

CITY of ALBUQUERQUE

TWENTY FOURTH COUNCIL

COUNCIL BILL NO. O-20-20 ENACTMENT NO. _____

SPONSORED BY: Brook Bassan, by request

1 **ORDINANCE**

2 **APPROVING A PROJECT INVOLVING OBTC WAREHOUSE, LLC PURSUANT TO**
3 **THE LOCAL ECONOMIC DEVELOPMENT ACT AND CITY ORDINANCE F/S O-04-**
4 **10, AS AMENDED, THE CITY'S IMPLEMENTING LEGISLATION FOR THAT ACT, TO**
5 **SUPPORT THE OPERATIONS OF OBTC WAREHOUSE, LLC., A BUSINESS**
6 **OPERATING IN ALBUQUERQUE, NEW MEXICO; AUTHORIZING THE EXECUTION**
7 **OF A PROJECT PARTICIPATION AGREEMENT AND OTHER DOCUMENTS IN**
8 **CONNECTION WITH THE PROJECT; MAKING CERTAIN DETERMINATIONS AND**
9 **FINDINGS RELATING TO THE PROJECT INCLUDING THE APPROPRIATION OF**
10 **FUNDS; RATIFYING CERTAIN ACTIONS TAKEN PREVIOUSLY; AND REPEALING**
11 **ALL ACTIONS INCONSISTENT WITH THIS ORDINANCE.**

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

15 WHEREAS, the City provides public support of economic development projects
16 to foster, promote and enhance local economic development efforts within the City
17 pursuant to the Local Economic Development Act, Sections 5-10-1 through 5-10-13
18 NMSA 1978, as amended (the "Act"), and the City's Local Economic Development Act
19 Plan adopted pursuant to Ordinance No. F/S O-04-10 (the "LEDA Plan"), codified in the
20 City's Code of Ordinances at Sections 2-14-1-1 through 2-14-1-13; and

21 WHEREAS, the City is permitted under the Act to serve as fiscal agent for the
22 State of New Mexico (the "State") to oversee and administer State local economic
23 development funds committed to qualified entities located within the corporate limits of the
24 City; and

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1 WHEREAS, in response to the COVID-19 pandemic, the State Economic
2 Development Department created a zero-interest loan program (the "Loan Program") for
3 qualified entities that meet the requirements of the Act; and

4 WHEREAS, the State's Loan Program is intended to provide short-term financing
5 for qualified entities with repayment of the loan due within two years and with the loan
6 amount being fully securitized for the protection of the State and public funds; and

7 WHEREAS, the City is not providing any City funds for the qualified entity
8 pursuant to the State's Loan Program and is solely serving as the State's fiscal agent
9 consistent with the requirements of the Act; and

10 WHEREAS, pursuant to City Ordinance No. O-20-_____, adopted on June 1,
11 2020, the City temporarily suspended the requirements under the LEDA Plan requiring
12 a qualified entity to remain in operations in the City for a minimum of ten years as
13 related solely to those projects receiving funding under the State's Loan Program; and

14 WHEREAS, pursuant to the Act, the LEDA Plan and the Loan Program, OBTC
15 Warehouse, LLC. (the "Company"), has submitted to the Council and the Albuquerque
16 Development Commission (the "Commission") an application (the "Application")
17 requesting certain economic assistance to help sustain business operations and the
18 retention of four employees at a minimum monthly payroll of \$7,700.00 (the "Project");
19 and

20 WHEREAS, the City will administer and disburse to the Company loan funds
21 totaling \$40,000 from the State Economic Development Department through the Loan
22 Program; and

23 WHEREAS, the Act and the LEDA Plan require the City and the Company enter
24 into a project participation agreement meeting the requirements of the Act and the
25 LEDA Plan; and

26 WHEREAS, the State, City and Company have negotiated the terms of a project
27 participation agreement (the "Agreement") and related documents that will govern the
28 relationship between the City and the Company with respect to the Project; and

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

31 WHEREAS, the proposed Agreement contains the provisions required by the Act
32 and the LEDA Plan and, among other things, provides that the Company will grant to

1 the City a security instrument to secure the Company's obligations under the
2 Agreement; and

3 WHEREAS, the Application, together with the cost-benefit analysis,
4 demonstrates the benefits that will accrue to the community as a result of the donation
5 of public resources and demonstrates that the Company will be making a substantive
6 contribution to the community, as required by the LEDA Plan; and

7 WHEREAS, the Commission has considered the Project and the proposed
8 Agreement and has recommended that the Council approve the Company's proposal;
9 and

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

14 WHEREAS, after having considered the Application and the Agreement, the
15 Council has concluded that the economic and other benefits of the Project to the City
16 will be material, and that it is desirable and necessary at this time to authorize the City
17 to enter into the Agreement; and

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

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

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

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

1 Section 3. THE PROJECT. The Project will consist of economic assistance to
2 the Company through the State's Loan Program to help sustain the Company's
3 business operations within the City and the retention of four employees at a minimum
4 monthly payroll of \$7,700.00.

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

11 Section 5. AUTHORIZATION AND APPROVAL OF THE PROJECT AND THE
12 AGREEMENT; APPROPRIATION OF FUNDS. The City hereby approves the Project
13 and the Agreement, which provides, among other things, that the City will administer
14 and disburse State funds to the Company through the Loan Program in the amount of
15 \$40,000, in exchange for which the Company will complete the Project as specified in
16 the Agreement. There is hereby appropriated for the Project \$40,000 of funds received
17 from the State Economic Development Department through the Loan Program.

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

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

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

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

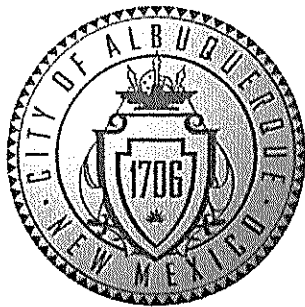
1 necessary or appropriate to consummate the transactions contemplated by the
2 Agreement.

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

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

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

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



CITY OF ALBUQUERQUE
Albuquerque, New Mexico
Office of the Mayor

Mayor Timothy M. Keller

INTER-OFFICE MEMORANDUM

May 30, 2020

TO: Pat Davis, President, City Council

FROM: Timothy M. Keller, Mayor

A handwritten signature in dark ink, appearing to be 'TK' or similar initials, written over the printed name of the Mayor.

SUBJECT: Approving an Ordinance for OBTC Warehouse Project Pursuant to the Local Economic Development Act (LEDA 20-3)

Attached is an ordinance for your consideration and approval authorizing the OBTC Warehouse LLC (Old Barrell Tea Company) Project Pursuant to the Local Economic Development Act (LEDA 20-3).

In response to the COVID-19 pandemic, the State Economic Development Department ("State") created a zero-interest loan program (the "Loan Program") for qualified entities that meet the requirements of the Act. The State's Loan Program is intended to provide short-term financing for qualified entities with repayment of the loan due within two years and with the loan amount being fully securitized for the protection of the State and public funds. This ordinance allows the City to serve as the State's fiscal agent for the State's loan to OBTC. It is important to note that the City is not being asked to evaluate the credit-worthiness of the Company, and there are no City funds involved.

