

CITY of ALBUQUERQUE

TWENTY FOURTH COUNCIL

COUNCIL BILL NO. O-20-21 ENACTMENT NO. _____

SPONSORED BY: Brook Bassan, by request

1 ORDINANCE

2 APPROVING A PROJECT INVOLVING VIBRANT CORPORATION 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 VIBRANT CORPORATION, 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, Vibrant
15 Corporation (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 fourteen employees at a minimum monthly payroll of \$100,000 (the
19 "Project"); and

20 WHEREAS, the City will administer and disburse to the Company loan funds
21 totaling \$304,000 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 fourteen employees at a
4 minimum monthly payroll of \$100,000.

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 \$304,000, in exchange for which the Company will complete the Project as specified in
16 the Agreement. There is hereby appropriated for the Project \$304,000 of funds
17 received 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

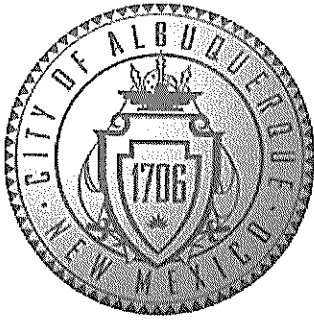
1 necessary or appropriate to consummate the transactions contemplated by the
2 Agreement.

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 

SUBJECT: Approving an Ordinance for Vibrant Corporation Project Pursuant to the Local Economic Development Act (LEDA 20-2)

Attached is an ordinance for your consideration and approval authorizing the Vibrant Corporation Project Pursuant to the Local Economic Development Act (LEDA 20-2).

In response to the COVID-19 pandemic, the State Economic Development Department 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 Vibrant Corporation. 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 of New Mexico Economic Development Department ("State") is providing a loan in the amount of \$304,000 to assist Vibrant 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 8916 Adams St. NE, Albuquerque, NM 87113, which will free up other capital the company has to maintain operations. For Vibrant's contribution to this economic development project, it agrees to maintain fourteen (14) positions and a minimum of \$100,000 in monthly payroll. Vibrant Corporation is the first 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.

Vibrant Corporation is an advanced technology New Mexico small business located in the far end of the I-25/Jefferson Corridor, north of Alameda and west of I-25 in a light industrial area. Vibrant Corporation's Process Compensated Resonance Testing (PCRT) services support the worldwide aerospace, automotive and power generation industries, as well as materials


LEDA 20-2: Vibrant Corporation Project

laboratories with nondestructive testing (NDT). Prior to the COVID-19 pandemic, they employed 14 people at their Albuquerque location.

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 City's limited participation as fiscal agent for the State.

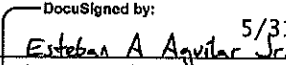
I request Introduction on June 1, 2020, with Holdover for Final Action on June 15, 2020, to allow the company to receive these funds as soon as possible.

Approved:



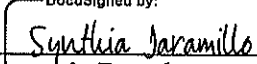
Sarita Nair 6/1/20
Chief Administrative Officer Date

Approved:



Esteban A. Aguilar Jr. 5/31/2020
City Attorney Date

Recommended:



Synthia Jaramillo 5/31/2020
Economic Development Department Date
Synthia Jaramillo

LEDA 20-2: Vibrant Corporation Project

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 Vibrant Corporation. The State is providing a loan in the amount of \$304,000 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 to be used for lease payment at 8916 Adams St. NE, Albuquerque, NM 87113, 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.

2. What will this piece of legislation do?

The ordinance would allow Vibrant Corporation to maintain fourteen (14) positions and a minimum of one hundred thousand dollars (\$100,000.00) in monthly payroll. The majority of the current employees are full-time engineering and technical positions, and come with full employee benefits.

The Vibrant Corporation Project is the first LEDA Loan Program using the proposed Ordinance authorizing temporary suspension of Section 2-14-1-9(D) of the City’s LEDA Ordinance (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.

Vibrant Corporation is an advanced technology New Mexico small business located in the far end of the I-25/Jefferson Corridor, north of Alameda and west of I-25 in a light industrial area. Vibrant Corporation’s Process Compensated Resonance Testing (PCRT) services support the worldwide aerospace, automotive and power generation industries, as well as materials laboratories with nondestructive testing (NDT). Prior to the COVID-19 pandemic, they employed 14 people at their Albuquerque location,

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. 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 for qualified entities within the corporate limits of the City to help address the economic conditions resulting from the COVID-19 pandemic.

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The loan will be used to offset Vibrant Corporation's property lease cost of \$12,666 per month. Their 2020 budgeted revenues of over \$4 million will not be realized due to the coronavirus related impact. The loan will assist in continuing normal operations to the extent possible and to keep the staff in place until the company can move past the COVID-19 related economic downturn.

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. New Mexico Economic Development Department staff has reviewed Vibrant Corporation's financials and have found the following:

- Company has been profitable prior to this current situation.
- Based on the financial information provided, even if they resumed at a decrease of 25%, they would still be able to service this debt.

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.

