

CITY of ALBUQUERQUE

TWENTY SEVENTH COUNCIL

COUNCIL BILL NO. O-26-38 ENACTMENT NO. _____

SPONSORED BY: Joaquín Baca, by request

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ORDINANCE

AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF ALBUQUERQUE, NEW MEXICO TAXABLE INDUSTRIAL REVENUE BOND (DREAMCATCHER SAWMILL HOTEL PROJECT), SERIES 2026 IN THE MAXIMUM PRINCIPAL AMOUNT OF \$40,520,267 TO PROVIDE FUNDS TO ACQUIRE, CONSTRUCT, EQUIP, AND IMPROVE THE DREAMCATCHER SAWMILL HOTEL, A DUAL BRANDED HAMPTON INN and HOME2 SUITES WITH AN ANTICIPATED 135 GUESTROOMS, AND ASSOCIATED SITE IMPROVEMENTS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, LEASE AGREEMENT, BOND PURCHASE AGREEMENT, BONDS, AND OTHER DOCUMENTS IN CONNECTION WITH THE BONDS; MAKING CERTAIN DETERMINATIONS AND FINDINGS RELATING TO THE BONDS AND THE PROJECT; RATIFYING CERTAIN ACTIONS TAKEN PREVIOUSLY; AND REPEALING ALL ACTIONS INCONSISTENT WITH THIS ORDINANCE.

WHEREAS, the City of Albuquerque (the “City”) is a legally and regularly created, established, organized, and existing municipal corporation of the State of New Mexico (the “State”); and

WHEREAS, pursuant to Sections 3-32-1 through 3-32-16, New Mexico Statutes Annotated, 1978 Compilation, as amended (the “Act”), the City is authorized to acquire industrial revenue projects located within the corporate limits of the municipality for the purpose of promoting industry and trade by inducing commercial enterprises to locate or expand in the State of New Mexico; and

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1 WHEREAS, pursuant to the Act, the City is authorized to issue revenue
2 bonds for the purpose of defraying the cost of acquiring any project and to
3 secure the payment of such bonds, all as provided in the Act; and

4 WHEREAS, Dreamcatcher Sawmill, LLC (together with its successors,
5 assigns and affiliates, the “Company”) is a limited liability company formed
6 under the laws of the State of New Mexico and is authorized to do business in
7 New Mexico; and

8 WHEREAS, the Company has requested that the City issue its industrial
9 revenue bonds pursuant to the Act in an aggregate amount of \$40,520,267 for
10 the purpose of providing funds to acquire, construct, equip, and improve an
11 Dreamcatcher Sawmill Hotel, a dual branded Hampton Inn and Home2 Suites,
12 providing a combination of traditional select-service and all-suite hospitality
13 accommodations designed to serve business travelers, tourists, and project-
14 based visitors, with an anticipated 135 guestrooms, totaling 86,000 square feet
15 of building area, and associated site improvements including parking,
16 landscaping, guest amenities, and supporting infrastructure (the “Project”);
17 and

18 WHEREAS, the City Council of the City of Albuquerque (the “Council”) has
19 adopted an ordinance establishing the Albuquerque Development
20 Commission (the “Commission”) to review projects proposed to be financed
21 with an industrial revenue bond pursuant to the Act pursuant to City
22 Resolution No. 16-1985, as amended; and

23 WHEREAS, the Company has presented to the City and the Commission a
24 proposal (the “Project Plan”) whereby the Company shall, pursuant to the Act,
25 acquire, construct and improve the Project to be located in the City at 1010
26 18th Street NW (the “Project Property”), and pursuant to which the City would
27 issue its taxable industrial revenue bonds in order to finance the Project; and

28 WHEREAS, the Company requests the issuance of the Bonds (defined
29 below) in one series; and

30 WHEREAS, the Commission has reviewed the Project Plan, and on May 21,
31 2026, has determined that the Company has complied with City Resolution No.

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1 16-1985, and has recommended approval of the Project Plan by the Council;
2 and

3 WHEREAS, under the Company’s Project Plan, the City would enter into an
4 Indenture for the Bonds (the “Indenture”) between the City and BOKF, NA, or
5 other corporate depository satisfactory to the City to be designated at a later
6 date, as depository (the “Depository”), pursuant to which, together with this
7 ordinance (the “Bond Ordinance”), the City would issue its bonds designated
8 as the City of Albuquerque, New Mexico Taxable Industrial Revenue Bond
9 (Dreamcatcher Sawmill Hotel Project) (the “Bonds”); and

10 WHEREAS, under the Company’s Project Plan, the City and the Company
11 would enter into a Lease Agreement the Bonds (the “Lease”), pursuant to
12 which the Company will lease the Project Property from the City and will make
13 payments to the Depository sufficient to pay the principal of, redemption
14 premium, if any, and interest on the outstanding Bonds, and to pay all other
15 obligations incurred pursuant to the provisions of the Lease and this Bond
16 Ordinance; and

17 WHEREAS, under the Company’s Project Plan, the Lease will provide that
18 the Company shall maintain the Project and carry all proper insurance with
19 respect thereto; and

20 WHEREAS, the proceeds of the Bonds shall be used for the purpose of
21 financing the acquisition, construction, equipping, and improvement of the
22 Project (the “Financing”); and

23 WHEREAS, the City is authorized to enter into the Lease, the Indenture, and
24 other related documents and to issue the Bonds pursuant to the Act and this
25 Bond Ordinance; and

