities throughout the world. The Albuquerque facility will have special capabilities in packaging, sterilization and 3D printing**

**The proposed development will not generate air, noise, or waste pollution or traffic congestion.**

**D.        Competition**

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

**The Company has no known competition in the City with respect to the manufacture of medical devices.**

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

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

**In connection with the proposed Project, the Company will need to make certain renovations and improvements to the existing facility, however, such renovations are not expected to generate a significant number of construction jobs. As described herein, the Project is anticipated to create 120 new jobs by 2026. After the project is completed, the Company anticipates that its annual gross sales will increase by approximately 8%-10%.**

**F. Property Acquisition**

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

**The LEDA proceeds will not be used for the acquisition of real property. The Company currently leases the Project Site from a third party, The Company anticipates using LEDA proceeds to reimburse itself for costs associated with the Building Renovation.**

**G. Description of Proposed Development**

Describe any construction to be undertaken in the project, including square footage, construction type, and location of construction on the project site. Indicate whether existing buildings on the site will be rehabilitated or incorporated in the construction. Detail any demolition which will be required by the project, and indicate whether demolition involves any identified historic properties. If possible, attach a conceptual site plan and elevation (alternately, these may be presented at the Development Commission hearing). If project involves an existing facility, describe the facility.

**The Company anticipates investing approximately \$3.6 million in improving and renovating certain portions of the existing facility. More specifically, such improvements renovations will include the following:**

**DI Water installation  
Fire protection building improvements  
Air handling unit upgrades  
Floor replacement – Antistatic flooring**

**H. Infrastructure**

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

**The Project will not require any extension or relocation of utility or road systems.**

**I. Area Enhancement**

Describe how project design and placement will enhance the area.

**Renovations and improvements to the building will not require a significant redesign of the area. Accordingly, no changes to the area are anticipated.**



J. Local Purchasing

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

**The Company anticipates that in each year of its operation it will need to make \$8.6M of purchases locally for the general operation and maintenance of the facility.**

K. Water Conservation

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

**Current water usage at the facility is 15,000 gallons per day. The water usage for the site should increase to a maximum of 25,000 gallons per day for deionized water (DI) production and associated waste water by the year 2030. The initial and final clean lines will use the DI water and discharge waste water to a treatment system at a maximum rate of 9 gallons per minute. The waste water for the clean lines will then be treated for pH adjustment and sent to the Public Operating Treatment Works.**

L. Relocation of Individuals or Businesses

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

**No individuals, families, businesses will be displaced as the result of the operation of the Project.**

M. Number and Types of Jobs Created

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

- 1) What percentage of the permanent new jobs is expected to be filled by current Albuquerque area residents, as opposed to people relocated from elsewhere?
- 2) Will jobs benefit low and moderate income residents?
- 3) Will the jobs meet or exceed median wages for the industry within the community?
- 4) Will the jobs match skills of current city residents?
- 5) Will new employees be trained to fill the positions?
- 6) What stated advancement opportunities are there?
- 7) Will "Job Training Incentive Program" or other job training programs be used?
- 8) Will at least 50% of health insurance premiums be covered for employees?

**The Company expects that the first phase of the Project will be completed at the end of the first quarter of 2020 and that by the end of 2020 it will generate 40 jobs. The Company anticipates that by the end of the project in 2026, the Company will generate**

120 jobs. The jobs will be either production jobs, relating directly to the production of the components manufactured at the Project, or non-production jobs, including management, engineering, human resources, accounting and other functions necessary to the functioning of the Company and the Project, but not directly related to production. The Company will try to fill as many positions as possible with local residents, however, given the technical expertise required for certain position the Company may need relocate certain Jabil employees from out of state and/or recruit from out of state. The Company anticipates that it may need to relocate or recruit approximately 15-20% of the new employees from out of state.

The majority of jobs, 70 will be production jobs with an average annual salary of \$64,000 (including benefits). Production line worker jobs should benefit low and moderate income residents by providing them with opportunities for employment, training and growth within the Company. Depending on the role and individual applicants, jobs may match the skills of the current city residents. The opportunities for advancement will be reliant on business needs and on the performance and capabilities of the employee

The 50 remaining positions are non-production jobs with an average annual salary of \$92,000 (including benefits).

All these 120 jobs are considered full time positions, and come with extensive employee benefits. These benefits are more fully detailed on Exhibit B hereto. The Company intends to provide training to all new employees and to avail itself of the State's Job Training Incentive Program in connection with the training of its employees.

A more detailed breakdown of jobs and benefits is attached hereto as Exhibit B.

N. Corporate Citizenship Policy/Plan

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

*Jabil Cares*, our community outreach, volunteerism and corporate philanthropy platform, supports a localized strategy where sites are empowered to foster relationships with community organizations to maximize impact, charitable giving and employee volunteer opportunities. Jabil Cares focuses its efforts around specific causes related to *Education*, *Empowerment*, and the *Environment*, each detailed further below:

**Education.** Jabil supports education around specific issues such as living a healthy lifestyle and providing the tools and resources necessary for the next generation to succeed. Examples of our outreach efforts include Manufacturing Day events, supporting local robotics teams and ensuring children have the school supplies they need to foster their growth and intellectual curiosity.

**Empowerment.** Jabil believes in empowering others to help improve their lives and overcome challenges. This includes providing meals to the homeless, helping out at local orphanages, building homes for families in need and mentoring students to achieve their greatest potential

**Environment.** Jabil is committed to preserving the environment through reforestation efforts, recycling programs and the beautification of our local communities. Our employees are involved in neighborhood cleanups, tree plantings, habitat restoration and bike-to-work initiatives.

O. **Positive Contributions**

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

**The primary positive impact of the Project will be employment. The Project will create 120 job opportunities for residents of the City with possibilities for advancement within the Company. The Company is also pursuing partnerships with CNM and UNM in order to provide specialized technical training to students.**

P. **Management**

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

**The project will be managed by the Company. The Company officer overseeing the construction and operation of the Project is Christina Chavez, Work sale Manager.**

**IV. PROJECT FINANCING**

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

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

**The Company is requesting that the City issue its Bonds in the amount of \$36 million. The Project will be financed, and the proposed Bonds will be wholly purchased by a subsidiary or affiliate of the Company. The Company anticipates using the entire amount of the Bond proceeds to finance the equipping of the facility.**

**The Company has requested a total of \$1,000,000 of local economic development funds ("LEDA funds") from public entities to finance the renovation of the facility, with \$750,000 being requested from the State, and \$250,000 being requested from the City. Those funds will be used to finance and reimburse the company for costs associated with the renovation of the facility, subject to Council approval of the City LEDA Agreement. The Company anticipates that the total costs of the Building Renovation**

will be approximately \$3.6M. Any funds not covered by LEDA reimbursements will be paid by the Company or an affiliate, or from another source.