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**LOCAL ECONOMIC DEVELOPMENT PROJECT PARTICIPATION LOAN
AGREEMENT**

**CITY OF ALBUQUERQUE AND VIBRANT CORPORATION
LOCAL ECONOMIC DEVELOPMENT PROJECT 20-2**

THIS LOCAL ECONOMIC DEVELOPMENT PROJECT PARTICIPATION LOAN AGREEMENT (the “Agreement”) is entered into as of XX 2020, by and between the CITY OF ALBUQUERQUE (the “City”), a political subdivision of the State of New Mexico (the “State”), and Vibrant Corporation (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, to reimburse eligible lease payments.

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 fourteen (14) positions and a minimum of one hundred thousand dollars (\$100,000.00) 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.
3. 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.

LEDA 20-2: Vibrant Corporation Project

4. The State Contribution; Procedure for Disbursement of the State Contribution. The City anticipates that the State Contribution of three hundred and four thousand dollars (\$304,000.00) 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 payment at 8916 Adams St. NE, Albuquerque, NM 87113.
5. 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. Eight quarterly disbursements to the Company of thirty-eight thousand dollars (\$38,000) The second and subsequent disbursements are contingent on proof satisfactory to the City that Company's lease is current and to reimburse appropriate lease payments.
6. 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, equipment worth in excess of five hundred forty-one thousand dollars (\$541,000.00). Security will be held in place until the loan is repaid in full.
7. 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.
8. Quarterly Requirements. The Company is required to submit to the City of Albuquerque Economic Development Department copies of its unemployment insurance reports on a quarterly basis.
9. Effective Date. This Agreement will be effective as of execution and shall terminate no later than two years from that date.
10. 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.
11. 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

LEDA 20-2: Vibrant Corporation Project

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.

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

13. 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

VIBRANT CORPORATION

Bill Hoermle, VP of Finance and Administration

Date

Address for Notice:

LEDA 20-2: Vibrant Corporation Project

ALBUQUERQUE DEVELOPMENT COMMISSION Local Economic Development Act Hearing

May 28, 2020

Case #2020-3

LEDA-20-2: Vibrant Corporation Project

REQUEST: Approval of \$304,000 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:

Vibrant Corporation is an advanced technology New Mexico small business located in the far end of the I-25/Jefferson Corridor, north of Alameda and west of I-25 in a light industrial area. In 2020, they employed 14 people at their Albuquerque location, prior to the COVID-19 pandemic. They are working with NMEDD to help the company sustain their New Mexico employment

LEDA 20-2: Vibrant Corporation Project

with the 0% interest loan program. The \$304,000 loan will go towards lease payments, which will free up other capital the company has to maintain operations.

The company has evolved as new markets for its technology have emerged.

Vibrant's resonance-based testing began taking shape in the late 1980s. At the time, Los Alamos National Laboratory scientists began combining advanced computing power with precision frequency generation technologies to analyze the effects of manufacturing variations on the resonance signatures of metallic components.

The Quatro Corporation licensed this technology, creating Quasar International in 1993. Quasar focused the technology development to the automotive market, they developed a new system, Process Compensated Resonance Testing (PCRT) targeting auto makers. Today, more than 100 PCRT systems have been installed worldwide, where they test more than 150 million parts per year.

In 2006, Vibrant formed to license PCRT technology for application to new markets. Working closely with the scientists and engineers of Quasar (now a part of Magnaflux), Vibrant developed PCRT applications focused on the high-value, high-performance and safety-critical components in the aerospace and power generation industries. In 2008, Vibrant established an international presence with the formation of Vibrant NTD Ltd. to serve customers in the United Kingdom. In 2012, Vibrant's international presence expanded with the formation of Vibrant GmbH in Germany to serve customers in Continental Europe. In 2014, all European operations were consolidated into Vibrant Deutschland GmbH in Elz, Germany.

Vibrant Corporation's PCRT services support the worldwide aerospace, automotive and power generation industries, as well as materials laboratories with nondestructive testing (NDT). A global company, the company operate facilities in the United States and Germany.

The company had closures related to the coronavirus that have caused a substantial decline in Vibrant Corporation's revenues. The funding from the LEDA Zero Interest Loan will be used for building lease payments. The company expects to rebound from the coronavirus impact by year end or soon after. The lease payments are approximately \$12,666 per month. Building is owned by two entities so there are two leases. The 8916A Adams NE is 8,104 sq. ft and 8916B Adams NE is 4,205 sq. ft and are located in Albuquerque, NM 87113. The building is zoned I-P.

The LEDA Zero Interest Loan will help to insure a bridge past the coronavirus disaster. Additional layoff of personnel will impair Vibrant Corporation's ability to recover revenues and seize opportunities. It is also possible that the company could completely cease operations, leaving all unemployed. It is important to note that all of their 2019 revenues (nearly \$4 million) came from outside of New Mexico while most of their spending was within New Mexico.

The majority of the current employees are primarily engineering and technical positions, are considered full time positions, and come with full employee benefits.

