

# CITY of ALBUQUERQUE

## TWENTY-FOURTH COUNCIL

COUNCIL BILL NO. R-21-149 ENACTMENT NO. \_\_\_\_\_

SPONSORED BY: Isaac Benton

1 RESOLUTION

2 A RESOLUTION DECLARING THE INTENT OF THE CITY OF ALBUQUERQUE,  
3 NEW MEXICO TO ISSUE INDUSTRIAL REVENUE BONDS ENTITLED CITY OF  
4 ALBUQUERQUE, NEW MEXICO INDUSTRIAL REVENUE BONDS (EL  
5 ENCANTO, INC. PROJECT), TAX-EXEMPT SERIES 2021, IN AN AGGREGATE  
6 PRINCIPAL AMOUNT UP TO \$10,000,000 IN CONNECTION WITH A PROPOSED  
7 PROJECT LOCATED IN THE CITY OF ALBUQUERQUE, NEW MEXICO, FOR  
8 THE PURPOSE OF INDUCING EL ENCANTO, INC. OR ITS SUCCESSORS OR  
9 ASSIGNS, TO ACQUIRE, CONSTRUCT AND EQUIP THE PROJECT AND TO  
10 REIMBURSE TEMPORARY ADVANCES MADE FOR CAPITAL EXPENDITURES  
11 FROM PROCEEDS OF THE BOND AND RELATED MATTERS.

12 WHEREAS, the New Mexico legislature has passed the "Industrial Revenue  
13 Bond Act" (the "Act"). Sections 3-32-1 to 3-32-16 inclusive et seq., NMSA 1978 as  
14 amended, which authorizes the City of Albuquerque, New Mexico (the "City") to  
15 issue industrial development bonds and to acquire projects as defined in the Act;  
16 and

17 WHEREAS, the City desires to promote industry and develop trade or other  
18 economic activity to secure and maintain a balanced and stable economy in the City  
19 and to promote public health, welfare, safety, convenience and prosperity; and

20 WHEREAS, El Encanto, Inc., a New Mexico corporation (together with its  
21 successors and assigns, the "Company"), has made a proposal to the City (the  
22 "Proposal") whereby the City will acquire land, buildings and equipment located in  
23 the City, which will constitute an industrial development project (the "Project"); and

24 WHEREAS, the issuance of its industrial revenue bonds (the "Bonds") by the City  
25 to finance all or a part of the Project, will constitute one of the inducements whereby  
26 the Company will determine to acquire land and acquire, construct and equip a  
27 facility in the City; and

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1 WHEREAS, the City Council (the "Council") of the City constitutes the governing  
2 body of the City within the meaning of the Act; and

3 WHEREAS, the Project has been considered by the Council and it has been  
4 concluded that the Proposal and Project will promote the local health, general  
5 welfare, safety, convenience and prosperity of the inhabitants of the City, and the  
6 Council desires to indicate its intent to proceed with the issuance of the Bonds for  
7 the financing of the Project; and

8 WHEREAS, concurrently with the issuance of the Bonds, the Company will enter  
9 into a leasing or other financing agreement with the City providing for the payment of  
10 lease rentals or other payments on the Project sufficient to pay the debt service on  
11 the Bonds, subject to the prior adoption by the Council of an ordinance (the "Bond  
12 Ordinance"); and

13 WHEREAS, pursuant to Section 1.150-2 of the Treasury Regulations (the  
14 "Regulations", promulgated under the Internal Revenue Code of 1986, as amended  
15 (the "Code")), the issuer of "private activity bonds," within the meaning of the Code,  
16 may make a declaration of official intent with respect to expenditures relating to a  
17 project to be financed with tax-exempt private activity bonds under the Code,  
18 thereby allowing a borrower such as the Company to reimburse itself out of the  
19 proceeds from the sale of tax-exempt private activity bonds for expenditures made  
20 within sixty (60) days prior to the declaration of official intent; and

21 WHEREAS, in order for the Bonds to be issued as tax-exempt private activity  
22 bonds, the City must apply for and receive from the New Mexico State Board of  
23 Finance an allocation of "private activity bond volume cap" in an amount equal to the  
24 par amount of the Bonds to be issued as tax exempt private activity bonds; and

25 WHEREAS, the New Mexico State Board of Finance requires that an application  
26 for volume cap be accompanied by a copy of an inducement resolution, certified by  
27 an official of the City; and

28 WHEREAS, this resolution, as it expresses the intent of the City to issue the  
29 Bonds, is intended to be the inducement resolution required to be submitted to the  
30 New Mexico State Board of Finance; and

31 WHEREAS, the City and the Company understand that the adoption of this  
32 Resolution shall not obligate the City to issue the Bonds except in full compliance

1 with the terms of the Bond Ordinance adopted by the City prior to the issuance of the  
2 Bonds and related bond documents in form satisfactory to the City.

3 NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF  
4 ALBUQUERQUE:

5 Section 1. All actions (not inconsistent with the provisions hereof) heretofore  
6 taken by the Council and the officers and employees of the City, related to the  
7 Proposal, the acquisition, construction and improvement of the Project, and the sale  
8 and issuance of the Bonds therefore, be and the same hereby are ratified, approved  
9 and confirmed.

10 Section 2. The Council understands the following:

11 A. The Project will consist of the construction and improvement of a 25,000 square  
12 foot freezer on approximately 26.3 acres of land.

13 B. The maximum aggregate face amount of obligations to be issued with respect to  
14 the Project is \$10,000.000.

15 C. The initial developer of the land and buildings for the Project will be the  
16 Company.

17 D. The initial operator of the Project will be the Company.

18 E. The location of the Project is at 2001 4<sup>th</sup> Street SW in Albuquerque, New Mexico.

19 Section 3. In order to promote the local health and general welfare, safety,  
20 convenience and prosperity of the inhabitants of the City, it is the Council's intent to  
21 take all necessary and advisable steps to effect the issuance of the Bonds in an  
22 aggregate principal amount up to \$10,000,000 in order to defray part or all of the  
23 costs of the Project. The Bonds, in one or more series, are to be entitled  
24 substantially as follows "City of Albuquerque, New Mexico Industrial Revenue Bonds  
25 (El Encanto, Inc. Project), Tax-Exempt Series 2021." The Company intends that the  
26 Bonds to be used to finance the Project are to be "qualified private activity bonds"  
27 within the meaning of the Code, the interest on which is to be excludable from gross  
28 income for federal income tax purposes under Section 103 of the Code. This  
29 expression of the Council's intent is conditioned upon the issuance of the Bonds on  
30 or before one year from the date of the adoption of this Resolution.

31 Section 4. The City hereby declares its intent to reimburse, or to cause the  
32 Company to reimburse from the proceeds of the Bonds, all "original expenditures,"  
33 within the meaning of Section 1.150-2(c) (1) of the Regulations, made by or on

1   behalf of the Company. Subject to the provisions of Section 9 below with regard to  
2   the adoption of the Bond Ordinance, the City hereby finds that its expectations of  
3   making, or of having the Company make, a "reimbursement allocation," within the  
4   meaning of Section 1.150-2(c) (1) of the Regulations, with respect to all original  
5   expenditures made by or on behalf of the Company with respect to the Project, are  
6   reasonable in that it has received assurances from the Company that the Project has  
7   been developed and approved by the Company, plans and specifications are under  
8   preparation and the Company has already made significant expenditures with  
9   respect to the Project, and that the Company presently intends and reasonably  
10   expects to participate in a taxable or tax-exempt borrowing within 18 months of the  
11   date of the expenditure of moneys on the Project or the date upon which the Project  
12   is placed in service or abandoned (but in no event more than three years after the  
13   date of the original expenditure of such moneys), and to allocate a portion of the  
14   proceeds thereof to reimburse the Company for its actual expenditures in connection  
15   with the Project. The Council has been advised that all of the capital expenditures  
16   covered by this Resolution were made not earlier than 60 days prior to the date of  
17   this Resolution or will be made after the date of this Resolution but prior to the  
18   issuance of the Bonds.