B. Estimated Value After Completion

Indicate the estimated appraised value of the project after completion.

**The estimated value of the Facility following the Building Renovation is \$12.5 million**

C. Feasibility

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

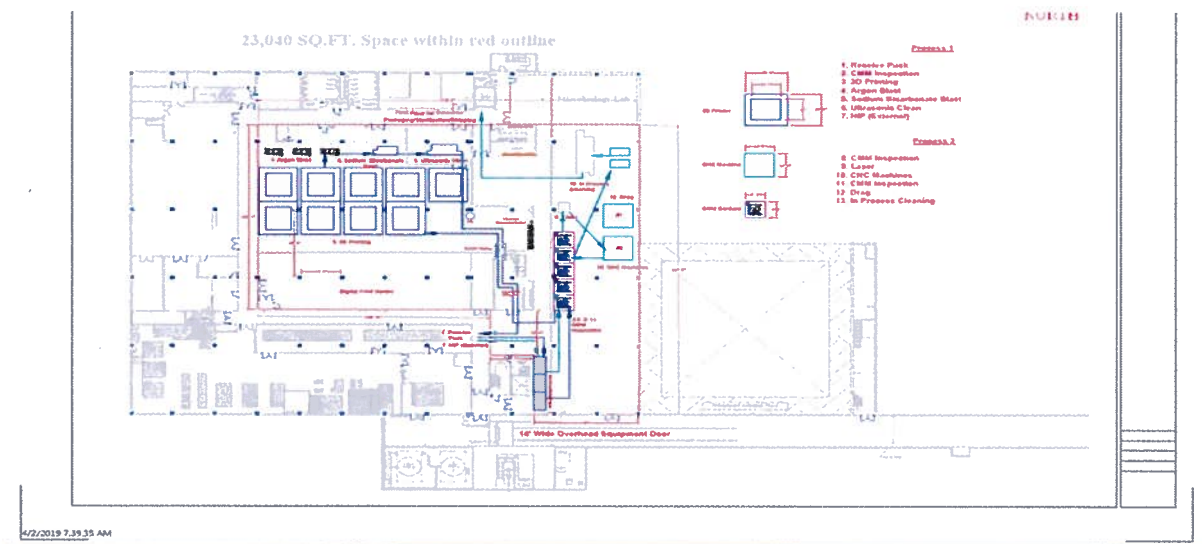
**Jabil, Inc., the parent of the Company, a well-established company with \$22 billion in revenues, is committed to financing the estimated full \$3.6 million cost of the Building Renovation.**

D. Construction Schedule

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

**The Company will commence renovating and making improvements to the facility in May 2019 and anticipates that such renovations will be done by December 2019.**

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





### Benefits Include:

<b>Medical Insurance</b>	PPO, HSA, HRA
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Dental Insurance PPO

### Vision Plan

### Disability Insurance

### 401K Savings Plan

### Employee Stock Purchase Plan

**Paid Time Off** 10-25 days based on time with company

**10 Paid Holidays**

### *Bereavement*

### Shift Differential

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

**August 15, 2019**

**LEDA-19-2:** Nypro Healthcare Baja. Project

**REQUEST:** Approval of \$250,000 in City Local Economic Development Act (LEDA) funds is requested.

**NOTE:** As amended regarding maintenance of total employment.

**PROJECT SUMMARY:** Nypro Healthcare Baja Project, a Nevada-headquarters providing a wide array of healthcare design and manufacturing services and products, is requesting Local Economic Development Act (LEDA) project assistance in the amount of \$250,000 from the City of Albuquerque to support the expansion of their business operations and upgrade their facility at 3801 University Boulevard SE in Albuquerque. LEDA funds are issued to support eligible economic development projects that meet established policies and plans. (The Company also is requesting assistance from the State for LEDA funds in the amount of \$750,000, for which the City would act as fiscal agent, but that transaction is not under review as part of this process. They have also requested industrial revenue bonds to assist with the purchase of \$36 million of advanced manufacturing equipment, but that will be analyzed separately.)

The Company plans to expand the business operations of a 233,136 square foot facility they have secured under a long-term lease from Ethicon/Johnson&Johnson, which has operated at that location since 1980 manufacturing medical devices. This Project results out of an internal site selection competition for their parent company Jabil, Inc., for a location to become their National Center of Excellence for 3-D and Advanced Manufacturing in the medical products field.

Nypro is a subsidiary of Jabil Inc., which is one of the world's largest contract manufacturing firms for medical products and devices for other companies (like Johnson&Johnson). As stated in their application, "Nypro Healthcare Baja Inc., a Nevada corporation, offers healthcare customers the widest array of design and manufacturing capabilities in the industry. With more than 40 years of experience, our highly-specialized teams meet the complex demands of the diagnostic, medical device, pharmaceutical, and consumer health markets, enabling the world's leading brands to fulfill their market potential. The Company's customer-focused services range from ideation to device development support, engineering, supply chain optimization, and device assembly operations, all at our purpose-built facilities that support stringent healthcare requirements and protect our customers' intellectual property."

The majority of the 120 new positions, 70 will be production jobs with starting average salaries of more than \$40,000 without benefits (\$20/hr) and an average annual salary of \$64,000 (including benefits). The 50 remaining positions are non-production jobs with an average annual salary of \$92,000 (including benefits). All these 120 jobs are considered full time positions, and come with extensive employee benefits. Employee benefits offered by the Company include competitive medical, dental, vision; disability insurance; 401K savings plan; employee stock purchase plan; paid time off; 10 paid holidays; bereavement leave and a shift differential. The Company has an on-site gym. The expansion of operations at the Albuquerque facility will also mean the retention of 364 existing positions at the facility.