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:

LEDA 20-2: Vibrant Corporation Project

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 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;**

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

This project includes a fiscal impact analysis provided to the City from the New Mexico Economic Development Department, utilizing the IMPACT DataSource economic impact model. The fiscal impact determination of the Project is from information the Company provided. The analysis shows that the company’s operations will support employment and other positive economic impacts in the City.

The State is providing a loan in the amount of \$304,000 to assist the company with lease payments and maintain their employment in Albuquerque. In regard to the financial viability of the project, NMEDD has provided the following statement:

The New Mexico Economic Development Department staff has reviewed Vibrant Corp financials and has found the following:

The Company has been profitable prior to this current situation. Based on the financial information provided, even if they resumed operations at a decrease of 25%, they would still be able to service this debt.

We note that there are definite strengths with this application:

1. Company demonstrates year over year growth in both sales’ revenue and profit
2. Company has low long-term liabilities
3. Company is an established tester of precision aerospace component parts and this service will continue to be in demand after the pandemic

We noted no weaknesses with this application:

NMEDD staff has reviewed and Vibrant Corp meets the standards for approval.

LEDA 20-2: Vibrant Corporation Project

FINDINGS:

1. LEDA 20-2 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. Vibrant Corporation 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 Vibrant Corporation; and
4. LEDA 20-2 would make positive substantive contributions to the local economy and community by retaining 14 jobs; and
5. 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
6. 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 Zero Interest Loan 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 Zero Interest Loan assistance. Vibrant Corporation 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;**

LEDA 20-2: Vibrant Corporation Project

- 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;**

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. Vibrant Corporation 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:

(A) Manufacturing firms (including intellectual property such as computer software)

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

The City's plan also states that the City has "considerable flexibility in determining what is considered as adequate benefits."

Vibrant Corporation's history started with Quatro Corporation licensing technology from Los Alamos National Laboratory to form Quasar Corporation in 1993 and in 2006 Vibrant Corporation was formed to take some of the technologies to new markets. This loan program and LEDA project will help keep that technology history alive and working into the future for New Mexico.

II. LAND USE, PLAN AND DESIGN ELEMENTS

1. PLAN & ZONING:

Legal Description

The property for Vibrant Corporation is at 8916 Adams St. NE, Albuquerque, NM 87113. The property is owned by two different owners. 8916A Adams NE is 8,104 sq. ft. and 8916B Adams NE is 4,205 sq. ft.

Legal descriptions are below:

Primary Building SQ FT 12,308/.98 Acres

LEDA 20-2: Vibrant Corporation Project

LT 39 PLAT FOR RICHFIELD PARK SUBD CONT 42,501 SQ FT +/-

Present Assessed Value

| | |
|--------------------|--------------|
| Tax Year | 2020 |
| Full Land Value | \$241,000.00 |
| Agric. Land | \$0.00 |
| Full Impv. Value | \$507,200.00 |
| Full Total Value | \$748,200.00 |
| | |
| Taxable (1/3 Full) | \$249,375.00 |

Present and Proposed Zoning

The site is currently zoned non-residential, light manufacturing zone district.

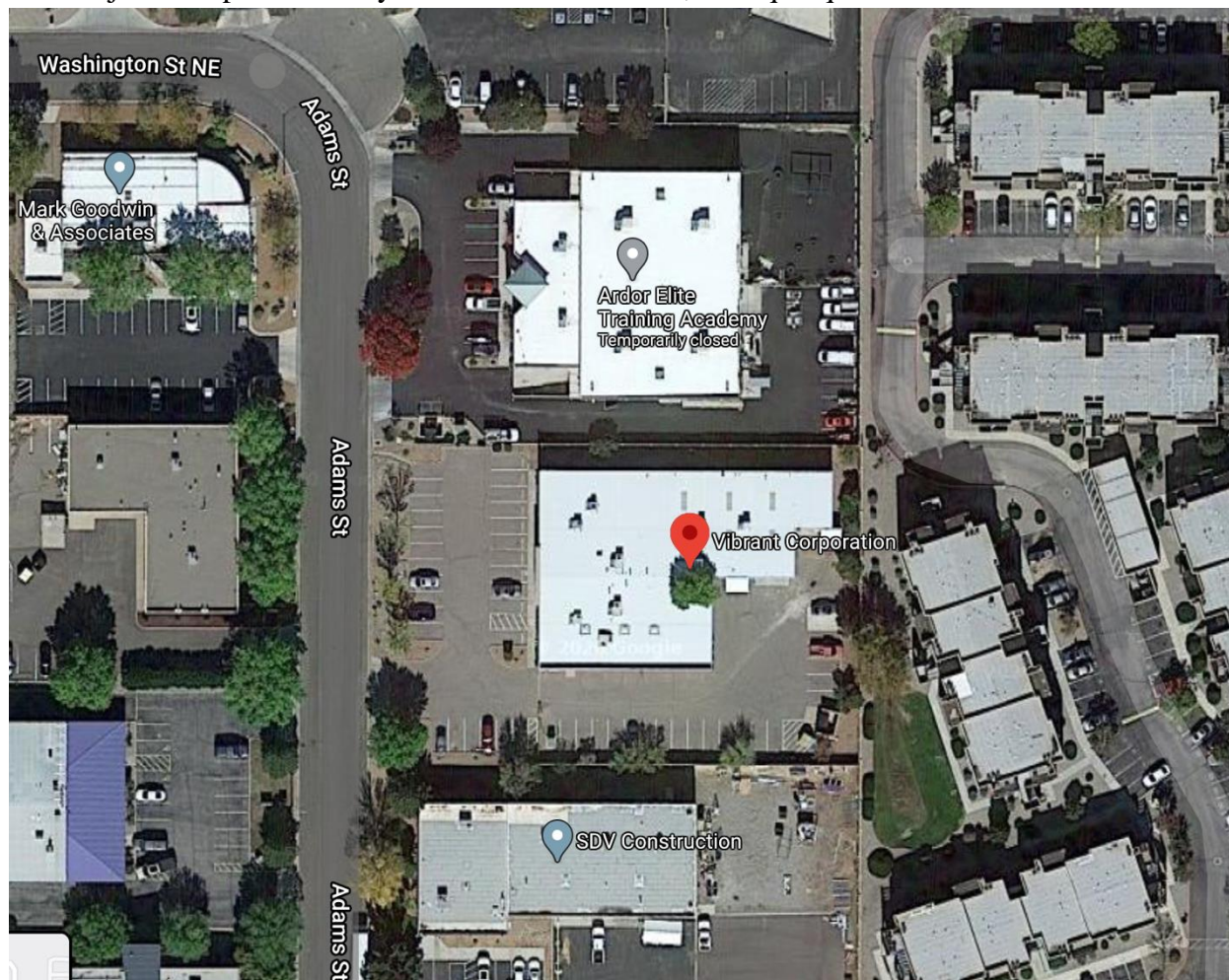
No changes will be required for the proposed use.