19       Section 5. The Council, with the assistance of the Company and bond counsel,  
20   will cause a public hearing to be conducted on the issuance of the Bonds after  
21   reasonable public notice in accordance with Section 147(f) of the Code. The City  
22   hereby designates as "hearing officer," within the meaning of Section 5f.103-2 at the  
23   Regulations anyone or more of (i) the members of the Council sitting and present at  
24   a meeting called for the purpose of holding a public hearing for such purpose, or (ii)  
25   the City 's Chief Administrative Officer , to conduct a "public hearing," within the  
26   meaning of that Section, with respect to the Project, and bond counsel is hereby  
27   authorized and directed to take all such actions as may be reasonable or necessary  
28   to schedule and cause the public hearing to be conducted. Additionally, upon  
29   request of the Company and bond counsel, the City will assist the Company in  
30   making an application for an appropriate allocation of the "private activity bond  
31   volume cap," within the meaning of and as required by Section 146 of the Code, as  
32   such allocations are governed by Section 6-20-1 et seq., NMSA 1978, as amended,  
33   and regulations of the New Mexico State Board of Finance.

1 Section 6. The Bonds for the acquisition, construction and improvement of the  
2 Project shall be payable from the revenues of the Project or other moneys payable  
3 by the Company, with respect thereto, and shall not constitute a debt or  
4 indebtedness of the City within the meaning of any provision or limitation of the  
5 Constitution or statutes of the State of New Mexico. In addition, if the Bonds are  
6 issued, the Company shall indemnify and hold harmless the City, the Council and  
7 their respective officers, employees, designated representatives and agents  
8 (collectively, the "Indemnified Persons") from and against any liability to the  
9 Company, or to any third parties that may be asserted against the City with respect  
10 to the City's ownership of or leasehold interest in the Project or the issuance of the  
11 Bonds. Nothing contained in this Resolution or in any other instrument shall be  
12 considered as obligating the City to any pecuniary liability or a charge upon the  
13 general credit of the City or against its taxing power, it being understood that no  
14 costs are to be borne by the City and that all costs incurred by the City in connection  
15 with the Bonds are to be promptly reimbursed by the Company, The City's adoption  
16 of this Resolution shall not be deemed a conclusion or expression of approval by the  
17 City or any Indemnified Person of the Company or the Project.

18 Section 7. The Company as agent for the City and consistent with Taxation and  
19 Revenue Department Regulation 3.2.212.22 NMAC Renumbered, will acquire the  
20 Project. The Company will, as agent for the City, consistent with New Mexico State  
21 Law, request delivery of Type 9 Nontaxable Transaction Certificates ("Certificates")  
22 from the Taxation and Revenue Department. The Company will deliver a Certificate  
23 to each person selling tangible personal property to the Company for the Project as  
24 applicable under the New Mexico Gross Receipts and Compensating Tax Act. For  
25 this purpose, by adoption of this Resolution, the City authorizes the Company to act  
26 as agent for the City. The Company shall not use the Certificates other than for the  
27 purchase of capital equipment and other tangible personal property, nor shall the  
28 Company use such Certificates after the completion of the Project. Prior to the use  
29 of such Certificates by the Company as agent for the City, the City Chief  
30 Administrative Officer and the Company will agree to certain procedures regarding  
31 the use of the Certificates and protection of the City from any unfunded tax liability.

32 Section 8. The City intends to enter into an agreement with the Company  
33 pursuant to which the Company will pay to the City certain annual payments in lieu

1 of ad valorem taxes levied on the Project property (such annual payments to be  
2 based upon the cost of the Project and the mill levies established from time to time),  
3 and such agreement shall be included in a lease to be entered into by the City and  
4 the Company.

5 Section 9. The City Councilors and other appropriate City officials and  
6 employees are hereby authorized and empowered to take such steps and to do such  
7 things as may be necessary to achieve the purposes of this Resolution; provided,  
8 however, the issuance of the Bonds and the execution and delivery of any  
9 documents to which the City is a party in connection therewith shall be subject to the  
10 approval and authorization of the Council pursuant to the Bond Ordinance, to be  
11 adopted following public notice of tile Council's intent to adopt such Ordinance at  
12 least fourteen (14) days prior to the consideration of the Ordinance by the Council at  
13 a public meeting, such public notice to specify the time, date and place of the  
14 Council's meeting. In particular, no provision of this Resolution shall in any way  
15 obligate the City or any other person to issue the Bonds, any other bonds or in any  
16 way finance the Project; and the City retains full and complete discretion with  
17 respect thereto.

18 Section 10. This Resolution shall not give rise to a pecuniary liability of the City  
19 and shall not give rise to a charge against its general credit or taxing powers.

20 Section 11. The issuance of the Bonds and the execution and delivery of any  
21 documents to which the City is a party in connection therewith shall be subject to the  
22 approval and authorization by the Council pursuant to the Bond Ordinance following  
23 reasonable public notice of the time, date and place of the public hearing to be held  
24 on the proposed adoption of the Bond Ordinance. In connection with this  
25 Resolution, the Council understands that the Company is not obligated to proceed  
26 with the Project, and, additionally, the Council has been informed that a failure or  
27 refusal of the Council, however arising, to adopt the Bond Ordinance will have the  
28 effect of voiding any benefits to the Company under the Act, including revoking the  
29 authority of the Company to act as agent for the City in connection with the  
30 solicitation of nontaxable transaction certificates for the Project from Taxation and  
31 Revenue, voiding the nontaxable transaction certificates issued to the Company for  
32 Project purchases and making such purchases subject to whatever tax would be due  
33 if such certificates had not been issued.

1       Section 12. If any section, paragraph, clause or provision of this Resolution shall  
2 for any reason be held to be invalid or unenforceable, the invalidity or  
3 unenforceability of such section, paragraph, clause or provision shall not affect any  
4 of the remaining provisions of this Resolution.

5       Section 13. All orders and resolutions, or parts thereof in conflict with this  
6 Resolution are hereby repealed; this repealer shall not be construed to revive any  
7 order, resolution or part thereof, heretofore repealed.

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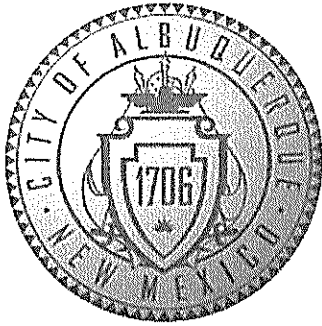
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Mayor Timothy M. Keller

# CITY OF ALBUQUERQUE

## Albuquerque, New Mexico

### Office of the Mayor

#### INTER-OFFICE MEMORANDUM

March 22, 2021

**TO:** Cynthia Borrego, President, City Council

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

A handwritten signature in dark ink, appearing to be 'TK' or a stylized 'K', is written over the name 'Timothy M. Keller'.

**SUBJECT:** Approving a Resolution Declaring the Intent of the City of Albuquerque to Issue Industrial Revenue Bonds for El Encanto Inc. Project, Tax-Exempt Series 2021

Attached is a resolution for your consideration and approval declaring the intent of the City of Albuquerque to consider issuance of industrial revenue bonds entitled "City of Albuquerque, New Mexico Industrial Revenue Bonds (El Encanto, Inc. Project), Tax-Exempt Series 2021".