The State is providing a loan in the amount of \$40,000.00 to assist the company with lease payments and maintain their employment in Albuquerque. The State has agreed to loan the Company the funds for a period not to exceed two years from the date hereof to be used for lease payment at their manufacturing and warehouse facility at 5600 McLeod Road NE, Albuquerque, NM, which will free up other capital the company has to maintain operations. For OBTC's contribution to this economic development project, the Company agrees to maintain fourteen (14) positions and a minimum of seven thousand seven hundred dollars (\$7,700.00) in monthly payroll. Old Barrell Tea Company is the second applicant using the temporary suspension of the City's LEDA Plan Section 2-14-1-9 (D) regarding the requirement to operate for ten years.

Old Barrel Tea Company (OBTC) was established in 2015 in Ruidoso, New Mexico. OBTC is a manufacturer of tea, honey, spices, and essential oils. The initial business model was a retail location with just a few of their favorite tea blends and some local raw and unfiltered honeys. After two years of that location thriving and growing in loyalty from locals and tourists alike, the Albuquerque retail


location was opened. Cloudcroft followed less than a year later. They grew to 6 retail locations as well as an online presence. They decided to open a production facility and a Durango location in 2018. Since opening the production facility, they have been able to bring production for their teas, honeys, essential oils, and some spices in house. Their Albuquerque manufacturing and warehouse is located at McLeod Road NE in Albuquerque, between San Pedro Drive NE and San Mateo Boulevard NE.

As the result of the COVID-19 pandemic, their sales have had to shift to online only. The company has been manufacturing for 2 years and has had the retail locations for 5 years. The loan request is to allow the company to maintain operations and expand online sales in order to retain and rehire furloughed workers. Before the COVID-19 economic collapse, the company was looking into expansion to accommodate for rapid growth.

The City agreed to accept the findings of the economic impact analysis conducted by the State, utilizing an economic impact model by Total Impact, an economic and fiscal impact analysis tool developed by the Austin, TX economic consulting firm Impact DataSource. The fiscal analysis is from data supplied by the company, and confirms that the company will be making a positive contribution to the community. The City felt a separate analysis was not necessary due to time constraints and the fact that no City funds were involved.

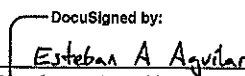
I request Introduction on June 1, 2020 with Holdover for Final Action on June 15, 2020, to allow the Company to receive these funds as soon as possible.

Approved:

 6/1/20

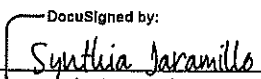
Sarita Nair Date
Chief Administrative Officer

Approved:

DocuSigned by:
 5/31/2020

Esteban A. Aguilar Jr. Date
City Attorney

Recommended:

DocuSigned by:
 5/31/2020

Economic Development Department Date
Synthia Jaramillo

Cover Analysis

1. What is it?

This is an ordinance authorizing a Local Economic Development Act (LEDA) Project zero interest loan (the “Loan Program”) for OBTC Warehouse (“OBTC”). The State is providing a loan in the amount of \$40,000 to assist the company with lease payments and maintain their employment in Albuquerque. The State has agreed to loan to the Company the funds for a period not to exceed two years to be used for lease payment at their manufacturing and warehouse facility at 5600 McLeod Road NE, Albuquerque, NM, which will free up other capital the company has to maintain operations. There are no City funds involved; the City would act as fiscal agent for the State’s program and funding.

Request Introduction on June 1, 2020 with Holdover for Final Action on June 15, 2020.
Company request to allow for response “reopening” from COVID-19.

2. What will this piece of legislation do?

The ordinance would support OBTC Project to maintain four (4) positions and a minimum of seven thousand seven hundred dollars (\$7,700.00) in monthly payroll.

The OBTC Project is one of the first LEDA Loan Program using the approved Ordinance authorizing Section 2-14-1-9(D) of the LEDA Plan to be temporarily suspended (requiring a ten-year commitment to operate) for the limited purpose to allow the City to serve as the State’s fiscal agent related to the State Loan Program.

Old Barrel Tea Company (OBTC) was established in 2015 in Ruidoso, New Mexico. OBTC is a manufacturer of tea, honey, spices, and essential oils. The initial business model was a retail location with just a few of their favorite tea blends and some local raw and unfiltered honeys. After two years of that location thriving and growing in loyalty from locals and tourists alike, the Albuquerque retail location was opened. Cloudcroft followed less than a year later. They grew to 6 retail locations as well as an online presence. They decided to open a production facility and a Durango location in 2018. Since opening the production facility, they have been able to bring production for their teas, honeys, essential oils, and some spices in house. Their Albuquerque manufacturing and warehouse is located at McLeod Road NE in Albuquerque, between San Pedro Drive NE and San Mateo Boulevard NE.

3. Why is this project needed?

In response to the COVID-19 pandemic, the State Economic Development Department created the Loan Program for qualified entities that meet the requirements of the Act. Approving an Ordinance for Vibrant Corporation Project Pursuant to the Local Economic Development Act (LEDA 20-3) Loan Program. The State’s Loan Program is intended to provide short-term financing for qualified entities with repayment of the loan due within two years and with the loan amount being fully securitized for the protection of the State and public funds. The City seeks to support the State’s Loan Program and the related benefit to qualified entities within the corporate

limits of the City to help address the economic conditions resulting from the COVID-19 pandemic.

As the result of the COVID-19 pandemic, their sales have had to shift to online only. The company has been manufacturing for 2 years and has had the retail locations for 5 years. The loan request is to pay for lease/mortgage payments for their manufacturing and warehouse facilities, which will allow the company to maintain operations and expand online sales in order to retain and rehire furloughed workers. Before the COVID-19 economic collapse, the company was looking into expansion to accommodate for rapid growth.

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

There is no cost to the City associated with this LEDA Loan. The State has requested the City to be the fiscal agent for the loan.

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

No. There is no direct revenue to the City.

**LOCAL ECONOMIC DEVELOPMENT PROJECT PARTICIPATION LOAN
AGREEMENT**

CITY OF ALBUQUERQUE AND OBTC WAREHOUSE

LOCAL ECONOMIC DEVELOPMENT ACT PROJECT 20-3

THIS LOCAL ECONOMIC DEVELOPMENT PROJECT PARTICIPATION LOAN AGREEMENT (the “Agreement”) is entered into as of the 30 day of April 2020, by and between the CITY OF ALBUQUERQUE (the “City”), a political subdivision of the State of New Mexico (the “State”), and OBTC WAREHOUSE, LLC. (the “Company”). Together the City and the Company are called the “Parties,” and individually each a “Party.”