The zoning allows for a wide variety of non-residential uses include a wide variety of office, commercial research, light industrial, manufacturing, office, research and development, distribution, showroom, processing, and institutional uses.

LEDA 20-2: Vibrant Corporation Project

2. LAND USE:

The Project occupies a facility at 8916 Adams St. NE, Albuquerque NM 87113.



The building is owned by two different entities Mark Goodwin & Associates and JKM Property LLC.

The lease for 8916A Adams NE was signed on November 7, 2017 for 37 months. The property is owned by JKM Property. Vibrant Corporation has a monthly lease payment of \$7,766.00 for 8916A Adams NE.

The lease terms for property 8916B Adams NE began on August 1, 2018 for a term of 2 years and 6 months with a monthly amount of \$4,900.00.

3. INFILL:

The project involves an existing building which has been occupied by the company for the last few years.

LEDA 20-2: Vibrant Corporation Project**4. DESIGN AND CONSERVATION:**

The company is located in a high demand area just north of Alameda and just west of Jefferson. The offices and manufacturing space are all clean and in great condition. The existing building has been kept in excellent working condition by the company to maintain its appearance.

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.

III. ECONOMIC BENEFITS**6. COMPETITION:**

Regarding legacy NDT (non-destructive testing) methods, such as x-ray, ultrasonic, eddy current, CT tomography, there are hundreds in that area in the country. However, Vibrant Corporation's resonance technology is unique with only one similar NDT competitor, The Modal Shop, located in Cincinnati, Ohio.

7. JOBS:

The jobs to be retained:

| Job Title | Type Pay Scale | Year 2 | Year 3 |
|-----------------------------|----------------------------|-----------|-----------|
| Application Engineer | \$88,000 | 1 | 1 |
| Application Engineer | \$75,000 | 1 | 1 |
| Tech. or Accounting Manager | \$65,000 | 1 | 1 |
| | Total No. of Jobs Retained | 3 | 3 |
| | Total Estimated Payroll | \$228,000 | \$228,000 |

Vibrant Corporation's payroll consists of full-time annual pay for non-managers ranging from \$40,000 for administrative assistant to \$90,000 for an application engineer. The management pay ranges from \$65,000 for the accounting manager to \$200,000 for the President/CEO. The monthly payroll base wage was approximately \$130,000 before the coronavirus and is now estimated to be approximately \$100,000.

LEDA 20-2: Vibrant Corporation Project

Local Benefit

As shown in the table below, according to the economic impact model provided by the New Mexico Economic Development Department, the City would see a net present value of approximately \$1.27 million with the retention and potential growth of the business over the next 10 years.