El Encanto, Inc., d/b/a Bueno Foods (the "Company"), plans to invest \$10,000,000 in construction of a 25,000-square-foot freezer warehouse adjacent to its existing 110,000-square-foot manufacturing facility. This addition will allow the Company to increase its frozen foods sales in new and expanded markets outside of New Mexico. The Company is pursuing industrial revenue bonds to fund this project. (The Company also is requesting assistance from the State for LEDA funds in the amount of \$500,000, for which the City would act as fiscal agent. The LEDA transaction is not under review as part of this process.).

This project will create 49 full-time equivalent jobs over a six-year period. It will also add 80 to 100 construction jobs for approximately nine months, 80% of which are expected to be filled from the Albuquerque area. Construction employees hired from outside the Albuquerque area will contribute revenue to the lodging and restaurant industries. The 49 full-time jobs are in addition to the Company's current 286 full-time employees. The current facility, which will be linked to the new freezer, manufactures New Mexican foods such as tortillas, dried chile and spices, frozen green and red chile, and frozen prepared foods. The existing freezer warehouse space for the storage of frozen finished goods and raw materials is not sufficient for the company's production volume.

The property located in the South Barelás Industrial Park at 2001 4th St. SW.

Approving a Resolution Declaring the Intent of the City of Albuquerque to Issue Industrial Revenue Bonds for El Encanto Inc. Project, Tax-Exempt Series 2021

Approved:

 4/5/21  
\_\_\_\_\_  
Sarita Nair Date  
Chief Administrative Officer

Approved as to Legal Form:

DocuSigned by:  
Esteban A. Aguilar 4/1/2021 | 3:10 PM MDT  
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Esteban A. Aguilar, Jr. Date  
City Attorney

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Recommended:

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Synthia Jaramillo 4/1/2021 | 3:09 PM MDT  
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Synthia Jaramillo Date  
Director

## **Cover Analysis**

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

The pending legislation is an Inducement Resolution related to a proposed industrial revenue bond for El Encanto, Inc. d/b/a Bueno Foods (the “Company”). The Company plans to invest \$10,000,000 in construction of a 25,000-square-foot freezer warehouse adjoining their existing 110,000-square-foot manufacturing facility. The company is pursuing tax-exempt industrial revenue bonds to fund this project. The company also is requesting assistance from the State for LEDA funds in the amount of \$500,000, for which the City would act as fiscal agent. This addition will allow the company to increase its frozen foods sales in new and expanded markets outside of New Mexico. The property located in the South Barelás Industrial Park at 2001 4th St. SW.

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

The Inducement Resolution declares the intent of the City of Albuquerque to consider issuance of industrial revenue bonds entitled “City of Albuquerque, New Mexico Industrial Revenue Bonds (El Encanto, Inc. Project), Tax-Exempt Series 2021”.

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

This project will create 49 full-time equivalent jobs over a six-year period. It will also add 80 to 100 construction jobs for approximately nine months, 80% of which are expected to be filled from the Albuquerque area. Construction employees hired from outside the Albuquerque area will contribute revenue to the lodging and restaurant industries. The 49 full-time jobs are in addition to the Company’s current 286 full-time employees.

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

There is no cost to the City.

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

No. There is no direct revenue to the City.

### **6. What will happen if the project is not approved?**

If the Company is not able to continue to expand, the result would be loss of new jobs, a loss of revenue and a much slower growth schedule. The Company would not be able to realize its planned growth because of the limited capacity of their current facilities and the lack of adequate freezer facilities.

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

No.

IRB 21-2: Bueno Foods Project

**ALBUQUERQUE DEVELOPMENT COMMISSION  
Industrial Revenue Bond Hearing**

**March 11, 2021**

Case #2021-XX

**IRB 21-2:** Bueno Foods Project

**REQUEST:** Approval of \$10,000,000 in City Industrial Revenue Bonds is requested.

**PROJECT SUMMARY:** Bueno Foods is a 70-year-old local company, located in the South Barelás Industrial Park at 2001 4<sup>th</sup> St. SW in Albuquerque. Bueno Foods plans to invest \$10,000,000 in construction of a 25,000-square-foot freezer warehouse adjacent to its existing 110,000-square-foot manufacturing facility. This addition will allow Bueno Foods to increase its frozen foods sales in new and expanded markets outside of New Mexico. The company is requesting \$10,000,000 in Industrial Revenue Bonds assistance to be used to fund this project. City IRBs are issued to support eligible economic development projects that meet established policies and plans. The company is responsible for funding the purchase of the bonds; no City funds are utilized to purchase or pay off the bonds, and no City credit is used to enhance the bonds.

(The company also is requesting assistance as a Local Economic Development Act—LEDA—project, but that will be analyzed separately.) This project will create 49 full-time equivalent jobs over a five-year period. It will also add 80 to 100 construction jobs for approximately nine months, 80% of which are expected to be filled from the Albuquerque area. Construction employees hired from outside the Albuquerque area will contribute revenue to the lodging and restaurant industries. The 49 full-time jobs are in addition to the current 286 full-time employees.

The proposed project would be constructed on vacant land at 2001 4<sup>th</sup> St. SW, which Bueno Foods owns. The site is in an industrial area in proximity to a wholesale refinery and a granite warehouse. The current facility, which will be linked to the new freezer, is in use to manufacture New Mexican foods, such as tortillas, dried chile, and spices, frozen green and red chile, and frozen prepared foods. The existing freezer warehouse space for the storage of frozen finished goods and raw materials is not sufficient for the company's production volume. The expansion of the facility would not require a change in zoning from its current non-residential, general manufacturing designation (NR-GM). There are also no particular environmental impacts associated with this project.

The majority of the 49 new employee positions range from production line workers and technicians, to professionals with an average annual salary of over \$117,000. The production positions' annual salary is \$25,000 to \$40,000. All 49 jobs are considered full-time, with full employee benefits. Employee benefits offered by Bueno Foods include paid time off (PTO), paid holidays, a group health plan, a dental and vision discount plan, basic life and AD&D insurance, a 401(k) retirement plan with employer match, funeral leave, long-term disability for managers, company discounts on product purchases, credit union and membership banking services, and a tuition reimbursement program.

The company is exploring the State's Job Training Incentive Program as an option for training its employees. The company expects to spend approximately \$10 million on construction and

## IRB 21-2: Bueno Foods Project

improvements and expects to work with local contractors. The company also expects to continue to spend at least \$30 million on local goods and services annually.

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. The City has long focused its industrial revenue bond program around industries and companies that are considered “economic-base”:

Economic Base: Fifty-one percent or more of the revenues of the New Mexico operation are generated outside the Albuquerque Metropolitan Statistical Area. Revenues generated by contracts with Federal entities are considered to be from outside the metropolitan area. This requirement does not apply to educational or health care facilities seeking industrial revenue bonds. Credit also may be assigned to those projects that represent significant “import-substitution”. Import substitution occurs when a manufacturer or supplier of services provides products or services to a local customer base which currently has to purchase those products or services from outside of the area.

More specifically, New Mexico municipal IRB legislation specifically identifies “projects” as land, buildings, equipment, and improvements that are suitable for use by any of the following:

1. any business in which all or part of the activities of the business involve the supplying of services to the general public or to governmental agencies or to a specific industry or customer but does not include establishments primarily engaged in the sale of goods or commodities at retail;

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

This project includes a fiscal impact analysis prepared by the University of New Mexico’s Bureau of Business and Economic Research (BBER). The fiscal impact determination of the project is from information the company provided. The analysis shows that the company will be making a substantive contribution to the community, and that the City could realize a positive tax benefit with this project over the life of the bonds.