The Company intends to provide training to all new employees and to avail itself of the State's Job Training Incentive Program in connection with the training of its employees. As indicated in the Company's Application, their goal is to have this facility become their National Center of Excellence for 3-D and Advanced Manufacturing for a wide variety of customers in the medical device manufacturing fields or possibly other areas. They have indicated they would like to add another 120 employees in 2026 and beyond, but that goal is not under evaluation here. This was an internal competitive site selection process with another Jabil facility in Colorado.

The Company expects to spend approximately \$3.6 million on tenant improvements and expects to work with the landlord to have the work done by local contractors. The Company expects to continue to spend at least \$8.6 million on local goods and services, with annual increases of 5-10%.

The facility has a long, successful history in Albuquerque as a significant medical device manufacturing location with a stellar workforce, bolstered over the years by the strong corporate ethics and values of Ethicon/J&J. It is located at the south end of University Boulevard, just south of UNM's south golf course, and between the International Sunport and I-25. Under the City of Albuquerque's Integrated Development Ordinance (IDO), the site is zoned NR-GM to encourage Non-Residential Manufacturing development in areas not adjacent to residential uses in Albuquerque. The proposed use of the facility by the Company would not require a change in zoning. There are no particular environmental impacts associated with this Project.

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

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

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

**B. A commercial enterprise for storing, warehousing, distributing or selling products of agriculture, mining or industry, but not including any enterprise for sale of goods or commodities at retail or for the distribution to the public of electricity, gas, water or telephone or other services commonly classified as public utilities, except as provided by paragraph E of this definition;**

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

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



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

This project includes a fiscal impact analysis prepared by the University of New Mexico’s Bureau of Business and Economic Research (BBER). The fiscal impact determination of the Project is from information the Company provided. The analysis shows that the company will be making a substantive contribution to the community.

This Project is a little different in that it meant the retention of 364 jobs, plus the addition of 120 new high value positions. While there were never any stated plans to reduce the Albuquerque operations, this internal competitive site selection process by the new company was extremely critical for positioning Albuquerque with the new owners to become their national Center of Excellence for 3-D and Advanced Manufacturing. The fiscal impact analyses were conducted in three ways: 1) just showing the impact of the IRB; 2) just showing the impact of the LEDA incentive; and 3: showing the implications and combined impacts. Separate reviews and approvals are required for each part. Each of the incentives analyses shows a positive economic impact. And while the future combined tax revenue benefits for both the IRB and LEDA incentives may take a couple of more years to turn the Project positive, this is a long term investment for the community as well, additionally secured by our sound incentive protection policies. It is also a terrific testament to the employees at this facility who have successfully undergone many changes and competitive restructurings over nearly 40 years.

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

#### **FINDINGS:**

1. LEDA 19-2 is a qualified project as defined by the State’s Local Economic Development Act and the City enabling legislation (F/S O-04-10); and
2. LEDA 19-2 would make positive substantive contributions to the local economy and community by retaining more than 360 high-quality manufacturing jobs and adding another 120; and
3. Subject to the development of acceptable Security documents, LEDA 19-2 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives, including remaining in operation for ten years; and
4. LEDA 19-2 will position the Albuquerque manufacturing facility of Nypro/Jabil as a National Center of Excellence for 3-D and Advanced Manufacturing.
5. Subject to the development of acceptable Security documents, LEDA 19-2 would adequately meet the evaluation criteria established by the City for Local Economic Development Act projects, including the requirement that the City recoup the value of its investment within ten years.



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

## **I. PROJECT ELIGIBILITY**

### **1. QUALIFYING ENTITY**

City enabling legislation (F/S O-04-10), as well as the State Local Economic Development Act, establishes a definition for a "Qualifying Entity" eligible for LEDA funding assistance.

NyproInc. qualifies under the Act and the Ordinance by meeting the following definition:

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

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

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

**B. A commercial enterprise for storing, warehousing, distributing or selling products of agriculture, mining or industry, but not including any enterprise for sale of goods or commodities at retail or for the distribution to the public of electricity, gas, water or telephone or other services commonly classified as public utilities, except as provided by paragraph E of this definition;**

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

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

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

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

**(4) Manufacturing firms (including intellectual property such as computer software);**

**(5) Projects which enhance the exporting capacity of companies and/or provide goods and services which currently have to be imported into Albuquerque;**

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

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

### **1. PLAN & ZONING:**

The proposed project is located at 3801 University Boulevard SE, Albuquerque, NM. The project is more particularly described as:

TRACT B SUMMARY PLAT6 OF LANDS OF THE UNIVERSITY OF NEW  
MEXICO SEC 9 T9N R3 E CONT 65.485 AC

The site is zoned NR-GM, for Non-Residential Manufacturing under the new Integrated Development Ordinance (zoning code). As stated in the IDO, "The purpose of the NR-GM zone district is to accommodate a wide variety of industrial, manufacturing, and heavy commercial uses, particularly those with noise, glare, or heavy traffic impacts, in areas separated from Residential and Mixed use areas and less intense, lighter impact businesses." Nypro does not have any surrounding residential areas, and has, in fact, few other impacts (more fully described in other sections).

### **2. LAND USE:**

The Project will occupy an existing manufacturing facility of approximately 233,136 rentable square feet of office, manufacturing, warehousing and distribution space. The building was constructed in 1980 for Ethicon, a subsidiary of Johnson&Johnson for medical device manufacturing. J&J continues to own the facility, and has leased the facility to Nypril/Jabil February 2025, with the expectation of selling the facility to them at the end of that time.

The Company is a medical device manufacturing company, which provides contract manufacturing services to a wide variety of companies across the country. The Albuquerque Site will be manufacturing medical devices utilizing the 3D Additive technology. Secondary processes include CNC machining, Sterile Packaging, and Sterilization. The final products will then be distributed from the Albuquerque plant.

The facility sits on a bluff overlooking the I-25 freeway to the west. Just to the north is the University of New Mexico's South Golf Course, and to the south is vacant land. Across University to the east is vacant land that is part of the Albuquerque International Sunport. Although not be covered under the IRBs, the Company anticipates investing approximately \$3.6 million in improving and renovating certain portions of the existing facility. More specifically, such improvements renovations will include the following:

- DI Water installation
- Fire protection building improvements
- Air handling unit upgrades

Floor replacement – Antistatic flooring

The impact on existing industry and commerce after construction is anticipated to be favorable. The project will likely be awarded to local construction companies, infusing capital into the local economy. More detail is provided in the fiscal impact analysis.