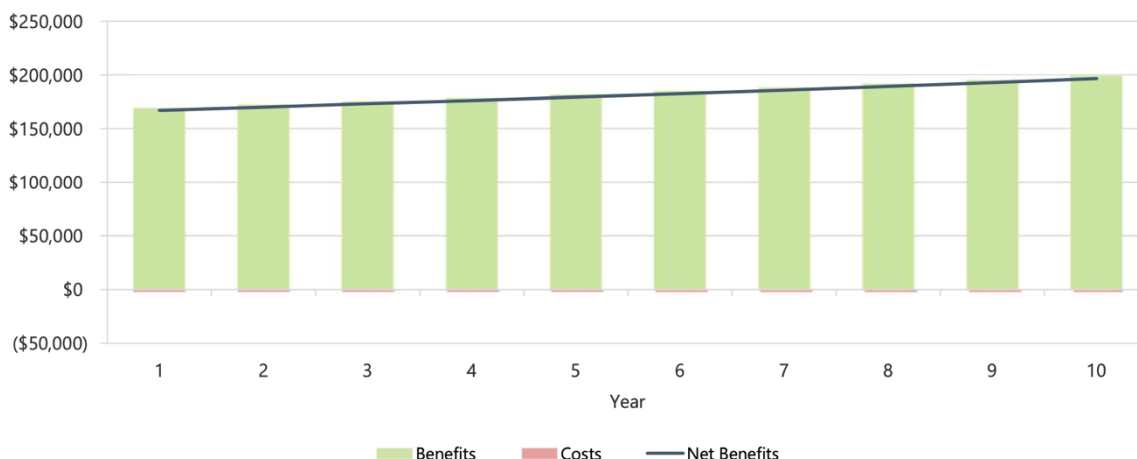
Table 7. Albuquerque: Benefits, Costs, and Net Benefits Over the Next 10 Years

| | Amount |
|--|--------------------|
| Gross Receipts Taxes | \$1,791,402 |
| Real Property Taxes - Project | \$0 |
| FF&E Property Taxes - Project | \$16,579 |
| Property Taxes - New Residential | \$0 |
| Utility Revenue | \$21,121 |
| Utility Franchise Fees | \$5,317 |
| Building Permits and Fees | \$0 |
| Lodgers Taxes | \$0 |
| Miscellaneous Taxes & User Fees | \$0 |
| <u>Subtotal Benefits</u> | <u>\$1,834,419</u> |
| Cost of Providing Municipal Services | \$0 |
| Cost of Providing Utility Services | (\$21,755) |
| <u>Subtotal Costs</u> | <u>(\$21,755)</u> |
| Net Benefits | \$1,812,664 |
| <i>Present Value (6.75% discount rate)</i> | <i>\$1,275,567</i> |

Figure 3. Annual Fiscal Net Benefits for the Albuquerque

LEDA 20-2: Vibrant Corporation Project

Figure 3. Annual Fiscal Net Benefits for the Albuquerque

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

The company plans on using external equity investment sources from various individual investors and venture capital group in the amount of \$5,150,700.00.

Paul Hunter has provided the company with a line of credit. He has provided Vibrant Corporation with \$145,000 on a \$275,000 line. Another source is a convertible bond from Sintokogio in Japan in the amount of \$1,000,000.00.

10. DEVELOPER'S RECORD:

Vibrant provides Process Compensated Resonance Testing (PCRT) services to the Aerospace and Power Generation industries worldwide through its facilities in the United States and Europe. PCRT applications range from quality assurance and process capability assessment for Original Equipment Manufacturers to in-service structural assessment and life monitoring for Maintenance, Repair, and Overhaul organizations. Vibrant is certified to AS9100 Rev D, and ISO 9001:2015. www.vibrantndt.com

Vibrant has consistently been recognized as one of New Mexico's fastest growing technology companies, winning a Flying 40 Award for seven years in a row.

Additional information is available on <https://www.vibrantndt.com/news/>.

11. EQUITY:

The Company has been profitable prior to this current situation. Based on the financial information provided, even if they resumed at a decrease of 25%, they would still be able to service this debt.

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

LEDA 20-2: Vibrant Corporation Project

12. MANAGEMENT:

Lemna Hunter is the President and CEO and has a greater than 20% ownership of Vibrant Corporation. Leanne Jauriqui is the Vice President of Technology and Bill Hoermle is the VP of Finance and Administration.

13. FISCAL IMPACT ANALYSIS

This project includes a fiscal impact analysis provided to the City from the New Mexico Economic Development Department, utilizing the IMPACT DataSource economic impact model. The fiscal impact determination of the Project is from information the Company provided. The analysis shows that the company's operations will support employment and other positive economic impacts in the City. Information from the report is attached.

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.

LEDA 20-2: Vibrant Corporation Project

The primary terms of the Vibrant Corporation 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.
2. The Company Contribution. The Company agrees for its contribution to this economic development project to maintain fourteen (14) positions and a minimum of one hundred thousand dollars (\$100,000.00) 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.
3. 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.
4. The State Contribution; Procedure for Disbursement of the State Contribution. The City anticipates that the State Contribution of three hundred and four thousand dollars (\$304,000.00) 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 payment at 8916 Adams St. NE, Albuquerque, NM 87113.
5. 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. Eight quarterly disbursements to the Company of thirty-eight thousand dollars (\$38,000) The second and subsequent disbursements are contingent on proof satisfactory to the City that Company's lease is current and to reimburse appropriate lease payments.
6. 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, equipment worth in excess of five hundred forty-one thousand dollars (\$541,000.00). Security will be held in place until the loan is repaid in full.