The project plan as shown in Exhibit 1 provides details of the project.

## **FINDINGS:**

1. IRB 21-2 is a qualified project as defined by the State’s Industrial Revenue Bond Act and the City enabling legislation (Resolution R-196, Sixth Council (126-1985) as amended by Resolution 350 Sixth Council; and
2. IRB 21-2 would make positive substantive contributions to the local economy and community by creating 49 jobs; and
3. IRB 21-2 will continue the company’s over seven-decade legacy in Albuquerque; and
4. IRB 21-2 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives; and

## IRB 21-2: Bueno Foods Project

5. IRB 21-2 would adequately meet the evaluation criteria established by the City for Industrial Revenue Bond Act projects, including the requirement that the City recoup the value of its investment over the term of the bonds.

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

### I. INITIAL QUALIFYING TEST; PASS/FAIL CRITERIA

1.Economic Base Company that meets statutory requirements	Pass
2. Satisfactory initial demonstration of ability to service debt or self-fund purchase of the bonds, or evidence of an acceptable financing commitment.	Pass
3. Conforms to City planning and zoning policies.	Pass/(and Pending)
4. Firm has no outstanding substantive federal, state or local tax issues.	Pass
5. Proposed project complies with all federal, state, and local environmental laws, regulations, and rules.	Pass
6. Jobs created by the project meet or exceed the median wage for similar jobs in the community	Pass
7. Per state requirements, the firm covers 50% of health insurance premiums for employees.	Pass
8. Other additional factors.	
<b>RESULT</b>	<b>PASS</b>

1. Bueno Foods’ 55% of revenue sources are to out-of-state customers. Bueno Foods also qualifies under the IRB Act and the City’s ordinance as:

a. “any commercial enterprise in storing, warehousing, distributing or selling products of agriculture, mining or industry but does not include facilities designed for the sale of goods or commodities at retail or distribution to the public of electricity, gas, water or telephone or other services commonly classified as public utilities;”

2. The bonds will be a tax-exempt Industrial Revenue Bond. The interest on all New Mexico IRBs is exempt from New Mexico income tax. In order for interest on IRBs to be excludable from gross income for federal tax purposes (i.e., “tax exempt”), numerous other conditions apply. Most commonly, the project must be a manufacturing facility. The principal amount of the bonds cannot exceed \$10 million. Also, no “substantial user” of a manufacturing project (including the company) may make more than \$20 million in capital expenditures (whether or not from proceeds of the IRB) within the boundaries of an issuer in the six-year period beginning three years before the date the bonds are issued and ending three years after the issuance of the bonds. State of New Mexico “cap allocation” for such projects must be obtained

## IRB 21-2: Bueno Foods Project

from the State Board of Finance. Certain other “exempt facilities” enumerated in the tax code also may qualify; however, the issuance of bonds for these purposes in New Mexico is extremely limited. In general, tax exempt IRBs will carry a lower interest rate than similar taxable IRBs, often about 30% lower. However, because of tax provisions that do not allow banks to deduct their “costs of carry” with respect to IRBs, there is generally no interest rate differential between similar “taxable” and “tax exempt” IRBs sold to banks. Interested banks should be consulted for any possible variance from this result. Tax exemption is lost if the IRBs are held by an affiliate of the company.

3. The existing freezer warehouse space for the storage of frozen finished goods and raw materials is not sufficient for the company’s production volume. The expansion of the facility would not require a change in zoning from its current non-residential, general manufacturing designation (NR-GM). There are also no particular environmental impacts associated with this project.

4. Bueno Foods has certified that it has no outstanding substantive federal, state, or local tax issues.

5. The project, in its design, complies with environmental regulations. Permits are required for the renovations and new developments.

6. Jobs for the positions meet or exceed the median wages for similar jobs in the community. The salaries and positions are more fully described in the application.

7. Bueno Foods pays at least 50% percent of the health and dental insurance premiums for its employees.

8. The plant and employment will bring economic growth and opportunities to an impoverished area of the South Valley.

The company has requested the approval of LEDA funds in the amount of \$500,000 from the State, and the City is acting as the fiscal agent, but that will be a separate review and approval process.

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

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

The proposed project would be constructed on owned vacant land at 2001 4<sup>th</sup> St. SW. The project will be built at the convergence of three tracts: A1A1 & B1A of South Barelás Industrial Park, and CA-1-A of Municipal Addition #6. The tracts total approximately 26.3 acres.

The site is zoned for NR-GM under the new Integrated Development Ordinance (zoning code). No changes are anticipated to the external character of the facility. In fact, Bueno Foods will be expanding its existing facility, which has operated successfully at that location for many years.

## IRB 21-2: Bueno Foods Project

As stated in the IDO, “The purpose of the NR-GM zone district is to accommodate a wide variety of industrial, manufacturing, and heavy commercial uses, particularly those with noise, glare, or heavy traffic impacts, in areas separated from Residential and Mixed-use areas and less intense, lighter impact businesses.” Bueno Foods does not have any surrounding residential areas, and has, in fact, few other impacts.

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

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

In addition, New Mexico municipal IRB legislation specifically identifies “projects” as land, buildings, equipment and improvements that are suitable for use by any of the following:

- A. any commercial enterprise in storing, warehousing, distributing or selling products of agriculture, mining or industry but does not include facilities designed for the sale of goods or commodities at retail or distribution to the public of electricity, gas, water or telephone or other services commonly classified as public utilities;

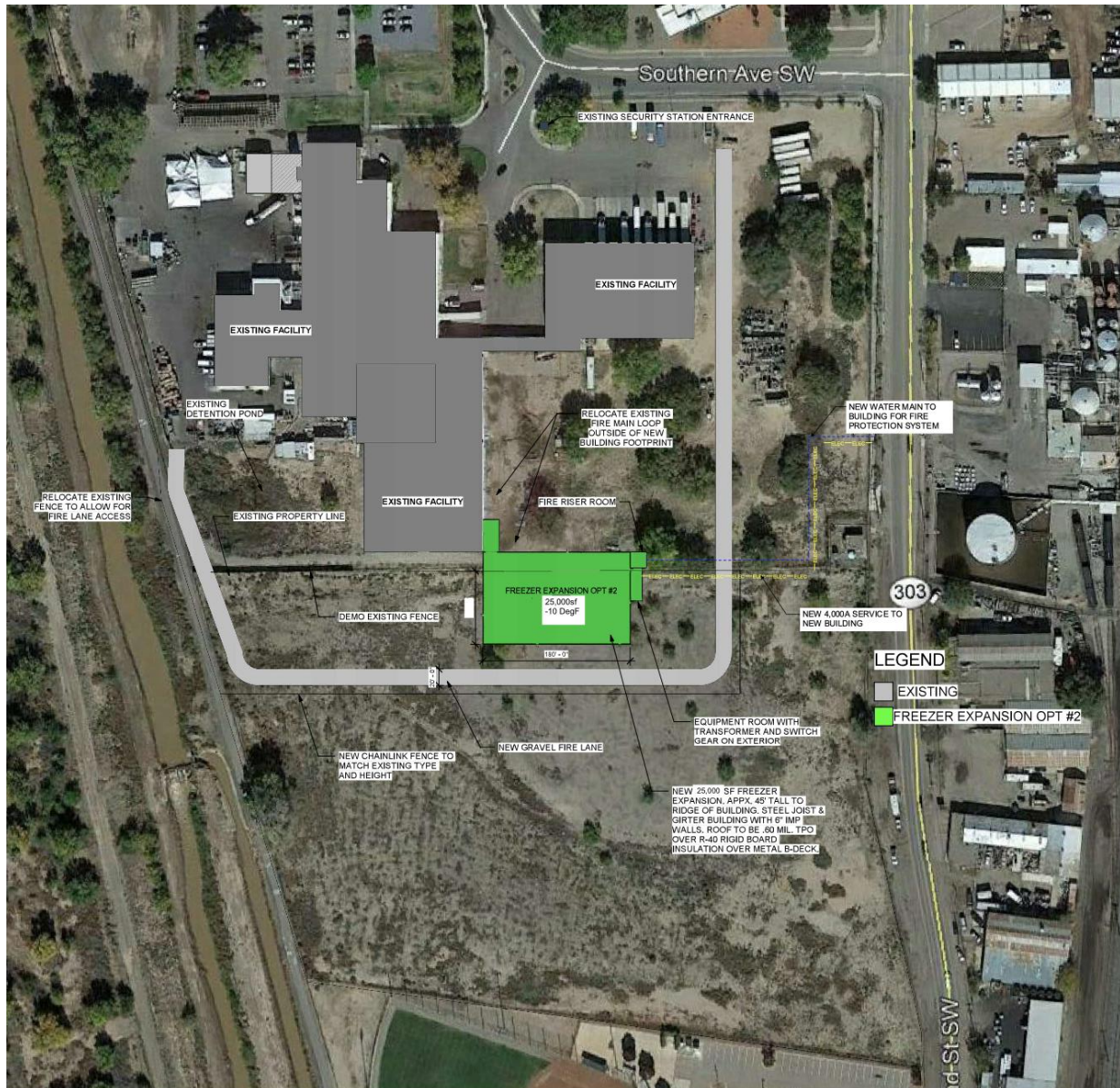
### 2. LAND USE:

Surrounding the existing 110,000-square-foot manufacturing facility are numerous mixed-use developments and warehouse and industrial buildings. The 25,000-square-foot freezer will expand Bueno Foods’ prepared foods processing capabilities and its ability to purchase manufacturing equipment. This will help to improve efficiency and enable Bueno Foods to increase production to meet the increasing demand for its products. As a frozen food manufacturer, freezing and frozen storage is integral to its food processing operation. The additional freezing capacity will allow Bueno Foods to produce all products throughout the year and increase its frozen food sales in new and expanded markets outside of New Mexico.

The post-construction impact on existing industry and commerce is anticipated to be favorable: Approximately \$10 million will be spent on construction and tenant improvements, and the project is expected to be done by local construction companies, infusing capital into the local economy. More detail is provided in the fiscal impact analysis.

### 3. INFILL:

## IRB 21-2: Bueno Foods Project



The 25,000-square foot freezer warehouse project involves connection to an existing building. A map of the area is above. Infrastructure, parking, and utilities are already developed. As mentioned, no extension or relocation of utility or road systems is anticipated. There are adequate utilities and roads to the facility.

#### 4. DESIGN AND CONSERVATION:

A new frozen storage facility, measuring approximately 25,000 square feet, will be built on the site. Construction will be concrete pad, steel frame, and prefabricated insulated freezer panels. No demolition will be required.

Water consumption will not change. Bueno Foods consumes an average of 1.5 million gallons per month during non-peak processing periods. In the peak season, Bueno Foods consumes an average of 8 million gallons per month.

## IRB 21-2: Bueno Foods Project

The operation is in an arid climate, and the company recognizes that water conservation is necessary to the long-term sustainability of the community. Bueno Foods has an aggressive water conservation program even though its production rates continue to increase.

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.

### 6. DEMOLITION:

The project does not involve demolition of viable buildings.

### 7. RELOCATION:

The project does not require the relocation of individuals or businesses.

## III. ECONOMIC BENEFITS

### 6. COMPETITION:

The only local company that could potentially be considered as competitive with Bueno Foods is Foods of New Mexico. However, Foods of New Mexico is a contract manufacturer, thus not a direct competitor.

### 7. JOBS:

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

All 49 jobs are considered full-time positions, with employee benefits. Employee benefits include paid holidays, a group health plan, a dental and vision discount plan, basic life and AD&D insurance, and a 401(k) retirement plan with employer match. The company pays at least 50% of the health insurance premiums for employees who opt for its coverage.

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

## IRB 21-2: Bueno Foods Project

**Permanent jobs that will be created:**

	<b># of Employees</b>	<b>Average Annual Salary</b>
<b>Production Line</b>	<b>20</b>	<b>24,960.00</b>
<b>Prod Support/Technicians</b>	<b>15</b>	<b>40,092.00</b>
<b>Clerical</b>	<b>5</b>	<b>53,240.00</b>
<b>Sales</b>	<b>5</b>	<b>64,000.00</b>
<b>Professional</b>	<b>4</b>	<b>117,500.00</b>

- 1) Bueno Foods estimates close to 100% of the new permanent jobs will be filled by current Albuquerque residents. No jobs will be relocated from another location.
- 2) As the majority of the anticipated new jobs in the productions support/technicians section will have wages ranging from \$24,000 to \$40,000 per year, there will be a significant benefit to low- and moderate-income residents.
- 3) Yes, the jobs will exceed the median wages for the industry within the community.
- 4) Bueno Foods' new jobs will match the skills of current city residents.
- 5) During the onboarding process, employees receive general company training as well as position-specific training. The duration of the training can vary from one to six months and is based on the specific requirements of the position.
- 6) Bueno Foods provides training to encourage employees to remain with their team and improve their skills. Bueno Foods offers its employees opportunities to expand their skills through lateral movements into different programs, as well as advancement into supervisory and higher-skilled positions.
- 7) Bueno Foods is exploring the Job Training Incentive Program to train new employees.
- 8) Yes, Bueno Foods offers health insurance options to its employees and covers at least 50% of the premiums for employees. Bueno Foods provides benefits valued at 21%-46% of employee salary.

The company anticipates adding annual payroll of more than \$2.1 million. Its current annual payroll is \$11.9 million. After the expansion, Bueno Foods expects that its total payroll will be \$14 million. The estimated annual pay increases will follow the company's trend of approximately 1%-3% per year.

## 8. LOCAL PURCHASES

The company anticipates spending \$10 million on construction and tenet improvements. The annual purchases are estimated at \$30 million per year. From year to year, Bueno Foods has seen consistent growth, and its approximate future growth rate is estimated at 4%.

All project costs will be funded through a bank commitment letter.

## IRB 21-2: Bueno Foods Project

### **IV. PROJECT FEASIBILITY**

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

As stated above, the company intends to spend approximately \$10 million in a new freezer facility and renovations, with completion and occupancy planned in 2022.

Upon completion of the project, the anticipated appraised value of the freezer facility is \$12 million.

Funding is subject to City Council approval. Bueno Foods intends to use the LEDA funds for the construction of the new facility.

Additional information will be included here when the bond ordinance is sent for adoption.

#### **10. DEVELOPER'S RECORD:**

Bueno Foods will celebrate its 70th anniversary in May 2021. Bueno Foods has been located in the South Barelás Industrial Park since 1984. The company was the first business to locate its operations in this industrial park. Bueno Foods has invested millions of dollars in this economically depressed area of Albuquerque. Over the years it has expanded its operation and increased regional and national sales. More than 55% of its sales are outside of New Mexico, thereby bringing money back into the state economy. Its employment and purchases of goods and services contribute to the local economy.