The project would support: a) An Economic Development Strategy for Albuquerque/Bernalillo County to attract, develop and retain responsible and responsive businesses; nourish expansion of existing and new local businesses; and emphasize economic base companies; and b) The Comprehensive Plan Economic Development Policies to: encourage expansion of export-based business to customers across the country that strengthen the economy; encourage prospective employers willing to hire local residents and able to diversify the employment base; development of local business enterprises as well as the recruitment of outside firms. The project also supports the economic development priorities and objectives of the City's Local Economic Development Act.

The Nypro Healthcare Project further supports the Economic Development Department's criteria for the use of incentives with by Leveraging our Core Assets, Focusing on High-Growth Specialties, Supporting Focused and Positive ROI Projects, and retaining more than 300 Economic Base employees and adding another 120 in high quality positions.

3. INFILL:

The project involves an existing building constructed in 1980, which has undergone a number of upgrades and renovations over the years. The Application provides a map of the area. As mentioned above, no extension or relocation of utility or road systems is anticipated. There are adequate utilities and roads to the facility.

4. DESIGN AND CONSERVATION:

The facility is an existing facility with suitable mature landscaping. It has been kept in exceptionally good condition and repair over the years as it has undergone a number of renovations and improvements, to maintain its high-quality FDA-certified status with product sterilization capabilities for medical device manufacturing.

The company has stated that the water usage for the site should increase to a maximum of 13,000 gallons per day for deionized water (DI) production and associated waste water, which is well below what is considered a "large water user." The initial and final clean lines will use the DI water and discharge waste water to a treatment system at a maximum rate of 9 gallons per minute. The waste water for the clean lines will then be treated for pH adjustment and sent to the Public Operating Treatment Works.

They have also stated that they have a general company commitment to preserving the environment through reforestation efforts, recycling programs and the beautification of our local communities. At other facilities employees are involved in neighborhood cleanups, tree plantings, habitat restoration and bike-to-work initiatives.

No historic properties are involved.

No individuals, families, or businesses will be displaced by the activities outlined in this plan. The project is to be located within an existing manufacturing facility.

5. RENEWABLE ENERGY:

The Company will not create or produce renewable energy from the facility. The Company anticipates using renewable energy in a manner consistent with its parent company's Energy Policy. More specifically, Jabil, the Company's ultimate parent, recognizes the importance of renewable energy as a vital solution in mitigating the threat of climate change. Renewable energy adoption represents a significant part of not only Jabil's energy goals but also its customers' sustainability goals. Many Jabil company sites have already made the switch to using renewable energy solutions, and Jabil continuously investigates how it and its affiliates and subsidiaries can integrate more renewables both on a site-by-site basis and as part of a global strategy. The Company would anticipate exploring all such renewable energy options with respect to the Albuquerque facility.

In addition, Jabil has stated their commitment to preserving the environment through reforestation efforts, recycling programs and the beautification of their local communities. Their employees are involved in neighborhood cleanups, tree plantings, habitat restoration and bike-to-work initiatives.

### III. ECONOMIC BENEFITS

6. COMPETITION:

There does not appear to be any local competition for the contract medical device manufacturing services, or the products manufactured.

7. JOBS:

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

Job growth will occur over approximately seven years, adding 120 new positions to the existing 364 positions, over a variety of production and non-production positions. The Company expects that the first phase of the Project will be completed at the end of the first quarter of 2020 and that by the end of 2022 it will have generated 74 jobs. The Company anticipates that by the end of the project in 2026, the Company will generate 120 jobs. The jobs will be either production jobs, relating directly to the production of the components manufactured at the Project, or non-production jobs, including management, engineering, human resources, accounting and other functions necessary to the functioning of the Company and the Project, but not directly related to

production. The Company will try to fill as many positions as possible with local residents, however, given the technical expertise required for certain position the Company may need relocate certain Jabil employees from out of state and/or recruit from out of state. The Company anticipates that it may need to relocate or recruit approximately 15-20% of the new employees from out of state.

The majority of jobs, 70 will be production jobs with starting average salaries of more than \$40,000 without benefits (\$20/hr) and an average annual salary of \$64,000 (including benefits). Production line worker jobs should benefit low and moderate income residents by providing them with opportunities for employment, training and growth within the Company. Depending on the role and individual applicants, jobs may match the skills of the current city residents. The opportunities for advancement will be reliant on business needs and on the performance and capabilities of the employee. The 50 remaining positions are non-production jobs with an average annual salary of \$92,000 (including benefits).

All these 120 jobs are considered full time positions, and come with extensive employee benefits. These employment classifications, salaries, and benefits are more fully detailed below and attached as an exhibit to the Application. The Company intends to provide training to all new employees and to avail itself of the State's Job Training Incentive Program in connection with the training of its employees. As indicated in the Company's Application, their goal is to have this facility become their National Center of Excellence for 3-D and Advanced Manufacturing for a wide variety of customers in the medical device manufacturing fields or possibly other areas. They have indicated they would like to add another 120 employees in 2026 and beyond, but that goal is not under evaluation here.