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

WHEREAS, the City anticipates receiving an appropriation of funds (the “Appropriation”) allocated from the State to convey these funds to the benefit of the Company;

WHEREAS, the City will act as fiscal agent for the State’s appropriation supporting the Project (the State’s “contribution”) and will use the funds appropriated by the State, pursuant to §5-10-3 of the Act, to convey the funds to the Company, for eligible lease and/or mortgage costs .

NOW THEREFORE, the parties agree as follows:

1. Goals and Objectives. The objective is 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 jobs and career opportunities that will benefit the community and contribute to its long-term economic growth and sustainability.
2. The Company Contribution. The Company agrees for its contribution to this economic development project to maintain four (4) positions and a minimum of seven thousand seven hundred dollars (\$7,700.00) in monthly payroll. A position will represent an employment position for a person for at least one pay period consisting of at least 32 hours of work per week. Positions filled by contract, part-time and temporary workers will not be considered positions.

If payroll falls below 90% of the above payroll, the loan interest rate will escalate to 3% from the date of execution. If payroll falls below 80% of the above payroll, interest on the loan will be 6% from the date of execution. If payroll falls below 70% of the above payroll, the loan will become immediately due and payable.

3. The State Contribution; Procedure for Disbursement of the State Contribution. The City anticipates that the State Contribution of forty thousand dollars (\$40,000.00) will be delivered to the City for subsequent disbursement to the Company, following enactment of

the related 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 the Company in the manner described in this Agreement. The State of New Mexico Economic Development Department has agreed to loan to the Company the funds for a period not to exceed two years from the date hereof to be used for lease costs and tenant improvements at the 5600 McLeod NE, Suite K, Albuquerque, NM 87110. Said loan shall be without interest, provided the terms of Section 2 are met, and will be repaid in whole at the end of this two (2) year agreement.

- A. Twenty-two thousand dollars (\$22,000.00) will be disbursed upon the execution of all documentation. The remaining eighteen thousand dollars (\$18,000.00) will be disbursed 90 days after execution of this and Payments will require proof satisfactory to the City that the lease is current.
4. Security. As security for the faithful performance and payment of all of Company's obligations under this Agreement, the Company shall furnish to the City, and maintain during the entire term of this Agreement, personal guarantees of the owners. Security will be held in place until loan is repaid in full.
5. Fees. Each party shall bear its own costs and expenses in connection with the negotiation, execution and delivery of this Agreement or any amendment of this Agreement.
6. Quarterly Requirements. The Company is required to submit to the City of Albuquerque's Economic Development Department copies of its unemployment insurance reports on a quarterly basis.
7. Effective Date. This Agreement will be effective as of execution and shall terminate now later than two years from that date.
8. Liability. No party shall be responsible for liability incurred as a result of the other party's acts or omissions. Nothing herein shall operate or be deemed to alter or expand any liabilities or obligations under the applicable provisions of the New Mexico Tort Claims Act (NMSA 1978 §§ 41-4-1, et seq.), or to waive any immunities, limitations or required procedures thereunder. Nothing in this Agreement constitutes a waiver of any party's right to seek judicial relief.
9. Notice. All notices or other written communications, including requests for disbursement, that are required or permitted to be given pursuant to this Agreement must be in writing and delivered personally, by a recognized courier service, by recognized overnight delivery service, by electronic mail, or by registered or certified mail, postage prepaid, to the parties at the addresses shown in the signature block of this Agreement. If notice is mailed it will be deemed received on the earlier or actual receipt or on the third business day following the date of mailing. If a notice is hand-delivered or sent by overnight delivery service, it will be

deemed received upon actual delivery. A party may change its notice address by written notice to the other party to this Agreement.

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

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

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the last date of signature below.

CITY OF ALBUQUERQUE

Timothy Keller, Mayor

Date

Address for Notice:
City of Albuquerque
Attn:

Approved as to form:

Esteban A. Aguilar, Jr., City Attorney

OBTC WAREHOUSE, LLC Paola Huffmon, owner OBTC Warehouse LLC

Paola Huffmon, Owner

Date

Address for Notice:

LEDA 20-3: OLD BARREL TEA COMPANY Project

ALBUQUERQUE DEVELOPMENT COMMISSION Local Economic Development Act Hearing

May 28, 2020

Case #2020-4

LEDA-20-3: OBTC Warehouse, LLC (DBA Old Barrel Tea Company) Project

REQUEST: Approval of \$40,000 in Local Economic Development Act (LEDA) Zero Interest Loan funds is requested.

NOTE: The State of New Mexico's Economic Development Department (NMEDD) has developed a new program during the time of the COVID-19 pandemic to assist New Mexico businesses. They have reached out across the state, and asked local communities to partner with them through the Local Economic Development Act, as fiscal agents for a State 0% Loan Program to assist businesses for expenses relating to land, buildings, and infrastructure, as required by the State Act and local ordinances. Those expenses can include lease or mortgage payments, as the City has done with projects in the past.

It is very important to understand that the City, and this Commission, are not being asked to evaluate whether a loan should be given to a particular company, nor the terms of the loan. No City funds are involved in these transactions. The Administration and City Council have agreed to make changes in the City's LEDA enabling legislation and remove the requirement for a ten-year company commitment to operate. The goal is to try and shore up existing businesses with a two-year 0% interest loan to help maintain and sustain jobs during this time of pandemic; it is less about job creation than job retention. Additional information on this program is attached and can be found at <https://gonm.biz/about-us/covid-19-response>.

Our department and the Commission are being asked to review and recommend these projects to the City Council, as to whether they comply with the City's LEDA plan, and then the City will be the fiscal agent for the State funds. The City is relying solely on the representations made by the companies participating in the State's 0% interest loan program, and the State's due diligence in reviewing and approving these projects; the companies and the State assume responsibility for the accuracy of the information. Also, the economic impact analysis is different from what we usually use on the City's projects. We agreed to accept the analysis of the state's economic consultant/model/staff, since only State funds were involved. A copy of the company's application to the state is attached.

We appreciate the State's Economic Development Department staff in working with us to assist Albuquerque companies in these uncertain times.

PROJECT SUMMARY:

Old Barrel Tea Company (OBTC) was established in 2015 in Ruidoso, New Mexico. OBTC is a manufacturer of tea, honey, spices, and essential oils. The initial business model was a retail location with just a few of their favorite tea blends and some local raw and unfiltered honeys. After two years of that location thriving and growing in loyalty from locals and tourists alike, the Albuquerque retail location was opened. Cloudcroft followed less than a year later. They grew to

LEDA 20-3: OLD BARREL TEA COMPANY Project

6 retail locations as well as an online presence. They decided to open a production facility and a Durango location in 2018. Since opening the production facility, they have been able to bring production for their teas, honeys, essential oils, and some spices in house. Their Albuquerque manufacturing and warehouse is located at McLeod Road NE in Albuquerque, between San Pedro Drive NE and San Mateo Boulevard NE.