Bueno Foods customers include retail and food service accounts throughout the Southwest, including Kroger, Walmart, Target, Whole Foods, and other regional and local retail outlets. Food service customers include national, regional, and local restaurants and institutions.

Additional information is available on [www.BuenoFoods.com](http://www.BuenoFoods.com).

#### **11. EQUITY:**

The IRB proceeds will not be used to acquire land, since the lot is owned by Bueno Foods.

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

#### **12. MANAGEMENT:**

That leadership team includes:

Jacqueline "Jackie" Baca, an M.B.A. graduate of the University of New Mexico, has been president since 1986 and in a leadership role since 1979. Jackie started work in the plant at the age of 16 on the production line. She has led the company through three successful expansions and the company's growth outside the New Mexico market.

## IRB 21-2: Bueno Foods Project

Gene Baca, a 1986 graduate of the Harvard School of Law, is senior vice president. He has led the company through two successful expansions. Gene, along with two other members of the chile industry, founded the New Mexico Chile Association. The statewide organization works to preserve the state's \$325 million dollar chile industry, which provides 4,100 jobs. Gene served as its first president and conceptualized the association's purpose and direction. He has served multiple times as president and now serves as vice president.

Catherine Baca, who holds a biology degree and a medical doctorate from the University of New Mexico, and a master's degree in public health from Harvard University, is a pediatrician who brings to the company's food product and workplace a focus on health. She is vice president of technical services and has led the company's research and development since 1989.

Ana Baca, a published author and graduate of Stanford University and the University of New Mexico, is vice president of marketing and communications. She has led the company's marketing efforts since 1995.

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

### 13. FISCAL IMPACT ANALYSIS

This project includes a fiscal impact analysis prepared by the University of New Mexico's Bureau of Business and Economic Research. The fiscal impact determination of the project is derived from information the company provided. It shows that the project will have a net positive impact on City tax revenues of nearly \$2.95 million dollars over the 20 years of the tax abatement through the IRB.

## V. LEASE AGREEMENT INFO

Information will be provided here once the terms of the agreements are reached and the tax exemption on the bonds confirmed with the State Board of Finance. Standard City protocol regarding reaching and maintaining employment levels, and facility closure language will be included along with the penalties and clawbacks.

The City Council will have another opportunity to review the project before it is finalized for ordinance.

### FINDINGS:

1. IRB 21-2 is a qualified project as defined by the State's Industrial Revenue Bond Act and the City enabling legislation (Resolution R-196, Sixth Council (126-1985) as amended by Resolution 350 Sixth Council; and
2. IRB 21-2 would make positive substantive contributions to the local economy and community by creating 49 jobs; and

## IRB 21-2: Bueno Foods Project

3. IRB 21-2 will continue the company's over seven-decade legacy in Albuquerque; and
4. IRB 21-2 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives; and
5. IRB 21-2 would adequately meet the evaluation criteria established by the City for Industrial Revenue Bond Act projects, including the requirement that the City recoup the value of its investment over the term of the bonds.

### **STAFF RECOMMENDATION:**

Based upon the above findings and subject to successful final determination of performance requirements and penalties, staff recommends approval of IRB 21-2 as proposed in the project plan application.

Economic Development Department

APPLICATION  
for  
INDUSTRIAL REVENUE BOND  
Project Approval

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Name of Project: Bueno Foods Freezer Storage Expansion

Location of Project: 2001 4<sup>th</sup> Street SW, Albuquerque, NM 87102

Company Name: El Encanto, Inc. (dba Bueno Foods)

Contact Person: Jacqueline Baca, President

Address: 2001 4<sup>th</sup> Street SW  
Albuquerque, NM 87102

Telephone: (505) 243-2722

Email: jackie@buenofoods.com

Bond Counsel: Eduardo A. Duffy

Address: 6100 Uptown Blvd., Suite 400  
Albuquerque, NM 87110

Telephone: (505) 883-3376

Bond Amount Requested: \$10,000,000 Fee Submitted: \$2,500

**FOR STAFF USE**

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

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

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

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

Council Dates (Tentative): Introduction \_\_\_\_\_  
Committee \_\_\_\_\_ Council Hearing \_\_\_\_\_

## PREFACE

This Plan is being submitted to the Development Commission of the City of Albuquerque for review prior to consideration by the City Council of an Inducement Resolution and Ordinance for Industrial Revenue Bonds in accordance with Council Ordinance 12-1985 and Resolution 16-1985. Pursuant to those Council actions this is the first step towards the issuance of bonds pursuant to: the Industrial Revenue Bond Act (Sections 3-32-1 to 3-32-16 NMSA 1978 as amended); or, pursuant to the home rule powers of the City given by Article X, Section 6 of the New Mexico Constitution and the City's Charter.

The Plan contains the information required by City Council Resolution 16-1985 and conforms with and complements the policies established for the issuance of Bonds pursuant to that Council action.

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

## APPLICATION DESCRIPTION

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

### I. GENERAL DESCRIPTION

Give an overview of the project, including general location, proposed development, use, brief description of the company, and total bond amount requested. Include a statement of the benefit to be gained by the Albuquerque community from this development. The General Description should explain what will be done with the IRB if approved. Note that detailed project information will be included in Project Plan, Section III.

**The Company is located in the South Barelás Industrial Park at 2001 4<sup>th</sup> Street SW in Albuquerque. Bueno Foods plans to invest \$10,000,000 in a new 25,000 square foot freezer warehouse addition to our manufacturing campus, which will allow us to increase our frozen foods sales in new and expanded markets outside of New Mexico. The Company is requesting \$10,000,000 in Industrial Revenue Bonds, and plans to use the proceeds to assist in funding this project.**

**This project will enable us to continue our national expansion and create 49 full time equivalent jobs over a 6 year period, and will also create construction jobs in the city. These 49 full time jobs are in addition to the 283 full time employees that the Company currently has. Bueno Foods continues to support the community through board participation and monetary and product contributions.**

## II. SITE AND EXISTING CONDITIONS

### A. Legal Description

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

**The proposed project would be constructed on owned vacant land at 2001 4<sup>th</sup> Street SW. The location will be built at the convergence of 3 tracts: A1A1 & B1A of South Barelás Industrial Park, and CA-1-A of Municipal Addition #6. The 3 tracts total approximately 26.3 acres.**

**We are working with consultants to determine if the tracts should be replatted, for ease of property tax reporting and collateral documentation for the Industrial Revenue Bond.**

### B. Prevailing Site Conditions

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

**The current facility, which will be adjacent to the new facility, is in use to manufacture New Mexican foods, such as flour and corn tortillas, dried chile & spices, frozen green and red chile, and frozen prepared foods. We have existing freezer warehouse space for the storage of our frozen finished goods and raw materials.**

### C. Present Assessed Value

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

**The present assessed value (real and personal property) is \$11,316,856.**

### D. Present and Proposed Zoning; Regulatory Issues

Give the current zoning of the property. If any change in zoning is required for the proposed use, give the proposed new zone. We recommend that zoning changes required be requested before the project plan reaches the Development Commission. Describe any particular permitting or regulatory matters that might be different from general development projects.