## LEDA 19-2: Nypro Healthcare Baja Project

Cumulative Total Year after Year										
	Function/Item						Average Salary	Salary Range	Average Benefits	Total Average Salary w/benefits
		2020	2021	2022	2026	2030				
Work cell Staff Costing	Direct Labor - Wage	14	14	41	82	120	\$ 41,600.00	\$ 29,120.00 \$ 54,080.00	\$ 22,000.00	\$ 63,600.00
	Quality Engineers	1.00	1.00	1.00	2.00	3.00	\$ 82,500.00	\$ 57,000.00 \$ 108,000.00	\$ 22,000.00	\$ 104,500.00
	Quality Techs	4.00	4.00	5.67	9.50	15.17	\$ 41,600.00	\$ 29,120.00 \$ 54,080.00	\$ 22,000.00	\$ 63,600.00
	Lead Test Engineer	1.00	1.00	1.00	1.00	1.00	\$ 82,500.00	\$ 57,000.00 \$ 108,000.00	\$ 22,000.00	\$ 104,500.00
	Test Engineers	-	-	1.00	2.00	2.00	\$ 66,500.00	\$ 46,000.00 \$ 87,000.00	\$ 22,000.00	\$ 88,500.00
	Test Techs-Functional	4.00	4.00	5.67	9.50	15.17	\$ 41,600.00	\$ 29,120.00 \$ 54,080.00	\$ 22,000.00	\$ 63,600.00
	Line Managers	1.00	1.00	1.00	1.00	1.00	\$ 82,500.00	\$ 57,000.00 \$ 108,000.00	\$ 22,000.00	\$ 104,500.00
	Mfg Supervisors/MIT	3.00	3.00	3.00	6.00	6.00	\$ 69,000.00	\$ 48,000.00 \$ 90,000.00	\$ 22,000.00	\$ 91,000.00
	Project Eng Itr-1	1.00	1.00	2.00	2.00	1.00	\$ 55,000.00	\$ 38,000.00 \$ 72,000.00	\$ 22,000.00	\$ 77,000.00
	Mfg Eng Itr-2	1.00	1.00	2.00	3.00	3.00	\$ 66,000.00	\$ 45,000.00 \$ 87,000.00	\$ 22,000.00	\$ 88,000.00
	Mach Support Techs Itr-3	4.00	4.00	5.67	9.50	15.17	\$ 50,960.00	\$ 35,360.00 \$ 66,560.00	\$ 22,000.00	\$ 72,960.00
	Materials Supervisors	0.25	0.25	0.25	0.50	1.00	\$ 68,500.00	\$ 47,000.00 \$ 90,000.00	\$ 22,000.00	\$ 90,500.00
	Buyers	1.00	1.00	1.00	2.00	2.00	\$ 82,500.00	\$ 57,000.00 \$ 108,000.00	\$ 22,000.00	\$ 104,500.00
	PC Analysts	0.50	0.50	0.50	1.00	1.00	\$ 118,000.00	\$ 81,000.00 \$ 155,000.00	\$ 22,000.00	\$ 140,000.00
	Inventory Control	3.00	3.00	3.00	3.00	3.00	\$ 41,600.00	\$ 29,120.00 \$ 54,080.00	\$ 22,000.00	\$ 63,600.00
	Workcell Manager	0.50	0.50	0.50	1.00	1.00	\$ 102,000.00	\$ 70,000.00 \$ 134,000.00	\$ 22,000.00	\$ 124,000.00
	IL Count	25.25	25.25	33.25	53.00	70.50				
	IL+DL Count	39.25	39.25	74.00	135.00	190.50				
Benefits Include:										
Medical Insurance		PPO, HSA, HRA								
Dental Insurance		PPO								
Vision Plan										
Disability Insurance										
401K Savings Plan										
Employee Stock Purchase Plan										
Paid Time Off		10-25 days based on time with company								
10 Paid Holidays										
Bereavement										
Shift Differential										

The Project involves the use of an existing facility and is continuing with more than 360 existing retained jobs.

- 1) The Company reasonably anticipates that 80-85% of permanent new jobs will be filled by current Albuquerque residents.
- 2) Yes, jobs could benefit lower and moderate income residents. Nypro is likely to be looking for job candidates with some experience, but the manufacturing technician jobs do not require a college degree.
- 3) Yes, jobs will meet the median wages for the industry within the community.
- 4) Yes, the Company believes that the Albuquerque workforce contains significant potential to adequately fulfill all of their business needs. In fact, Nypro/Jabil went above and beyond to create incentive compensation packages to retain many of the skilled long-time workers previously employed by Ethicon/J&J. The Company also invests heavily into training each and every single employee to confidently perform the responsibilities required by their positions.

- 5) Yes, as stated above, new employees will be trained for their respective positions and will continue to receive professional education during their career at Nypro.
- 6) Nypro employees have the potential to advance their careers as business needs expand. Employees amongst all ranks will have equal opportunities to seek, utilize, and work towards these career advancements.
- 7) Yes, the Company anticipates utilizing the “Job Training Incentive Program” to assist with their corporate training.
- 8) Yes, at least 50% of health insurance premiums will be covered by the company.

Employee benefits offered by the Company include competitive medical, dental, vision; disability insurance; 401K savings plan; employee stock purchase plan; paid time off; 10 paid holidays; bereavement leave and a shift differential. The Company has an on-site gym.

The Company anticipates an annual payroll of approximately \$9 million by 2025.

#### 8. LOCAL PURCHASES

The Company anticipates spending \$3.6 million on tenant improvements. Annual expenditures at the existing facility have been \$8.6 million and they anticipate that amount could increase 5%-10% annually for utilities and other local operating expenses that might be subject to gross receipts taxes.

All project costs will be funded internally by Jabil Inc., a vast-reaching multinational corporation with more than \$22 billion in annual revenues. Additional information on the company is contained in Section 10.

### IV. PROJECT FEASIBILITY

#### 9. COST/ FEASIBILITY/ FINANCING:

As stated above, the Company intends to spend approximately \$3.6 million in facility upgrades and renovations with completion and occupancy planned in 2019.

Upon completion of the project, the estimated appraised value of the facility is anticipated to be greater than the current assessed value of \$9,975,800, due to the probable re-valuation by the Assessor after the purchase by the new owners and the \$3.6 million of real property improvements.

Funding is subject to City Council approval. Nypro is responsible for their own and the City's fees related to the LEDA applications and associated legal or other administrative fees, including the fiscal impact analysis.

10. DEVELOPER'S RECORD:

As stated in their application, "Nypro Healthcare Baja Inc., a Nevada corporation, offers healthcare customers the widest array of design and manufacturing capabilities in the industry. With more than 40 years of experience, our highly-specialized teams meet the complex demands of the diagnostic, medical device, pharmaceutical, and consumer health markets, enabling the world's leading brands to fulfill their market potential. The Company's customer-focused services range from ideation to device development support, engineering, supply chain optimization, and device assembly operations, all at our purpose-built facilities that support stringent healthcare requirements and protect our customers' intellectual property."

Further information from the company's website states:

The Nypro Engineering and Technology (NET) group services the world's leading healthcare customers from early research and design, to product development and test, new product introduction and into a seamless transition to full scale manufacturing. Customers who utilize the NET services gain access to cutting-edge technologies, experts in product and process design and experience an overall accelerated time to market.