As the result of the COVID-19 pandemic, their sales have had to shift to online only. The company has been manufacturing for 2 years and has had the retail locations for 5 years. The loan request is to allow the company to maintain operations and expand online sales in order to retain and rehire furloughed workers. Before the COVID-19 economic collapse, the company was looking into expansion to accommodate for rapid growth. They planned on getting a new warehouse with improved electrical output and a larger water heater for their increased heated water usage.

The LEDA Zero Interest Loan is to be used to offset lease payments at their Albuquerque manufacturing and warehouse facility to maintain their current staff and hire an additional 2-4 employees toward the end of 2020, which could increase payroll by \$120,000 in time for their busy holiday season. None of the funds will be used for their retail operations. OBTC is currently ramping up its online footprint. In spite of having to close their retail establishments their online sales have picked up. However, without this funding it will be very difficult for OBTC to recuperate from the COVID-19 economic crisis.

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 agricultural, mining, or industry, but not including any enterprise for sale of goods or commodities at retail; and**
- 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 Zero Interest Loan application, provides details of the Project and the number and types of jobs to be retained.

Project Participation Agreement (“PPA”) between OBTC and the City. The PPA is summarized in Section V.

LEDA 20-3: OLD BARREL TEA COMPANY Project

This project includes a fiscal impact analysis from NMEDD from information supplied by the company utilizing an economic model prepared by Impact DataSource. 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.

The State Loan Program will provide \$40,000 to assist the company with lease payments and maintain employment in Albuquerque. In regard to the financial viability of the project the State has provided the following statement:

The New Mexico Economic Development Department staff has reviewed Old Barrel Tea Company financials and have found the following:

The company has increased sales by 47% over the period of 2018-2019. Cost of goods sold was in line with the increase in sales which suggest that the company is efficient in digesting growth. Net income has remained positive during the period. Company records show no accounts payables due at the end of the period, which suggest that the company is paying its outstanding debts.

Salaries and wages increased from \$7,721 in 2018 to \$81,898 in 2019.

We note that there are definite strengths with this application:

1. The Company has been growing despite the pandemic
2. The company has a defined strategy to maintain revenue through the crisis
3. The Company is a manufacturer in a target industry

The only weakness found in the project was:

1. Retail may suffer during the pandemic

NMEDD staff has reviewed and OBTC meets the standards for approval.

FINDINGS:

1. LEDA 20-3 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. OBTC has a successful history of doing business in Albuquerque.
3. The City is willing to act as fiscal agent for the State's 0% interest loan program for OBTC; and
4. LEDA 20-3 would make positive substantive contributions to the local economy and community by retaining 4 jobs; and
5. LEDA 20-3 would support a New Mexico business during extreme national economic challenges and help position them for recovery; and

LEDA 20-3: OLD BARREL TEA COMPANY Project

6. Subject to the development of acceptable Security documents, LEDA 20-2 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives, including payback of the full loan amount within 2 years; and

7. Subject to the development of acceptable Security documents, LEDA 20-2 would adequately meet the evaluation criteria established by the City for Local Economic Development Act projects.

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. OBTC 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. A commercial enterprise for storing, warehousing, distributing, or selling products of agricultural, mining, or industry, but not including any enterprise for sale of goods or commodities at retail; and**
- B. 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;**

LEDA 20-3: OLD BARREL TEA COMPANY Project

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. OBTC 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:

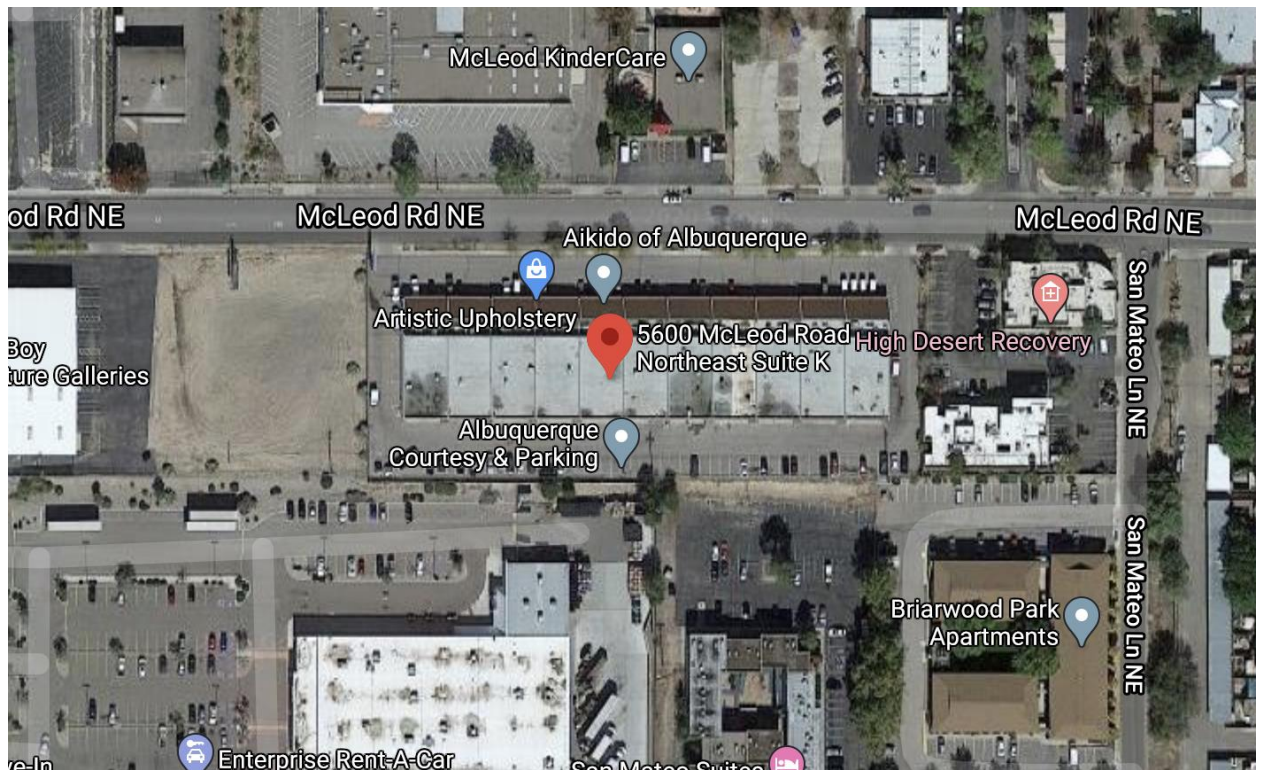
- (1) Private companies seeking to build, expand or relocate facilities;
- (2) Manufacturing firms; and
- (3) Projects in industry clusters listed above are particularly encouraged,

II. LAND USE, PLAN AND DESIGN ELEMENTS

1. PLAN & ZONING:

OBTC has several retail and warehouse facilities around New Mexico and one location in Colorado. The manufacturing warehouse facility in Albuquerque is located at 5600 McLeod Rd. NE, Suite K. The facility is 2,000 sf and is located on McLeod Rd. in between San Pedro Dr. NE and San Mateo Blvd. NE.

