

CITY of ALBUQUERQUE

TWENTY FOURTH COUNCIL

COUNCIL BILL NO. F/S R-21-149 ENACTMENT NO. _____

SPONSORED BY: Isaac Benton

1 RESOLUTION

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

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

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

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

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

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

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

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

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

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

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

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

27 WHEREAS, the City and the Company understand that the adoption of this Resolution
28 shall not obligate the City to issue the Bonds except in full compliance with the terms of the
29 Bond Ordinance adopted by the City prior to the issuance of the Bonds and related bond
30 documents in form satisfactory to the City.

31 NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
32 ALBUQUERQUE:

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

- 1 Section 2. The Council understands the following:
- 2 A. The Project will consist of the construction and improvement of a 25,000 square foot
- 3 freezer on approximately 26.3 acres of land.
- 4 B. The maximum aggregate face amount of obligations to be issued with respect to the
- 5 Project is \$10,000.000.
- 6 C. The initial developer of the land and buildings for the Project will be the Company.
- 7 D. The initial operator of the Project will be the Company.
- 8 E. The location of the Project is at 2001 4th Street SW in Albuquerque, New Mexico.

9 Section 3. In order to promote the local health and general welfare, safety, convenience

10 and prosperity of the inhabitants of the City, it is the Council's intent to take all necessary

11 and advisable steps to effect the issuance of the Bonds in an aggregate principal amount up

12 to \$10,000,000 in order to defray part or all of the costs of the Project. The Bonds, in one or

13 more series, are to be entitled substantially as follows "City of Albuquerque, New Mexico

14 Industrial Revenue Bonds (El Encanto, Inc. Project), Tax-Exempt Series 2021." The

15 Company intends that the Bonds to be used to finance the Project are to be "qualified

16 private activity bonds" within the meaning of the Code, the interest on which is to be

17 excludable from gross income for federal income tax purposes under Section 103 of the

18 Code. This expression of the Council's intent is conditioned upon the issuance of the Bonds

19 on or before one year from the date ~~of the~~of the adoption of this Resolution.

20 Section 4. The City hereby declares its intent to reimburse, or to cause the Company to

21 reimburse from the proceeds of the Bonds, all "original expenditures," within the meaning of

22 Section 1.150-2(c) (1) of the Regulations, made by or on behalf of the Company. Subject to

23 the provisions of Section 9 below with regard to the adoption of the Bond Ordinance, the

24 City hereby finds that its expectations of making, or of having the Company make, a

25 "reimbursement allocation," within the meaning of Section 1.150-2(c) (1) of the Regulations,

26 with respect to all original expenditures made by or on behalf of the Company with respect

27 to the Project, are reasonable in that it has received assurances from the Company that the

28 Project has been developed and approved by the Company, plans and specifications are

29 under preparation and the Company has already made significant expenditures with respect

30 to the Project, and that the Company presently intends and reasonably expects to

31 participate in a taxable or tax-exempt borrowing within 18 months of the date of the

32 expenditure of moneys on the Project or the date upon which the Project is placed in service

33 or abandoned (but in no event more than three years after the date of the original

34 expenditure of such moneys), and to allocate a portion of the proceeds thereof to reimburse

35 the Company for its actual expenditures in connection with the Project. The Council has

1 been advised that all of the capital expenditures covered by this Resolution were made not
2 earlier than 60 days prior to the date of this Resolution or will be made after the date of this
3 Resolution but prior to the issuance of the Bonds.