LEDA 20-2: Vibrant Corporation Project

FINDINGS:

1. Vibrant Corporation 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. Vibrant Corporation 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 Vibrant Corporation; and
4. LEDA 20-2 would make positive substantive contributions to the local economy and community by retaining 14 jobs; and
5. 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,
6. 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.

STAFF RECOMMENDATION:

Based on the above findings, staff recommends approval of LEDA 20-2 as proposed in the project plan application.

Economic Development Department

LEDA 20-2: Vibrant Corporation Project

- [INDUSTRY](#)
- [RESONANCE SOLUTIONS](#)
- [ADVANCED TECHNOLOGY](#)
 - [BLOGS & NEWS](#)
 - [ABOUT VIBRANT](#)
 - [CONTACT](#)



Dedicated to increasing your bottom line

Vibrant's PCRT technology is changing how aerospace, automotive and power generation markets conduct nondestructive testing.

About Vibrant

Vibrant Corporation's revolutionary Process Compensated Resonance Testing (PCRT) services support the worldwide aerospace, automotive and power generation industries, as well as materials laboratories with unparalleled nondestructive testing (NDT). A global company, we operate facilities in the United States and Germany.

PCRT applications range from quality assurance and process capability assessment for original equipment manufacturers to in-service structural assessment and life monitoring for maintenance, repair and overhaul organizations. Vibrant also participates in new technology development with Department of Defense research labs.

Vibrant manufactures our own PCRT testing equipment, which is programmed and shipped worldwide to support our customers. We are also a prime supplier of the automotive industry's Process Compensated Resonant Inspection (PCRI) equipment for ITW-Magnaflux.

LEDA 20-2: Vibrant Corporation Project

History

Vibrant's state-of-the-art resonance-based testing began taking shape in the late 1980s. It was then Los Alamos National Laboratory scientists began combining advanced computing power with precision frequency generation technologies to analyze the effects of manufacturing variations on the resonance signatures of metallic components.

The Quatro Corporation licensed this promising technology, creating Quasar International in 1993. Quasar focused the technology development on the automotive market, spending 10 years and nearly \$10M dollars in the development of a high speed automated NDE system called Process Compensated Resonance Testing (PCRT) for Tier 1 suppliers to the big three auto makers. Today, more than 100 PCRT systems have been installed worldwide, where they test more than 150 million parts per year.

In 2006, Vibrant formed to license PCRT technology for application to new markets. Working closely with the scientists and engineers of Quasar (now a part of Magnaflux), Vibrant developed PCRT applications focused on the high-value, high-performance and safety-critical components in the aerospace and power generation industries.

In 2008, Vibrant established an international presence with the formation of Vibrant NTD Ltd. to serve customers in the United Kingdom. In 2012, Vibrant's international presence expanded with the formation of Vibrant GmbH in Germany to serve customers in Continental Europe. In 2014, all European operations were consolidated into Vibrant Deutschland GmbH in Elz, Germany.

LEDA 20-2: Vibrant Corporation Project

LEDA COVID-19 App

| | |
|---------------------------|-------------------------|
| Applicant | Bill Hoermle |
| Applicant ID | APP-013157 |
| Company Name | Vibrant Corporation |
| Phone | (505) 314-1511 |
| Email | bhoermle@vibrantndt.com |
| Status | Submitted |
| LEDA Starting Job Count | 0 |
| LEDA PPA Job Count Target | 0 |

Contact Information**Question:** Legal Company Name

Vibrant Corporation

Question: Trade Name (dba)

Not Answered

Question: Project Name

Not Answered

Question: Company Street Address

8916 Adams St. NE

Question: Company City

Albuquerque

Question: Company State

NM

Question: Company Zip

87113

LEDA 20-2: Vibrant Corporation Project

Question: Phone

(505) 314-1511

Question: Fax

(505) 821-5210

Question: Primary Contact Person First Name

Bill

Question: Primary Contact Person Last Name

Hoermle

Question: Federal Tax ID #

205886291

Question: NM State Tax and Revenue (CRS) #

03089309007

Question: City/County Business License #

COM-2018-348893

Question: NAICS Code(s)

541380 & 541715

Question: DUNS #

800669884

Question: This Business is organized as a:

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

Project Information

LEDA 20-2: Vibrant Corporation Project

Please include detailed information such as:

- Executive Summary; Business description and history

Question: Description of the emergency situation that requires funding.

Company closures related to the coronavirus have caused a substantial decline in our revenues.

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

Funding from this loan will be used for building lease payments. We expect to rebound from the coronavirus impact by year end or soon after. Our lease payments are approximately 12,666 per month. Leases are attached. Building is owned by two entities so there are two leases.

Question: Supporting Documentation

[Goodwin - 8916B Adams Bldg Lease Signed.pdf](#) (3/31/2020 1:01 PM)

[JKM 8916A Adams Bldg Lease Agreement-FULLY SIGNED.pdf](#) (3/31/2020 1:00 PM)

Financial Information

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

[Vibrant Corporation, 2016 Tax Returns.pdf](#) (3/31/2020 10:33 AM)

[Vibrant Corp 2017 Fed Return.pdf](#) (3/31/2020 10:32 AM)

[2018 U.S. Federal Return.pdf](#) (3/31/2020 10:30 AM)

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

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

LEDA 20-2: Vibrant Corporation Project

☐ Security Interest/Lien☐ TBD**Question:** What is the method of appraisal for stated security?