OBTC also has a 1,500-sf. retail store in Old Town in Albuquerque.



LEDA 20-3: OLD BARREL TEA COMPANY Project

The location information is for the full complex and not just the suite K.

Prevailing Site Conditions

Location Address	5600 MCLEOD RD NE
City	ALBUQUERQUE
State	NM
Zip Code	87109
Property Description	TRACT B BRECHEISEN ADD CONT 2.30 AC

Present Assessed Value

Tax Year	2020
Full Land Value	\$584,100.00
Agric. Land	\$0.00
Full Impv. Value	\$1,275,100.00
Full Total Value	\$1,859,200.00

Taxable (1/3 Full)	\$619,672.00
--------------------	--------------

Present and Proposed Zoning

The site is currently zoned under the IDO as MX-H (formerly C-3) for Mixed Use—High Intensity.

No changes will be required for the proposed use.

2. LAND USE:

The company occupies a larger facility at 5600 McLeod NE, Suite K, which had more electrical output (3 phase) and hot water (instant water heater or larger water heater). The new building's layout manufacturing will allow for growth and expansion of production. The facility will enable the company the ability to hire more employees and finally work more efficiently.

3. INFILL:

The project involves an existing building.

4. DESIGN AND CONSERVATION:

The building is a mixed-use warehouse facility and no additional city infrastructure is required.

5. RENEWABLE ENERGY:

The Company will not create or produce renewable energy from the facility.

LEDA 20-3: OLD BARREL TEA COMPANY Project

III. ECONOMIC BENEFITS

6. COMPETITION:

OBTC has several competitors online but the New Mexico Tea Company is the only one in Albuquerque.

7. JOBS:

- Pre-COVID employment level was 8 with an average salary of \$30,000;
- Company would have hired 2 more employees in March 2020 at an average salary of \$35,000;
- Company has already had to let 4 employees go bringing their current employee count to 4;
- Without this loan, the company is expecting to lose additional employees in the short term constituting additional financial losses to the NM economy;
- This loan will not only allow the company to maintain its current employee rate of 4 employees, but hopefully will allow the company, which is currently aggressively ramping up its online footprint, to hire/hire-back an additional 2-4 employees in time for the October -December 2020 holiday season.

Local Purchasing

Overall, the City will receive approximately \$367,100 in net benefits over the 10-year period and the Project will generate \$1,190,600 in total for all local taxing districts.

LEDA 20-3: OLD BARREL TEA COMPANY Project

Table 7. Albuquerque: Benefits, Costs, and Net Benefits Over the Next 10 Years

	Amount
Gross Receipts Taxes	\$364,324
Real Property Taxes - Project	\$0
FF&E Property Taxes - Project	\$0
Property Taxes - New Residential	\$0
Utility Revenue	\$17,700
Utility Franchise Fees	\$3,320
Building Permits and Fees	\$0
Lodgers Taxes	\$0
Miscellaneous Taxes & User Fees	\$0
Subtotal Benefits	\$385,344
Cost of Providing Municipal Services	\$0
Cost of Providing Utility Services	(\$18,231)
Subtotal Costs	(\$18,231)
Net Benefits	\$367,113
<i>Present Value (6.75% discount rate)</i>	<i>\$258,095</i>

Figure 3. Annual Fiscal Net Benefits for the Albuquerque

IV. PROJECT FEASIBILITY**9. COST/ FEASIBILITY/ FINANCING:**

The company has increased sales by 47% over the period of 2018-2019. The cost of goods sold was in line with the increase in sales which suggest that the company is efficient in digesting growth. OBTC's net income has remained positive during the period. Company records show no accounts payables due at the end of the period, which suggest that the company is paying its outstanding debts.

10. DEVELOPER'S RECORD:

Dana Huffmon, the matriarch of the family and one of the company owners of OBTC, is a three-time cancer survivor and has a belief in natural remedies and homeopathic approaches to health and wellness. She encourages her daughter, Bailey (another owner) and her daughters-in-law, Paola and Nenada (the remaining partners) to drink tea daily as a means of prevention. The family owned and run company had expanded with retail locations across New Mexico and one location in Colorado.

11. EQUITY:

Below is a list of assets in order to secure the loan:

- \$50,000 - \$60,000 worth of equipment

LEDA 20-3: OLD BARREL TEA COMPANY Project

- \$110,000 worth of inventory

The owners are able to provide personal guarantees and letters of credit from their financial institutions.

12. MANAGEMENT:

Paola Huffmon | Old Barrel Tea Company Owner

Paola graduated from UNM with a Bachelor's Degree in Business with a Minor in Spanish and a Master's Degree in Elementary Education. She was born in Chihuahua, Mexico and has grown up with English as a second language in the State of New Mexico. She has experience in retail management, business management, and teaching. Paola has been able to blend her passions for business and education into one role at Old Barrel Tea Company. She is actively involved in all of the blending, manufacturing, warehouse operations, staff management, and training at our manufacturing facility.

Bailey Huffmon | Old Barrel Tea Company Owner & Director of Marketing

Bailey graduated from UNM with a Bachelor's degree in Psychology and a minor in Sign Language Interpretation. Straight out of school she began a Sign Language Interpreting business in the State of New Mexico and was (and continues to be) very successful in that field. Although she went into this field, her heart remained in the health and wellness industry. Aside from her experience in the school system as an interpreter, she has also had experience in retail and restaurants. After opening Old Barrel Tea Company with her mother, Dana, she found that her passion was in Marketing and Branding. She wanted to be the voice of Old Barrel Tea Company so that we could be authentic to our consumers and ourselves.

Dana Huffmon | Old Barrel Tea Company Owner & Events Coordinator

Dana is a three-time cancer survivor who has learned that the most important part of life is your family and community. She has experience in retail, restaurants, and more recently, in the medical field. Prior to her diagnosis and after her recovery, Dana was a medical transcriptionist for many years. Her passion has always been in health and wellness and she has found herself spearheading events and community involvement for OBTC for many years. She finally assumed the role of Events Coordinator and she currently orchestrates all charity involvement, local events, and community involvement across the board.

Nenada Maslovaric | Old Barrel Tea Company Owner & Director of Operations

Nenada was born in Serbia, and like Paola, is a first-generation immigrant. She went to University of South Florida (USF) and got her Bachelor's degree in both Psychology and Biology. Her goal out of college was to help children, but she found herself working in many realms of management. Nenada had prior experience in business management, restaurant management, and retail management. Her restaurant management career was with a large corporation. That allowed her to bring a new perspective and lots of tools to OBTC as far as operations went. Nenada has a passion for team management and people development and is currently the OBTC Director of Operations for all retail locations. She is also acting as district manager for all location management.

LEDA 20-3: OLD BARREL TEA COMPANY Project

13. FISCAL IMPACT ANALYSIS

This Project includes an impact analysis prepared by NMEDD utilizing Impact DataSource.

The project will generate additional benefits and cost for local taxing districts. The State report indicates that overall, the City could receive approximately \$367,100 in net benefits over the 10-year period and the generate \$1,190,600 in total for all local taxing districts.