The NET team consists of Program Managers, Supply Chain Managers, System Architects, Engineers (Mechanical, Electrical, Software, Firmware, DfX, Test, Verification Reliability, etc.), experts in Quality, Tooling, Materials and more.

Core capabilities include:

- Product Architecture and Development
- Power Solutions
- Sensors, Optics and Cameras
- Wireless Technologies
- Human Machine Interface
- Adhesives, polymers, material science
- Textiles, Lamination Processes
- Molding, Extrusion and Tooling
- Dfx and Product Launch Support
- DfMold and Mold Flow Analysis
- Data Solutions, Apps and Dashboards
- Fluidics and Microfluidics
- Additive Manufacturing (Printed Electronics and 3DP)
- Thermal Analysis and Simulation
- Factory Automation

Product Domains includes:

- Analytical Instrumentation – Chromatography and Spectroscopy
- Anesthesia & Respiratory Devices
- Diagnostic Imaging
- Blood Management
- Cardiovascular/Neurology Products – External and Implanted



Dental Equipment  
Diabetes Care  
ENT Devices  
Infusion Systems  
Pharmaceutical Drug Delivery Devices – Injection & Inhalation  
IVD Point of Care and Molecular Diagnostics  
Medical Dispensing Systems  
Minimally Invasive Devices/Catheters  
Ophthalmology  
Patient Monitoring  
Sterilization and Disinfection  
Surgical Devices  
Test and Measurement  
Wearables – Consumer and Clinical  
Wound Care Management

The Company is a wholly-owned subsidiary of Nypro Inc., which, in turn, is wholly owned by Jabil Inc. (“Jabil”). Jabil is a leading manufacturing services company headquartered in St. Petersburg, Florida, with operations around the world. Jabil serves customers in a variety of end-markets, including mobility, automotive, consumer lifestyle, consumer packaging, aerospace, defense, industrial, energy, instrumentation, medical, printing, telecom and enterprise infrastructure. Jabil is a publicly traded, US based company with financial information filed with the SEC. FY18 revenue was approximately \$22 billion. Jabil’s annual reports are available on <https://investors.jabil.com/financial-information>.

11. EQUITY:

The funds will be used to purchase advanced manufacturing equipment and will be wholly financed by the Company or an affiliate/subsidiary.

Based on financial information provided, the Company appears capable of managing and completing the Project.

12. MANAGEMENT:

The principal individuals who are involved with the financing and development of the Project are:

1. John Silva                      Project General Manager]
2. Christina Chavez          Work Sale Manager

Biographies of these individuals are attached in the Application.

John Silva has risen through the ranks on-site at the facility for decades, while also serving at times at other J&J facilities.

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

### 13. FISCAL IMPACT ANALYSIS

This Project includes an impact analysis prepared by the University of New Mexico's Bureau of Business and Economic Research (BBER) as required given the project is a recipient of City funds.

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

## V. PROJECT PARTICIPATION AGREEMENT

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

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

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

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

1. COMPANY CONTRIBUTION

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

The renovation and improvement of healthcare manufacturing facilities in southeast Albuquerque, totaling 233,3136 square feet, which improvements will allow Nypro to increase its medical device design and manufacturing operations (the "Facility");

Nypro leases the facility from the property owner with a lease extending through February 2025. Upon the expiration of the Lease, the Company is, subject to certain conditions set forth under the lease, obligated to purchase the facility from the landlord;

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

Employment: (i) as measured as of the close of business on December 31, 2020 of at least 39 new full-time employees, (ii) as measured as of the close of business on December 31, 2026 of at least 120 new full-time employees. The jobs will be either production jobs (70 jobs), relating directly to the production of the components manufactured at the Project, or non-production jobs (50 jobs), including management, engineering, human resources, accounting and other functions necessary to the functioning of the Company and the Project, but not directly related to production. The production jobs will have an average salary of \$64,000 (including benefits) and the non-production jobs will have an average salary of \$92,000 (including benefits). The 120 new jobs will be in addition to the 364 jobs currently at the facility;

The Company must maintain at least 436 employees, 90% of the 484 total employees after the Company's addition of 120 new positions by 2026, between the period of January 1, 2027 through December 31, 2029 or be subject to a clawback of LEDA funds provided; and

The Nypro Application clearly demonstrates that the Company, by completing the Project, will be making many substantive contributions to the community, as required by the LEDA Ordinance.

Goals and Objectives. The goals and objectives of the Project are to create and support an economic development project that fosters, promotes and enhances local economic development efforts. The goal is that the Project will provide job growth and career

opportunities for Albuquerque-area residents and otherwise make a substantive contribution to the community as set forth in this Agreement and in the Nypro Application.

Company Contribution. Nypro will complete certain renovations and improvements to the Facility; will occupy and operate the Facility and will use the Facility for its medical device design and manufacturing operations; and will hire and retain employees as contemplated by this Agreement, all in accordance with the schedule and other terms and conditions set forth in this Agreement. Nypro will maintain the Project's operations in Albuquerque for a minimum of ten (10) years as required by the City's LEDA Ordinance. Nypro will comply with all applicable laws in connection with the operation of the Facility and will timely pay all personal property taxes with respect thereto

The State Contributions; Procedure for Disbursement of the State Contributions. The City anticipates that the State Contribution of up to \$750,000 will be delivered to the City for subsequent disbursement to Nypro, following enactment of the Nypro LEDA ordinance and execution of this Agreement and an intergovernmental agreement between the State and the City. The City will submit an invoice to the State and request transfer of the State funds. Upon receipt, the City will place the State Contribution into a separate account established in connection with the Project, as required by law. If, and only if, the City receives the State Contribution, the City will disburse the State Contribution to Nypro in the manner described in this Agreement. The City will disburse an initial funding of \$500,000 of State funds to reimburse eligible facility construction expenses related to facility upgrades and renovations (but not including the reimbursement of what would be considered equipment or personal property), after an initial increased employment of at least 39 full time people above the current level of 364 employees. The City will disburse the remaining \$250,000 of eligible construction expenses after the hiring of at least a total of 74 new full-time employees above the current level of 364.