Not appraised but our net book value is reasonable as it represents our cost less accumulated depreciation over a reasonable life.

Question: What is the equity investment from the applicant?

\$0.00

Question: External Equity Investment Sources

Various individual investors and venture capital groups

Question: External Equity Investment Amount

\$5,150,700.00

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

No bank loans currently exist

Question: Bank Loans Amount Total

\$0.00

Question: Other Loans Source

Paul Hunter

Question: Other Loans Amount

\$145,000.00

Question: Other Sources

Convertible Bond from Sintokogio in Japan

Question: Other Sources Amount

\$1,000,000.00

Question: Total Loan Requested

\$304,000.00

Question: Requested Loan Duration (Months)

LEDA 20-2: Vibrant Corporation Project

24.00

Company History and Background

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

Incorporated 10/31/2006, Revenues began in 2007

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.

12.00

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

Lemna Hunter (greater than 20% ownership) - President and CEO
Leanne Jauriqui - Vice President of Technology
Bill Hoermle - VP of Finance and Administration
Thomas Kohler - Managing Director, Vibrant GmbH (not included in fte count above, which is NM only)

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.

Vibrant GmbH is a wholly owned subsidiary of Vibrant Corporation

Community Aspects

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

Loan will help to insure a bridge past the coronavirus disaster. Additional layoff of personnel will impair our ability to recover revenues and seize opportunities. It is also possible that our

LEDA 20-2: Vibrant Corporation Project

company could completely cease operations, leaving all unemployed. It is important to note that all of our 2019 revenues (nearly \$4 million) came from outside of New Mexico while most of our spending was within New Mexico.

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.

Number of Jobs Retained
Job Title or Type Pay Scale Beginning of Year 2 Beginning of Year 3
Application Engineer 88,000 1 1
Application Engineer 75,000 1 1
Tech. or Accting Mgr 65,000 1 1

Total No. of Jobs Retained 3 3
Total Estimated Payroll 228,000 228,000

Question: Outline the existing pay scale and payroll.

Full time annual pay for non-managers range from 40,000 for admin assistant to 90,000 for an application engineer.
Management pay ranges from 65,000 for the accounting manager to 200,000 for the President/CEO.

Monthly payroll base wage was approximately \$130,000 before the coronavirus and is now estimated to be approximately \$100,000.

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

Medical, Dental and vision where employees pay approximately 20%. Life insurance is paid 100% by Vibrant.
401k match of 100% of the first 3% deferral and 50% of the next 2% deferral.

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

3.00

LEDA 20-2: Vibrant Corporation Project

Economic Impact Analysis

Please download the economic impact datasheet to work up the required information for this section.

- [Economic Impact Datasheet](#)

Send data sheet and questions regarding the Economic Impact Analysis to Ryan Eustice, NM EDD Economist, (505) 827-2191, ryant.eustice@state.nm.us

Question: NMEDD will preform an Economic Impact Analysis to address the impact to the local tax base, the school system, etc. (Please upload the completed Economic Impact Datasheet from above)

[New Mexico EDD Project Data Sheet Vibrant 3-31-20.xlsx](#) (3/31/2020 11:23 AM)

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.

[NM Authorization for examination and release of information-Vibrant-scanned.pdf](#) (3/31/2020 12:40 PM)

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

[NM 2019-Q4 - Vibrant.pdf](#) (3/31/2020 12:40 PM)

Question: Officer Application Affirmation Attestation

[NM 2019 LEDA Application Affirmation-Vibrant-scanned.pdf](#) (3/31/2020 12:41 PM)

LEDA 20-2: Vibrant Corporation Project

Fiscal Impact Overview

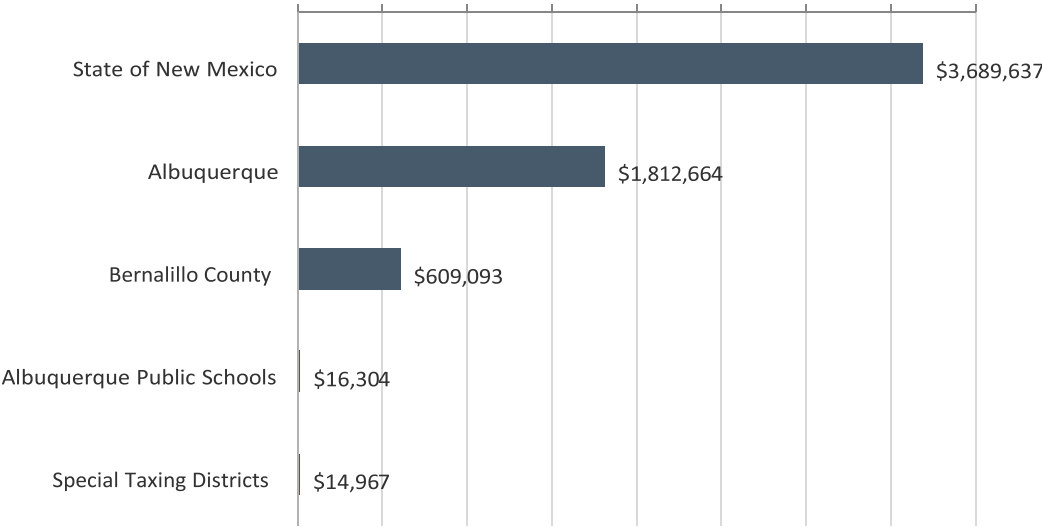
The Project will generate additional benefits and costs for local taxing districts, a summary of which is provided below. The source of specific benefits and costs are provided in greater detail for each taxing district on subsequent pages. Overall, the City will receive approximately \$1,812,700 in net benefits over the 10-year period and the Project will generate \$6,142,700 in total for all local taxing districts.