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 OBTC Project Participation Agreement are summarized and attached as an Exhibit.

1. COMPANY CONTRIBUTION

1. Goals and Objectives. The objective is 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 jobs and career opportunities that will benefit the community and contribute to its long-term economic growth and sustainability.

LEDA 20-3: OLD BARREL TEA COMPANY Project

2. The Company Contribution. The Company agrees for its contribution to this economic development project to maintain four (4) positions and a minimum of seven thousand seven hundred dollars (\$7,700.00) in monthly payroll. A position will represent an employment position for a person for at least one pay period consisting of at least 32 hours of work per week. Positions filled by contract, part-time and temporary workers will not be considered positions.

If payroll falls below 90% of the above payroll, the loan interest rate will escalate to 3% from the date of execution. If payroll falls below 80% of the above payroll, interest on the loan will be 6% from the date of execution. If payroll falls below 70% of the above payroll, the loan will become immediately due and payable.

3. The State Contribution; Procedure for Disbursement of the State Contribution. The City anticipates that the State Contribution of forty thousand dollars (\$40,000.00) will be delivered to the City for subsequent disbursement to the Company, following enactment of the related 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 the Company in the manner described in this Agreement. The State of New Mexico Economic Development Department has agreed to loan to the Company the funds for a period not to exceed two years from the date hereof to be used for lease costs and tenant improvements at the 5600 McLeod NE, Suite K, Albuquerque, NM 87110. Said loan shall be without interest, provided the terms of Section 2 are met, and will be repaid in whole at the end of this two (2) year agreement.
 - A. Twenty-two thousand dollars (\$22,000.00) will be disbursed upon the execution of all documentation. The remaining eighteen thousand dollars (\$18,000.00) will be disbursed 90 days after execution of this and Payments will require proof satisfactory to the City that the lease is current.
4. Security. As security for the faithful performance and payment of all of Company's obligations under this Agreement, the Company shall furnish to the City, and maintain during the entire term of this Agreement, personal guarantees of the owners. Security will be held in place until loan is repaid in full.
5. Fees. Each party shall bear its own costs and expenses in connection with the negotiation, execution and delivery of this Agreement or any amendment of this Agreement.
6. Quarterly Requirements. The Company is required to submit to the City of Albuquerque's Economic Development Department copies of its unemployment insurance reports on a quarterly basis.
7. Effective Date. This Agreement will be effective as of execution and shall terminate now later than two years from that date.

LEDA 20-3: OLD BARREL TEA COMPANY Project

8. Liability. No party shall be responsible for liability incurred as a result of the other party's acts or omissions. Nothing herein shall operate or be deemed to alter or expand any liabilities or obligations under the applicable provisions of the New Mexico Tort Claims Act (NMSA 1978 §§ 41-4-1, et seq.), or to waive any immunities, limitations or required procedures thereunder. Nothing in this Agreement constitutes a waiver of any party's right to seek judicial relief.
9. Notice. All notices or other written communications, including requests for disbursement, that are required or permitted to be given pursuant to this Agreement must be in writing and delivered personally, by a recognized courier service, by recognized overnight delivery service, by electronic mail, or by registered or certified mail, postage prepaid, to the parties at the addresses shown in the signature block of this Agreement. If notice is mailed it will be deemed received on the earlier of actual receipt or on the third business day following the date of mailing. If a notice is hand-delivered or sent by overnight delivery service, it will be deemed received upon actual delivery. A party may change its notice address by written notice to the other party to this Agreement.
10. Amendments. This Agreement shall not be altered, changed or amended, except by instrument in writing executed by all of the Parties hereto.
11. Governing Law. This Agreement shall be governed by the laws of the State of New Mexico.

FINDINGS:

1. LEDA 20-3 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. OBTC has a successful history of doing business in Albuquerque.
3. The City is willing to act as fiscal agent for the State's 0% interest loan program for OBTC; and
4. LEDA 20-3 would make positive substantive contributions to the local economy and community by retaining 4 jobs; and
5. LEDA 20-3 would support a New Mexico business during extreme national economic challenges and help position them for recovery; and
6. Subject to the development of acceptable Security documents, LEDA 20-2 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives, including payback of the full loan amount within 2 years; and
7. Subject to the development of acceptable Security documents, LEDA 20-2 would adequately meet the evaluation criteria established by the City for Local Economic Development Act projects.

LEDA 20-3: OLD BARREL TEA COMPANY Project

STAFF RECOMMENDATION:

Based on the above findings, staff recommends approval of LEDA 20-3 as proposed in the project plan application.

Economic Development Department

LEDA COVID-19 Application

Applicant	Paola Huffmon
Applicant ID	APP-013263
Company Name	OBTC Warehouse, LLC
Phone	(575) 545-9445
Email	paola@oldbarreltea.com
Status	Submitted
LEDA Starting Job Count	0
LEDA PPA Job Count Target	0

Contact Information

Question: Legal Company Name

OBTC Warehouse, LLC

Question: Trade Name (dba)

Old Barrel Tea Company

Question: Project Name

Not Answered

Question: Company Street Address

5600 Mcleod NE Suite K

Question: Company City

Albuquerque

Question: Company State

New Mexico

Question: Company Zip

87110

Question: Phone

(575) 545-9445

Question: Fax

Not Answered

Question: Primary Contact Person First Name

Paola

Question: Primary Contact Person Last Name

Huffmon

Question: Federal Tax ID #

824727958

Question: NM State Tax and Revenue (CRS) #

03401024006

Question: City/County Business License #

COM-2018-349100

Question: NAICS Code(s)

311920

Question: DUNS #

081262827

Question: This Business is organized as a:

- ☐ C-Corporation
- ☐ S-Corporation
- ☐ LLC
- ☒ Partnership
- ☐ Sole Proprietorship

Project Information

Please include detailed information such as:

- Executive Summary; Business description and history

Question: Description of the emergency situation that requires funding.

Our company would have hired 2 more employees in March 2020 at an average salary of \$35,000 but due to COVID 19, our wholesale sales have drastically decreased about 95%. Without getting this help, we will have to let go of 2-4 more employees. Two weeks ago we laid off our main production employee because wholesale sales are down and therefore production is also significantly down. Production is now spread between a few of the other employees. Last week we also laid off our marketing employee. We are trying to use all of our resources for online sales which is the part of our business that is doing the best right now. Without this loan, the company is expecting to lose another 3-4 employees in the short term constituting a \$90,000-\$120,000 loss to the NM economy. This loan will not only allow the company to maintain its current employee rate, it will help to immediately bring back at least one of the employees that was laid off at the beginning of the COVID 19 economic collapse.

Without this funding it will be very difficult for our business to recuperate from the COVID 19 economic crisis and we won't have enough money to spend on supporting our growth that we were experiencing before COVID19. Before COVID 19 we were looking at expanding to a larger warehouse with more electrical output, more hot water to clean our large tea blending barrels and also to have a larger more efficient warehouse layout that will fit more employees which will allow us to have several production employees working at once. Our current warehouse doesn't allow for that so we are very limited on the amount of employees that we can hire.