**Current zoning is NR-GM: Non-Residential, General Manufacturing. This zoning is appropriate for our use, so there will be no changes necessary.**

**E. Renewable Energy**

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

**This project will not create renewable energy.**

**III. PROJECT PLAN**

**A. Information Concerning Applicant**

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

**Bueno Foods is a 70-year-old local company, born and bred in Albuquerque. Since 1951, it has grown from a small family-owned grocery store into one of the Southwest's premier producers of New Mexican and Mexican style foods, founded and continually run by a long-time New Mexican family, the Bacas. Bueno Foods has now been led by the second generation of the Baca family for 40+ years.**

**That leadership team includes:**

**Jacqueline "Jackie" Baca, an M.B.A. graduate of the University of New Mexico, has been president since 1986 and in a leadership role since 1979. Jackie started work in the plant at the age of 16 on the production line. She has led the company through three successful expansions and the company's growth outside the New Mexico market.**

**Gene Baca, a 1986 graduate of the Harvard School of Law, is senior vice president. He has led the company through two successful expansions. Gene, along with two other members of the chile industry, founded the New Mexico Chile Association, a statewide organization that works to preserve the chile industry in New Mexico, a \$325 million dollar industry providing 4100 jobs. Gene served as its first president as well as conceptualizing its purpose and direction. He has served multiple times as president and currently, he is serving again as vice president of the Association.**

**Catherine Baca, who holds a biology degree and an M.D. from University of New Mexico and a master's in public health from Harvard University, is a pediatrician who brings to the company a focus on health to both the food product and the workplace. She is vice president of technical services and has led the company's research and development since 1989.**

**Ana Baca, a published author and graduate of Stanford University and the University of New Mexico, is vice president of marketing & communications. She has led the company's marketing efforts since 1995.**

**Jackie and Gene sit on many community boards that help improve the economic climate in New Mexico including the Federal Reserve - Denver Branch representing northern New Mexico, Think New Mexico, Albuquerque Hispano Chamber of Commerce, New Mexico First, the New Mexico Chile Association and the New Mexico Restaurant Association.**

**Bueno's purpose is to have a positive influence on people's lives through job creation, community involvement and the production of high quality, authentic products. Bueno Foods currently employs about 300 people year-round and up to 400 people during peak seasons.**

**As its payroll and purchases ripple through the economy, Bueno Foods supports secondary businesses and employment. Also, Bueno Foods brings money back home for local reinvestment from its sales outside of the community. Now more than half of Bueno's sales come from outside the state, impacting the local community and the local economy.**

**B. Tax Issues**

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

**The Company has no outstanding federal, state, or local tax issues.**

**C. Information Concerning Products and Process**

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

**This development will not generate air, noise or water pollution. The energy source is electric only. This project will decrease highway and road traffic since over 300 truckloads of product will be stored onsite instead of shipping out for storage and return. This saves 600 truckloads of product shipping annually.**

**We recycle approximately 1,400 cubic yards of green chile peel annually, a byproduct of our seasonal green chile production, by providing it to a local composting facility. We recycle all of our grain byproducts, and we pre-treat our industrial waste water by solid waste separators and sediment tanks.**

**Our plant is located on the edge of the largest cottonwood forest in the United States. This forest abuts the Rio Grande River. We have a Storm Water Pollution Prevention Program (SWPPP) in place, employ Best Management Practices (BMP's) and work with the appropriate regulators in this endeavor.**

**D. Competition**

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

**Foods of New Mexico is the only known local competitor.**

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

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

**The project will add 80 – 100 construction jobs for approximately 9 months, 80% of which are expected to be filled from the Albuquerque area. Construction employees hired from outside the Albuquerque area will contribute revenue to the lodging and restaurant industries. The project will additionally add production capacity making it possible to add 49 permanent jobs over 6 years.**

**In addition, the project will increase capacity and out-of-state sales, as well as purchases of local goods and services.**

**F. Land Acquisition**

Indicate if IRB proceeds will be used to acquire land, and whether land is presently owned by the applicant, or is under option.

**IRB proceeds will not be used to acquire land. The lot is presently owned by El Encanto, Inc.**

**G. Description of Proposed Development**

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

**A new frozen storage facility, approximately 25,000 square feet, will be built on our site. Construction will be concrete pad, steel frame, and prefabricated insulated freezer panels. No demolition will be required.**

**H. Infrastructure**

Indicate if Project will require any extension or relocation of utility or road systems. If additional infrastructure is required, what cost sharing agreements have been reached between the applicant and the city or the water utility authority? Are there any needs for substantial additional electric, gas, or communications infrastructure, and how are they being addressed.

**Although the Company's electric power needs will increase, service is already provided to the site. We will need to provide power to the new freezer building, and that expense will be incurred by El Encanto, Inc.**

**I. Area Enhancement**

Describe how project design, placement and development will enhance the surrounding area.

**As Bueno Foods has done for 40 years, our plant and employment will bring economic growth and opportunities to an impoverished area of the South Valley. We are developing land that is currently vacant, and the building is consistent with the existing facility.**

**J. Local Purchasing**

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

**We estimate that our current annual expenditures subject to New Mexico gross receipts tax is \$6.3 million. Our annual purchases total \$30 million. From year to year, we have seen consistent growth, and we approximate our future growth rate at 4%.**

**K. Water Conservation**

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

**Water consumption will not change. Currently, Bueno Foods consumes an average of 1.5M gallons per month in our non-peak processing periods. In our peak season, when we are processing green chile, we consume an average of 8.0M gallons per month.**

**Our operation is in an arid climate and we recognize that water conservation is necessary to the long-term sustainability of our community. We have an aggressive water conservation program even though our production rates continue to increase.**

**We received the Gold Award each year beginning in 2003 until the date the program ended in 2013 from our regional water authority for exceptional source reduction and**

**pollution prevention, and total compliance with the permit discharge limits and reporting requirements. More recently we received the 2016-2017 Award of Excellence for Industrial Pretreatment for outstanding efforts in pollution prevention through waste minimization and effective pretreatment by the Albuquerque Bernalillo Country Water Utility Authority.**

**L. Relocation of Individuals or Businesses**

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

**There is no relocation required for this project.**

**M. Number and Types of Jobs Created**

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

**Permanent jobs that will be created:**

	<b># of Employees</b>	<b>Average Annual Salary</b>
<b>Production Line</b>	<b>20</b>	<b>24,960.00</b>
<b>Prod Support/Technicians</b>	<b>15</b>	<b>40,092.00</b>
<b>Clerical</b>	<b>5</b>	<b>53,240.00</b>
<b>Sales</b>	<b>5</b>	<b>64,000.00</b>
<b>Professional</b>	<b>4</b>	<b>117,500.00</b>

**The expansion project will not only result in the addition of 49 full time jobs over a six year period, but will also allow the company to retain its current employee headcount at 283. While Company management believes that the job projections contained herein, when considered on an overall basis, are reasonable in light of current circumstances, certain business climate, regulatory changes or government actions beyond the Company's control (including, but not limited to legislation enacting increases in minimum wage, mandatory leave and executive orders issued in response to COVID-19) could have a material adverse effect on the Company and its ability to meet the projected job targets presented herein.**

- 1) What percentage of the permanent new jobs is expected to be filled by current Albuquerque area residents, as opposed to people relocated from elsewhere?

**All jobs are expected to be filled by Albuquerque residents.**

- 2) Will jobs benefit low and moderate income residents?

**Most jobs will benefit low and moderate income residents, providing economic opportunities, such as earned wages, benefits, and opportunities for growth and advancement.**

- 3) Will the jobs meet or exceed median wages for the industry within the community?

**Yes.**

- 4) Will the jobs match skills of current city residents?

**Yes.**

- 5) Will new employees be trained to fill the positions?

**Yes. We have a training program for new employees.**

- 6) What stated advancement opportunities are there?

**Bueno Foods offers an aggressive internal promotion program. There are countless examples of internal promotions, based on merit, including many women and minorities.**

- 7) Will "Job Training Incentive Program" or other job training programs be used?