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

| | | | Net | Present |
|----------------------------|-------------|-------------|-------------|------------------------|
| | Benefits | Costs | Benefits | Value of Net Benefits* |
| State of New Mexico | \$4,129,886 | (\$440,250) | \$3,689,637 | \$2,594,229 |
| Albuquerque | \$1,834,419 | (\$21,755) | \$1,812,664 | \$1,275,567 |
| Bernalillo County | \$609,093 | \$0 | \$609,093 | \$429,483 |
| Albuquerque Public Schools | \$16,304 | \$0 | \$16,304 | \$12,636 |
| Special Taxing Districts | \$14,967 | \$0 | \$14,967 | \$0 |
| Total | \$6,604,669 | (\$462,004) | \$6,142,665 | \$4,323,515 |

* 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 20-2: Vibrant Corporation Project

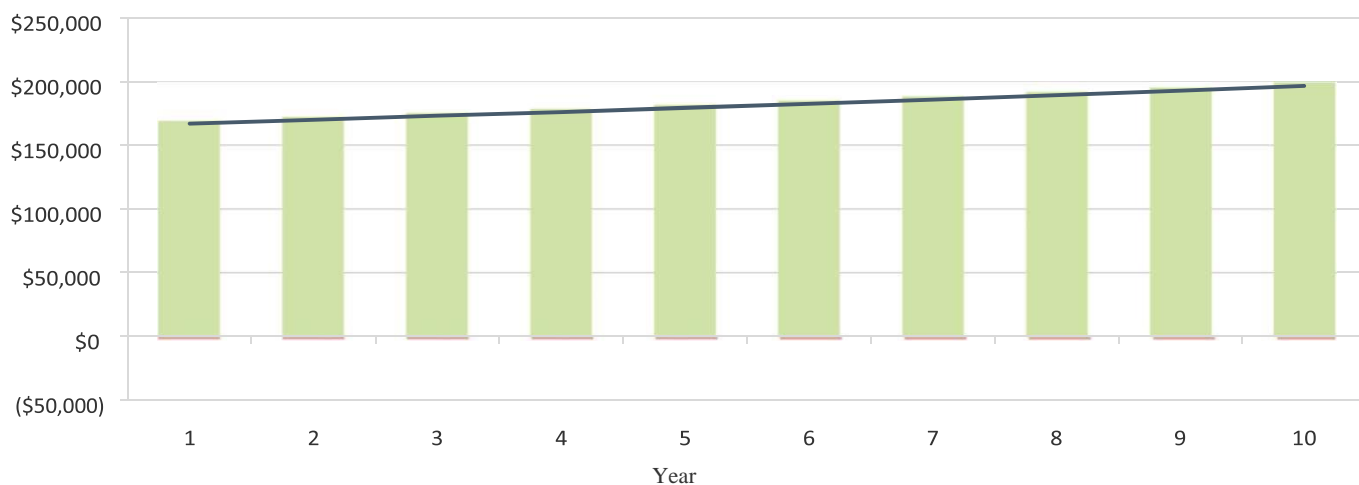
Albuquerque

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 | \$1,791,402 |
| Real Property Taxes - Project | \$0 |
| FF&E Property Taxes - Project | \$16,579 |
| Property Taxes - New Residential | \$0 |
| Utility Revenue | \$21,121 |
| Utility Franchise Fees | \$5,317 |
| Building Permits and Fees | \$0 |
| Lodgers Taxes | \$0 |
| Miscellaneous Taxes & User Fees | \$0 |
| <u>Subtotal Benefits</u> | <u>\$1,834,419</u> |
| Cost of Providing Municipal Services | \$0 |
| Cost of Providing Utility Services | (\$21,755) |
| <u>Subtotal Costs</u> | <u>(\$21,755)</u> |
| Net Benefits | \$1,812,664 |
| Present Value (6.75% discount rate) | \$1,275,567 |

Figure 3. Annual Fiscal Net Benefits for the Albuquerque



LEDA 20-2: Vibrant Corporation 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 20-2: Vibrant Corporation 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 20-2: Vibrant Corporation 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.