The City Contribution. Pursuant to the Project Ordinance and the LEDA Ordinance, the City has committed the amount of \$250,000 to be used in connection with the Project. As required by the LEDA Ordinance, the City will deposit the proceeds of the City Contribution into a clearly identified separate account, which account will be subject to an annual independent audit. The City will disburse funding of \$250,000 of City LEDA funds to reimburse eligible facility construction expenses related to facility upgrades and renovations (but not including the reimbursement of what would be considered equipment or personal property), after an initial increased employment of at least 39 full time people above the current level of 364 employees.

Time Commitment. Nypro is expected to complete certain renovations and improvements to the Facility by December 31, 1919. Continued expansions of hiring and operations at the Facility to begin following adoption of the City legislation or as soon thereafter as possible. Nypro will continue to occupy the Facility and diligently conduct operations in the Facility in the manner contemplated by this Agreement at least through December 31, 2029.

Use of Public Contributions. Nypro will be eligible for reimbursement of up to \$1,000,000 for costs of tenant improvements actually incurred after the date hereof and paid for, subject to the receipt by the City of the State Contribution. The City will make payment to Nypro following submission to the City of documentation satisfactory to the City evidencing payment of tenant improvements with respect to the Project. No Project funds will be used to

reimburse expenses from any individuals or a company that has a financial interest in Nypro or its employees.

Job Commitment and Clawbacks. Nypro anticipates adding to its current level of 364 full-time employees by the full 120 additional positions by 2026. (While not a requirement of this agreement, the company believes that its positioning as a National Center of Excellence for 3-D and Advanced Manufacturing could lead to an additional 120 employees by the end of 2030.)

A. Number of Jobs. Nypro will employ above its current employment level (i) at least 39 new full-time employees, as measured as of the close of business on December 31, 2020, (ii) an additional 74 employees at close of business December 31, 2022; and at least 120 new full-time employees, as measured as of the close of business on December 31, 2026, for a total of 484. The 120 new jobs will be either production jobs (70 jobs), relating directly to the production of the components manufactured at the Project, or non-production jobs (50 jobs), including management, engineering, human resources, accounting and other functions necessary to the functioning of the Company and the Project, but not directly related to production. Thereafter, Nypro will maintain at least 436 full-time jobs through December 31, 2029 (90% of the 484 combined existing and new employees as measured on average for the preceding year on an annual basis (the “Jobs”). A Job will represent an employment position for a person for at least one pay period consisting of at least 32 hours of work per week and offering the employee the full range of benefits offered to other similarly situated Nypro employees from time to time. Positions filled by contract, part-time and temporary workers will not be considered Jobs. All references herein to “employees” mean employees in Jobs as contemplated by this Section 7.A.

B. Wages and Benefits. The production jobs will have an average salary of \$64,000 (including benefits) and the non-production jobs will have an average salary of \$92,000 (including benefits). Nypro anticipates that the Jobs will fall within the wage ranges and will come with the benefits shown on Exhibit B. However, failure to meet the wage and benefit projections shown on Exhibit B shall not constitute an Event of Default (defined below) or form the basis for any clawback payment.

C. Performance Clawbacks. If Nypro does not employ 484 of the required number of full-time employees by December 31, 2026 as set forth in Section 7.A herein, then subject to the remainder of this Section 7.C, Nypro will repay to the City, within sixty (60) days of the due date of the annual report referred to in Section 11 below, ten percent (10%) of the total amount of the City Contribution and State Contribution paid on behalf of Nypro pursuant to this Agreement to the date of repayment (the “Performance Clawback”). A Performance Clawback would be due to the City annually for any year after 2026 up to December 31, 2029, that Nypro fails to maintain 436 employees, the 10% Performance Clawback will be payable within sixty (60) days of the due date of the annual report referred to in Section 11 below.

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

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

If the City determines that Business Climate Changes affect Nypro's ability to maintain employment levels, it may waive or modify the Performance Clawback, but only related to the City Contribution and the City shall consult with the State EDD as to any potential waiver of the Performance Clawback or a portion thereof related to the State Contribution. Any Performance Clawback due will be paid within 15 days after the City notifies Nypro of its decision or the decision of the State EDD. If Nypro does not attribute the failure to meet employment requirements to Business Climate Changes, the payment of any Performance Clawback due will be submitted to the City within ten (10) days after the due date of the annual report reflecting the failure to maintain the required employment level.

D. Project Closure Clawback. Should Nypro cease operation, or notify the City of its intent to cease operation, of the Project (i.e., cease to conduct operations at the Project) before December 31, 2029, Nypro shall, within ninety (90) days of the cessation of operations, pay to the City, in cash, an amount equal to a specified percentage of the amount of the City Contribution and State Contribution paid pursuant to this Agreement, with the specific percentage based on the date of cessation of operations in accordance with the following table:

Date of Cessation of Operations	Percent of Public Contributions to be Repaid
On or before December 31, 2024	100%
From January 1, 2025 through December 31, 2026	60%
From January 1, 2027 through December 31, 2027	30%
From January 1, 2028 through December 31, 2028	20%
From January 1, 2029 through December 31, 2029	10%

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

E. Maximum Clawback; Unpaid Payments. Notwithstanding anything herein to the contrary, the maximum aggregate clawback payable hereunder will be \$1,000,000, not including interest. Any clawbacks not paid when due shall bear interest at the Prime Rate plus 2% per annum from the due date until paid. "Prime Rate" means the U.S. prime rate as reported from time to time in *The Wall Street Journal* in its Bonds, Rates and Yields table, or successor table.

Security. To secure the performance of its obligations under this Agreement, Nypro has provided the City an acceptable form of security in favor of the City.

Events of Default and Remedies.

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

B. Notice of Event of Default. If any Event of Default occurs, the City shall notify Nypro in writing, and Nypro shall have thirty (30) days in which to cure such Event of Default. If the Event of Default is not cured within such thirty-day period, the City shall have and may exercise any remedies available at law or in equity.

Fees. Nypro will promptly pay or reimburse the City for all reasonable third-party expenses incurred by the City in connection with this Agreement and the Project, provided, however, that Nypro shall not be liable for costs incurred by the City that are the responsibility of the City in the ordinary course of business. If so determined by the City, in its sole discretion, such third-party expenses may be offset against or reimbursed from the City Contribution or the State Contribution. Although the City does not anticipate incurring significant third-party expenses during the term of this Agreement, such expenses could include, without limitation, expenses associated with performance reviews or audits with respect to the Project and legal fees for outside counsel in the event of any proposed amendment to this Agreement or any necessary enforcement action with respect to this Agreement.