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

Before the COVID 19 economic collapse we were looking into expansion to accommodate for our rapid growth. We were planning on getting a new warehouse with improved electrical output, a larger water heater for our increased heated water usage. We were also planning on getting a good ventilation system in the new warehouse to vent the strong smelling flavors of our tea in the building during blending.

This LEDA loan will free up money around internally to use those funds to be able to keep our current staff and hire an additional 2-4 employees toward the end of 2020 for an additional payroll of up to \$120,000 just in time for the Oct-Dec super busy holiday season. Our company is currently aggressively ramping up its online footprint while being able to improve our establishment. In spite of having to close our retail establishments (which make up most of our wholesale business) our online sales have picked up but during this crisis, and while our current business model has shifted to focus on our online sales, we need the \$40,000 loan to support our future growth in our other aspects of our business while still being able to hold on to our employees during this COVID 19 economic collapse.

Question: Supporting Documentation

No Attachments

Financial Information

Question: Provide financial statements (balance sheet, profit and loss and cash flow) or tax returns for the past three years.

[2018 obtc warehouse.pdf](#) (4/10/2020 10:58 AM)

[2019 OBTC Warehouse.pdf](#) (4/10/2020 10:56 AM)

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

- ☐ Security Interest/Lien
- ☐ Letter of Credit
- ☐ Mortgage Security
- ☐ Security Agreement/Escrow
- ☐ Security Agreement/Lien
- ☐ Security Interest/Equipment
- ☒ TBD

Question: What is the method of appraisal for stated security?

TBD- We are a young company and we have an established relationship with the state.

We have the following to guarantee:

-We have equipment worth \$50,000-\$60,000

-We have inventory worth \$110,000

-Owners can also provide personal guarantees and letters of credit from financial institutions.

Question: What is the equity investment from the applicant?

\$0.00

Question: External Equity Investment Sources

For question 21: These statements are for our manufacturing plant we can also share our retail

Question: External Equity Investment Amount

\$0.00

Question: Bank Loan Source (financial institution names), type (commercial, USDA, SBA

504, etc.), and stage (applied or approved)

0

Question: Bank Loans Amount Total

\$0.00

Question: Other Loans Source

APPLIED FOR PPP LOAN

Question: Other Loans Amount

\$0.00

Question: Other Sources

REGARDING QUESTION'S 24-28 THIS IS NOT A GRANT IT'S THE LEDA 0% INTEREST COVID-19 LOAN

Question: Other Sources Amount

\$0.00

Question: Total Loan Requested

\$40,000.00

Question: Requested Loan Duration (Months)

24.00

Company History and Background

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

2 years for Ol Barrel Tea CO manufacturing, 5 years for our Old Barrel Tea Co retail locations

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

1.00

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

Nenada Maslovaric 25%
Bailey Huffmon 25%
Dana Huffmon 25%
Paola Huffmon 25%

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

yes

Question: Does the applicant have any loans or other financial obligations on which payments are not current?

no

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

T a Tea Co LLC, Old Barrel Tea Company LLC, Old Barrel Tea Company Cloudcroft LLC, OBTC Go LLC

Community Aspects

Question: What will be the impact to the community if you don't receive this loan?

Jobs will be lost and we will be very limited with our hiring in the future. We will not be able to hire more employees.

Job Retention / Performance

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

- [Job Retention Worksheet](#)

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

Production assistant (1)
Warehouse supervisor (1)
sales (1)
branding and marketing (1)

Question: Outline the existing pay scale and payroll.

All of our employees make between \$12-\$16 an hour. We pay our employees biweekly.

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

Right now we don't offer our employees any benefits other than an employee discounts at our retail stores. Now that our company is growing a bit more, we have plans to offer a health insurance to our full-time employees and pay for their cellphone bills. Once the economic crisis with COVID-19 ends and we recuperate, we will look toward implementing these benefits in the near future.

Question: Total number of Jobs to be retained for loan duration period.

4.00

Attachments

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

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

Please download the LEDA Application Affirmation Template here:

[LEDA Application Affirmation Template](#)

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

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

[2020-04-10 12-51.pdf](#) (4/10/2020 1:05 PM)

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

[Warehouse UI Qtr 4 2019.pdf](#) (4/10/2020 1:14 PM)

Question: Officer Application Affirmation Attestation

[2020-04-10 11-37.pdf](#) (4/10/2020 11:43 AM)

LEDA 20-3: OLD BARREL TEA COMPANY Project

OLD BARREL TEA COMPANY | FISCAL IMPACT

Fiscal Impact Overview

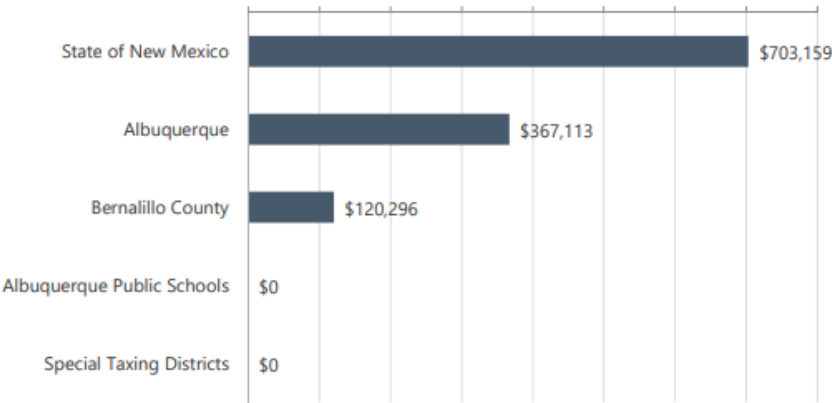
The Project will generate additional benefits and costs for local taxing districts, a summary of which is provided below. The source of specific benefits and costs are provided in greater detail for each taxing district on subsequent pages. Overall, the City will receive approximately \$367,100 in net benefits over the 10-year period and the Project will generate \$1,190,600 in total for all local taxing districts.

Table 5. Fiscal Net Benefits Over the Next 10 Years for the State and Local Taxing Districts

	Benefits	Costs	Net Benefits	Present Value of Net Benefits*
State of New Mexico	\$954,730	(\$251,571)	\$703,159	\$494,429
Albuquerque	\$385,344	(\$18,231)	\$367,113	\$258,095
Bernalillo County	\$120,296	\$0	\$120,296	\$84,572
Albuquerque Public Schools	\$0	\$0	\$0	\$0
Special Taxing Districts	\$0	\$0	\$0	\$0
Total	\$1,460,370	(\$269,803)	\$1,190,567	\$837,096

* The Present Value of Net Benefits expresses the future stream of net benefits received over several years as a single value in today's dollars. Today's dollar and a dollar to be received at differing times in the future are not comparable because of the time value of money. The time value of money is the interest rate or each taxing entity's discount rate. This analysis uses a discount rate of 6.75% to make the dollars comparable.