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

18 Section 6. The Bonds issued for the acquisition, construction and improvement of the
19 Project shall be payable from the revenues of the Project or other moneys payable by the
20 Company, with respect thereto, and shall not constitute a debt or indebtedness of the City
21 within the meaning of any provision or limitation of the Constitution or statutes of the State of
22 New Mexico. In addition, if the Bonds are issued, the Company shall indemnify and hold
23 harmless the City, the Council and their respective officers, employees, designated
24 representatives and agents (collectively, the "Indemnified Persons") from and against any
25 liability to the Company, or to any third parties that may be asserted against the City with
26 respect to the City's ownership of or leasehold interest in the Project or the issuance of the
27 Bonds. Nothing contained in this Resolution or in any other instrument shall be considered
28 as obligating the City to any pecuniary liability or a charge upon the general credit of the City
29 or against its taxing power, it being understood that no costs are to be borne by the City and
30 that all costs incurred by the City in connection with the Bonds are to be promptly
31 reimbursed by the Company. The City's adoption of this Resolution shall not be deemed a
32 conclusion or expression of approval by the City or any Indemnified Person of the Company
33 or the Project.

34 Section 7. The Company as agent for the City and consistent with Taxation and
35 Revenue Department Regulation 3.2.212.22 NMAC Renumbered, will acquire the Project.
36 The Company will, as agent for the City, consistent with New Mexico State Law, request

1 delivery of Type 9 Nontaxable Transaction Certificates ("Certificates") from the Taxation and
2 Revenue Department. The Company will deliver a Certificate to each person selling tangible
3 personal property to the Company for the Project as applicable under the New Mexico
4 Gross Receipts and Compensating Tax Act. For this purpose, by adoption of this
5 Resolution, the City authorizes the Company to act as agent for the City. The Company
6 shall not use the Certificates other than for the purchase of capital equipment and other
7 tangible personal property, nor shall the Company use such Certificates after the completion
8 of the Project. Prior to the use of such Certificates by the Company as agent for the City, the
9 City Chief Administrative Officer and the Company will agree to certain procedures
10 regarding the use of the Certificates and protection of the City from any unfunded tax
11 liability.

12 Section 8. The City intends to enter into an agreement with the Company pursuant to
13 which the Company will pay to the City certain annual payments in lieu of ad valorem taxes
14 levied on the Project property (such annual payments to be based upon the cost of the
15 Project and the mill levies established from time to time), and such agreement shall be
16 included in a lease to be entered into by the City and the Company.

17 Section 9. The City Councilors and other appropriate City officials and employees are
18 hereby authorized and empowered to take such steps and to do such things as may be
19 necessary to achieve the purposes of this Resolution; provided, however, the issuance of
20 the Bonds and the execution and delivery of any documents to which the City is a party in
21 connection therewith shall be subject to the approval and authorization of the Council
22 pursuant to the Bond Ordinance, to be adopted following public notice of ~~the~~[the](#) Council's
23 intent to adopt such Ordinance at least fourteen (14) days prior to the consideration of the
24 Ordinance by the Council at a public meeting, such public notice to specify the time, date
25 and place of the Council's meeting. In particular, no provision of this Resolution shall in any
26 way obligate the City or any other person to issue the Bonds, any other bonds or in any way
27 finance the Project; and the City retains full and complete discretion with respect thereto.

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

30 Section 11. The issuance of the Bonds and the execution and delivery of any
31 documents to which the City is a party in connection therewith shall be subject to the
32 approval and authorization by the Council pursuant to the Bond Ordinance following
33 reasonable public notice of the time, date and place of the public hearing to be held on the
34 proposed adoption of the Bond Ordinance. In connection with this Resolution, the Council
35 understands that the Company is not obligated to proceed with the Project, and, additionally,
36 the Council has been informed that a failure or refusal of the Council, however arising, to

1 adopt the Bond Ordinance will have the effect of voiding any benefits to the Company under
2 the Act, including revoking the authority of the Company to act as agent for the City in
3 connection with the solicitation of nontaxable transaction certificates for the Project from
4 Taxation and Revenue, voiding the nontaxable transaction certificates issued to the
5 Company for Project purchases and making such purchases subject to whatever tax would
6 be due if such certificates had not been issued.

7 Section 12. If any section, paragraph, clause or provision of this Resolution shall for any
8 reason be held to be invalid or unenforceable, the invalidity or unenforceability of such
9 section, paragraph, clause or provision shall not affect any of the remaining provisions of
10 this Resolution.

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

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