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

Additionally, the Project will submit employment information quarterly in a form as required by the State Economic Development Department.

**FINDINGS:**

1. Nypro is a qualified entity as defined by the State's Local Economic Development Act and the City enabling legislation (F/S O-14-10; and
- 2 LEDA 19-2 would make positive substantive contributions to the local economy and community by retaining more than 360 high-quality manufacturing jobs and adding another 120; and
3. Subject to the development of acceptable security documents, LEDA 19-2 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives, including the requirement to operate for at least ten years; and
4. LEDA 19-2 will position the Albuquerque manufacturing facility of Nypro/Jabil as a National Center of Excellence for 3-D and Advanced Manufacturing.
5. Subject to the development of acceptable security documents, LEDA 19-2 would adequately meets the evaluation criteria established by the City for Local Economic Development Act projects, including the requirement that the City recoup the value of its investment within 10 years.

**STAFF RECOMMENDATION:**

Based on the above findings, staff recommends approval of LEDA 19-1 as proposed in the project plan application.

Deirdre M. Firth, Deputy Director  
Economic Development Department



Table 2. IRB Analysis: Estimated Tax Revenues for Proposed Nypro Project, Including Incremental Tax, Present Value of City Taxes and Net Tax Increment, and Cumulative Net Present Value by Year (\$-dollars)

Percent Abatement:		95%		(Personal Property)															
Percent Occurring In ABQ:		75%		(HH consumption, company expenditures, employee property tax)															
	City Donation	Gross Receipts Taxes (GRT)					Property Tax				Other Taxes	Total Revenues	Foregone			City Costs	Fiscal Impact		
		Company Employees	Indirect and Induced Employees	Company Purchases	Construction G&S	Construction Employees	Real (Company)	Personal (Company)	Real (Employees)	Real Property Tax			Personal Property Tax	GRT	Annual		Present Value	Cum.	
2019	-	-	-	-	100,350	4,973	13,824	2,496	-	-	121,643	-	47,424	-	-	74,219	74,219	74,219	
2020	-	10,640	7,687	8,990	-	-	14,100	4,059	1,809	597	47,882	-	77,129	-	8,011	(37,258)	(36,332)	37,888	
2021	-	14,281	10,249	9,169	-	-	14,382	3,429	2,397	791	54,699	-	89,143	-	10,814	(21,059)	(20,024)	17,863	
2022	-	32,553	12,811	9,353	-	-	14,670	2,798	3,030	1,000	76,214	-	93,157	-	13,418	9,640	8,938	28,802	
2023	-	39,161	15,373	9,540	-	-	14,964	2,167	3,618	1,194	86,016	-	41,170	-	18,022	28,824	26,062	82,864	
2024	-	45,685	17,935	9,731	-	-	15,263	1,936	4,206	1,388	95,744	-	29,184	-	18,029	47,939	42,264	95,128	
2025	-	52,293	20,497	9,925	-	-	15,568	3,401	4,794	1,582	108,061	-	64,622	-	21,229	22,210	19,096	114,224	
2026	-	58,699	23,060	10,124	-	-	15,879	2,414	5,427	1,791	117,394	-	49,861	-	24,032	47,601	39,825	154,049	
2027	-	60,240	23,521	10,326	-	-	16,197	1,783	5,535	1,827	119,430	-	33,874	-	24,513	61,042	49,909	203,954	
2028	-	61,812	23,991	10,533	-	-	16,521	1,426	5,646	1,864	121,793	-	27,099	-	25,003	69,690	59,958	259,912	
2029	-	63,415	24,471	10,744	-	-	16,851	1,070	5,759	1,901	124,211	-	20,325	-	25,903	78,383	60,934	320,447	
2030	-	65,050	24,960	10,958	-	-	17,188	713	5,874	1,939	126,684	-	13,550	-	26,013	87,121	66,043	386,490	
2031	-	66,718	25,460	11,178	-	-	17,532	357	5,992	1,978	129,214	-	6,775	-	26,534	95,905	70,895	457,385	
2032	-	68,419	25,969	11,401	-	-	17,883	-	6,111	2,017	131,801	-	-	-	27,064	104,737	76,498	532,883	
2033	-	70,155	26,488	11,629	-	-	18,240	-	6,234	2,058	134,804	-	-	-	27,606	107,193	79,391	608,233	
2034	-	71,925	25,530	11,862	-	-	18,609	-	6,358	2,099	136,379	-	-	-	28,158	108,221	74,178	682,412	
2035	-	73,730	25,936	12,099	-	-	18,977	-	6,486	2,141	139,369	-	-	-	28,721	110,648	73,936	756,368	
2036	-	75,572	26,351	12,341	-	-	19,357	-	6,619	2,184	142,419	-	-	-	29,299	113,124	73,730	830,098	
2037	-	77,450	26,773	12,588	-	-	19,744	-	6,748	2,227	145,530	-	-	-	29,881	115,649	73,502	903,600	
2038	-	79,366	27,204	12,839	-	-	20,139	-	6,883	2,272	148,703	-	-	-	30,479	118,224	73,270	976,871	
2039	-	81,320	27,644	13,096	-	-	20,542	-	7,020	2,317	151,939	-	-	-	31,089	120,851	73,036	1,049,906	

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

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

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

**Gross Receipts Taxes, Company Sales:** Only sales in-state generate gross receipts taxes.

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

**Other Revenues:** Increased employment, resulting from the project, will increase Albuquerque's population and this new population will pay taxes and various City charges for services. Taxes include property tax operating and debt service levies, franchise fees, State-shared revenue distributions other than gross receipt, permits and charges for services, including rent on city properties.

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

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

**Foregone Sales Taxes:** Gross receipts taxes that would have been owed on local equipment purchases in the absence of the IRB expenditures and average spending over past 5 years in the City's Capital Acquisition less that supported by Federal funds or transfers. The cost of services provided by the city is split between businesses (based on employment) and residents (based on additional population).

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

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

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

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

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