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



LEDA 20-3: OLD BARREL TEA COMPANY Project

OLD BARREL TEA COMPANY | FISCAL IMPACT

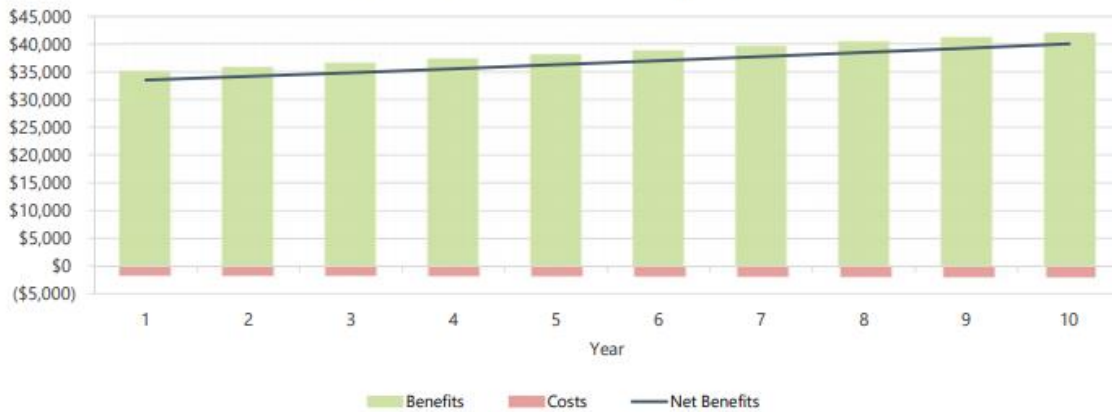
Albuquerque

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

Table 7. Albuquerque: Benefits, Costs, and Net Benefits Over the Next 10 Years

	Amount
Gross Receipts Taxes	\$364,324
Real Property Taxes - Project	\$0
FF&E Property Taxes - Project	\$0
Property Taxes - New Residential	\$0
Utility Revenue	\$17,700
Utility Franchise Fees	\$3,320
Building Permits and Fees	\$0
Lodgers Taxes	\$0
Miscellaneous Taxes & User Fees	\$0
Subtotal Benefits	\$385,344
Cost of Providing Municipal Services	\$0
Cost of Providing Utility Services	(\$18,231)
Subtotal Costs	(\$18,231)
Net Benefits	\$367,113
<i>Present Value (6.75% discount rate)</i>	<i>\$258,095</i>

Figure 3. Annual Fiscal Net Benefits for the Albuquerque



LEDA 20-3: OBTC Project



Michelle Lujan Grisham • Governor
Alicia J. Keyes • Cabinet Secretary

LEDA Loan Program

Purpose

In response to the Covid-19 pandemic and the negative impacts that it was having on the business community and the economy of New Mexico the State of New Mexico Economic Development Department has developed a short term loan program within the State of New Mexico LEDA fund to allow for short term loans (up to two years) to help maintain and sustain jobs during this time of pandemic.

LEDA Loan Uses

In order to stay in compliance with the LEDA statute the proceeds from a LEDA loan can only be available to a qualified entity as established in the LEDA statute and must be used for land, building and infrastructure. The State of New Mexico understands that in this time of pandemic that new land acquisition, building purchases of expansions and new infrastructure are unlikely, therefore the State Economic Development Department will work with qualified entities under the LEDA statute in determining what costs associated with their operations can be qualified as land, building or infrastructure. In most cases we anticipate that this will be costs associated with mortgage and/or lease payments, but all costs will be evaluated.

Loan Rates and Requirements

The LEDA loan will be 0 % interest for up to 2 years. The State of New Mexico Economic Development Department will work with the qualifying entity to determine their base full-time headcount and monthly payroll to be utilized for the purpose of the loan agreement. This baseline will be used to ensure that the company is maintaining their payroll and full-time positions during the terms of the loan. There will be penalties for not maintaining those levels as part of the loan agreement. Those penalties are as follows:

1. If the qualified entities payroll falls below 90% of the monthly payroll interest rate will increase to 3% from inception
2. If the qualified entities payroll falls below 80% of the monthly payroll interest rate will increase to 6% from inception
3. If the qualified entities payroll falls below 70% of the monthly payroll the loan will immediately come due and payable.

As required for all LEDA projects these loans will require security equal to the total amount of the loan and will be held by the State of New Mexico Economic Development Department's designated Fiscal Agent until the loan is satisfied.

LEDA 20-3: OBTC Project



Michelle Lujan Grisham • Governor
Alicia J. Keyes • Cabinet Secretary

Valued New Mexico Business,

Thank you for looking into this loan program especially designed to help New Mexico e-based businesses weather these uncertain economic times of the Covid-19 pandemic.

We strive to make the application process as user-friendly, efficient, and transparent as possible given the statutory parameters under which these funds are administrated.

Here is a quick summary explaining how the LEDA loan can be utilized and the process of applying for this loan:

LEDA is a fund administered by the New Mexico Economic Development Department; it is a discretionary fund that can be used to offset the costs associated with land, building, and infrastructure for economic based businesses. ***Economic based business is defined as a business that manufactures or a non-retail service provider that derives over 50% of their revenue from outside of New Mexico.*** This loan can also be used for lease abatement and mortgage assistance.

The process to determine your loan eligibility and the size of the loan is fairly simple and our team at EDD will work with you and gather the information necessary to make the determination. In essence, you will be asked to respond to the following:

- What do you do?
- How long has the company been in business?
- What is the company's NAICS Code?
- How many jobs will be saved by these funds?
- What is the anticipated payroll of these jobs?
- What was the company's 2019 annual revenues?
- What are the company's projected 2020 revenues?

After we gather this information, it will be summarized and given to the Cabinet Secretary and the Governor for review. Once they determine if we can support you, an amount of the loan will be established and we will open a formal application. This application is an online portal and can be completed entirely online. We will require a financial review (3 years) of the business as part of the formal application. Simultaneously, with the completion of the application, we will also work with the local fiscal agent (City or County) who will administer this loan.

LEDA 20-3: OBTC Project



Michelle Lujan Grisham • Governor
Alicia J. Keyes • Cabinet Secretary

The public process will include:

Introduction of an Ordinance
Public Hearing
Approval of the Ordinance

Fiscal Agent may add additional committee hearings

Included in the ordinance will be 3 key documents:

Project Participation Agreement (PPA) – This is the contract between the company and the fiscal agent stating the amount and terms of the loan;

Intergovernmental Agreement (IGA) – This document mirrors the PPA and also lays out how the State of New Mexico will provide the funds to the fiscal agent and how we expect them to handle our money.

Security (Collateral) – We are statutorily bound to hold security equal to the amount of the loan. This can be a first lien on property, letter of credit, surety bond or other agreed upon security.

Thank you for your commitment to New Mexico.