**Yes, if we qualify.**

- 8) Will at least 50% of health insurance premiums be covered for employees?

**Yes.**

N. Corporate Citizenship Policy/Plan

List any company policies/plans regarding the promotion of donations and volunteerism policy.

**Company President, Jacqueline Baca, and Senior Vice President, Gene Baca, sit on many community boards that help improve the economic climate in New Mexico including the Federal Reserve - Denver Branch representing northern New Mexico, Think New Mexico, Albuquerque Hispano Chamber of Commerce, New Mexico First, the New Mexico Chile Association and the New Mexico Restaurant Association. In addition:**

- The company contributes thousands of dollars to New Mexico's United Way Hispano Philanthropic Society and supports a host of organizations through United Way.
- Jacqueline Baca served as the first chairperson for New Mexico's United Way Hispano Philanthropic Society which raises money for causes that will help the most vulnerable in our community.
- Bueno Foods supports organizations that serve the most vulnerable in our community including impoverished children and women, the homeless and hungry.
- Contributes many thousands of dollars to Catholic Charities of New Mexico.
- Regularly donates thousands of dollars of food to local food banks, to centers that feed the homeless and to community organizations for their fundraising activities.
- Continually supports many church and community fundraising activities by contributing product, money and volunteers especially for programs that benefit women and children.
- Participates in and sponsors local fundraising events for many causes.

O. Positive Contributions

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

**Bueno Foods' purpose is to have a positive influence on people's lives through our products and organization. Our company strives to make people's lives better through the opportunities and jobs we provide and through community involvement. From its inception, our company has always believed in giving back to its community. As a home-grown part of its community, we want to make a difference.**

P. Management

Who will manage the project during development? Who will manage the Project's operations? If the project will be managed by someone other than the applicant, does the applicant have any long-range involvement?

**Gene Baca will manage the project development and operations.**

#### IV. PROJECT FINANCING

A. Cost of Improvements, Bond Amount and Private Financing

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

**Total cost of the improvements is estimated at \$10,000,000 and we are requesting IRB financing in the amount of \$10,000,000.**

**B. Estimated Value After Completion**

Indicate the estimated appraised value of the project after completion.

**Total appraised value of the project is estimated at \$12,000,000.**

**C. Feasibility**

Present information to show that the project can reasonably be expected to generate sufficient revenue to liquidate the debt. This information may be an attached pro forma, and should be sufficiently detailed to show the assumptions on which the projections are based. However, a firm commitment to provide financing for the project will be considered sufficient evidence of feasibility, and no pro forma will be needed in such cases.

**We will provide a commitment letter.**

**D. Construction Schedule**

Give the date of anticipated beginning and completion of construction.

**We anticipate starting the project in June 2021 and completing it in February 2022.**

**E. Issuance of Bonds**

Provide the anticipated date of bond issuance or a series of bonds.

**The Company anticipates a bond issuance date of June 30, 2021 for tax-exempt bonds.**

Attachments: Attach to the plan a map location of the project (you may use the base maps from the City Zone Atlas if you wish), and any other information as desired to supplement the plan. If you are attaching glossy or colored printed material, please submit 25 copies.

**Table 1. IRB Analysis: Estimated Tax Revenues for Proposed El Encanto, Inc Project, Including Incremental Tax, Present Value of City Taxes and Net Tax Increment, and Cumulative Net Present Value by Year (2020 dollars)**

	Gross Receipts Taxes (GRT)						Property Tax		Other Taxes	Pre-Abatement Revenues	Foregone			City Costs	Fiscal Impact		
	Company Employees	Indirect and Induced Employees	Company Purchases	Construction	Construction Employees	Utilities	Real (Company)	Personal (Company)			Real Property Tax	Personal Property Tax	GRT		Annual	Present Value	Cumulative
2021	72,047	27,047	759,867	195,456	24,978	513	26,954	100,317	4,586	1,245,474	24,258	90,285	654,708	39,455	436,767	436,767	436,767
2022	75,844	28,596	136,847	-	-	545	25,974	100,209	4,750	372,764	23,376	90,188	92,824	40,867	125,509	123,800	560,567
2023	82,023	31,018	76,870	-	-	548	24,993	89,612	5,063	310,129	22,494	80,651	37,631	43,565	125,788	122,387	682,954
2024	86,139	32,539	78,273	-	-	552	24,013	78,191	5,242	304,950	21,612	70,372	37,631	45,106	130,229	124,983	807,936
2025	88,794	33,553	79,731	-	-	556	23,033	65,947	5,317	296,931	20,730	59,352	37,631	45,748	133,470	126,350	934,286
2026	90,126	34,056	81,248	-	-	560	22,053	52,879	5,317	286,239	19,848	47,591	37,631	45,748	135,421	126,451	1,060,737
2027	91,478	34,567	82,825	-	-	564	21,073	38,987	5,317	274,812	18,966	35,089	37,631	45,748	137,378	126,533	1,187,270
2028	92,850	35,086	84,466	-	-	568	20,093	24,272	5,317	262,651	18,083	21,845	37,631	45,748	139,343	126,596	1,313,866
2029	94,243	35,612	86,172	-	-	572	19,113	23,064	5,317	264,092	17,201	20,758	37,631	45,748	142,754	127,929	1,441,795
2030	95,656	36,146	87,946	-	-	576	18,132	23,064	5,317	266,838	16,319	20,758	37,631	45,748	146,382	129,395	1,571,189
2031	97,091	36,688	89,792	-	-	580	17,152	23,064	5,317	269,684	15,437	20,758	37,631	45,748	150,110	130,884	1,702,073
2032	98,548	37,239	91,711	-	-	584	16,172	23,064	5,317	272,634	14,555	20,758	37,631	45,748	153,942	132,398	1,834,472
2033	100,026	37,797	93,707	-	-	588	15,192	23,064	5,317	275,691	13,673	20,758	37,631	45,748	157,881	133,937	1,968,409
2034	101,526	38,364	95,783	-	-	592	14,212	23,064	5,317	278,858	12,791	20,758	37,631	45,748	161,930	135,503	2,103,912
2035	103,049	38,820	97,941	-	-	596	13,232	23,064	5,317	282,019	11,909	20,758	37,631	45,748	165,973	136,996	2,240,907
2036	104,595	39,282	100,187	-	-	600	12,252	23,064	5,317	285,296	11,026	20,758	37,631	45,748	170,133	138,517	2,379,424
2037	106,164	39,751	102,522	-	-	605	11,272	23,064	5,317	288,694	10,144	20,758	37,631	45,748	174,412	140,068	2,519,493
2038	107,756	40,227	104,950	-	-	609	10,291	23,064	5,317	292,215	9,262	20,758	37,631	45,748	178,815	141,650	2,661,142
2039	109,372	40,711	107,475	-	-	613	9,311	23,064	5,317	295,864	8,380	20,758	37,631	45,748	183,347	143,262	2,804,405
2040	111,013	41,202	110,102	-	-	617	8,331	23,064	5,317	299,646	7,498	20,758	37,631	45,748	188,011	144,907	2,949,312
Total	1,908,340	718,300	2,548,415	195,456	24,978	11,539	352,848	827,183	104,713	6,725,480	317,563	744,464	1,424,895	900,965			

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

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

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

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

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

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

**City Costs:** Costs of providing City services and infrastructure to the additional population and additional employment supported by the project. Costs include general fund expenditures, the subsidy for Transit, city street fund expenditures and average spending over past 5 years in the City's Capital Acquisition less that supported by Federal funds or transfers. The cost of services provided by the city is split between businesses (based on employment) and residents (based on additional population).

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

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

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

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

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