26 WHEREAS, the Bonds in an aggregate principal amount not to exceed
27 \$40,520,267 will be issued, sold and delivered by the City in private sales to an
28 affiliate of the Company (the “Purchaser”) pursuant to a bond purchase
29 agreement (the “Bond Purchase Agreement”) among the City, the Company,
30 and the Purchaser; and

31 WHEREAS, the proceeds of the Bond shall be applied to pay the costs of
32 the Project and to pay certain costs associated with the transaction; and

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1 WHEREAS, after having considered the provisions of the Project Plan and
2 the Financing, the Council has concluded that it is in the best interest of the
3 City to authorize the issuance of the Bonds to finance the Project, and that the
4 City’s issuance of the Bonds shall constitute a valid public purpose under the
5 Act; and

6 WHEREAS, the Council has been advised by the Company that the
7 disclosure provisions of Rule 15c2-12 of the Securities and Exchange
8 Commission are not applicable to this transaction inasmuch as the Bonds are
9 being sold to the Purchaser, which is an affiliate of the Company, in a private
10 sale without the participation of an underwriter; and

11 WHEREAS, there has been published in the Albuquerque Journal, a
12 newspaper of general circulation in the City, public notice of the Council’s
13 intention to adopt this Bond Ordinance, which notice contained certain
14 information concerning the ownership, purpose, location and size of the
15 Project and the Project Property, and the amount of the Bonds to be issued to
16 finance the Project, which notice was published at least fourteen (14) days
17 prior to hearing and final action on this Bond Ordinance; and

18 WHEREAS, the proposed forms of the following documents have been filed
19 with the City Clerk and presented to the Council: (1) Project Plan; (2) Lease; (3)
20 Indenture; and (4) Bond Purchase Agreement (collectively the “Bond
21 Documents”); and

22 WHEREAS, the City has delivered notice to the County of Bernalillo, State
23 of New Mexico, of its intent to consider issuance of the Bond, which notice
24 was given at least thirty (30) days prior to the meeting at which final action is
25 to be taken on this Bond Ordinance as required by Section 3-32-6.1, New
26 Mexico Statutes Annotated, 1978 Compilation, as amended.

27 **BE IT ORDAINED BY THE COUNCIL, THE GOVERNING BODY OF THE CITY OF**
28 **ALBUQUERQUE:**

29 Section 1. **RATIFICATION.** All actions not inconsistent with the
30 provisions of this Bond Ordinance previously taken by the Council and the
31 officials of the City directed toward approval of the issuance and sale of the
32 Bonds be approved and the same hereby are ratified, approved and confirmed.

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1 Section 2. **THE PROJECT PLAN.** The Project to be financed with the
2 Bonds is comprised of the acquisition, construction, equipping, and
3 improvement of the Dreamcatcher Sawmill Hotel, a dual branded Hampton Inn
4 and Home2 Suites, providing a combination of traditional select-service and
5 all-suite hospitality accommodations designed to serve business travelers,
6 tourists, and project-based visitors, with an anticipated 135 guestrooms,
7 totaling 86,000 square feet of building area, and associated site improvements
8 including parking, landscaping, guest amenities, and supporting
9 infrastructure. The Company may use additional available money to
10 accomplish the Project. The Project Plan is hereby approved in all respects.

11 Section 3. **FINDINGS.**

12 (A) General. The Council hereby declares that it has considered all
13 relevant information presented to it relating to the Bonds and the Project and
14 hereby finds and determines that the issuance of the Bonds pursuant to this
15 Bond Ordinance and the Act to provide funds for the Project is necessary and
16 advisable and in the interest of the public, and will promote the public health,
17 safety, morals, convenience, economy, and welfare of the City and the
18 residents of the City.

19 (B) The Council finds that:

- 20 (1) The Bonds will be issued for the purpose of financing the
21 Project;
- 22 (2) The aggregate face amount of obligations to be issued for the
23 purpose of financing the Project is \$40,520,267;
- 24 (3) The developer and operator of the Project is the Company;
- 25 (4) The Project Property is located in the City at 1010 18th Street
26 NW.

27 Section 4. **AUTHORIZATION AND APPROVAL OF THE BONDS.** To finance
28 the cost of acquiring, constructing, equipping and improving the Project
29 Property, the City hereby authorizes and approves the issuance and sale of its
30 industrial revenue bonds to be designated “City of Albuquerque, New Mexico
31 Taxable Industrial Revenue Bond (Dreamcatcher Sawmill Hotel Project), Series
32 2026” in the aggregate principal amount of \$40,520,267 and the use of the

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1 proceeds of the Bonds to finance the cost of the Project and to pay expenses
2 relating thereto.

3 Section 5. SALE OF THE BONDS. The sale of the Bonds to the Purchaser
4 at a purchase price equal to the par amount of the Bonds is hereby authorized
5 and approved.

6 Section 6. FORM AND TERM OF THE BONDS. Subject to the limitations
7 set forth in this Bond Ordinance, the Bonds shall be: (i) in the form and shall
8 be numbered and dated all as set forth in the Indenture; (ii) payable as to
9 principal and interest, and subject to optional and mandatory redemption and
10 defeasance in the amounts, upon the conditions and at the times and prices
11 set forth in the Indenture; and, (iii) issued in the aggregate principal amount of
12 \$40,520,267, bearing interest at the rates and maturing on the dates set forth in
13 the Indenture. The interest rate on the Bond shall not exceed 12% per annum.
14 The Mayor or the Chief Administrative Officer of the City shall sign the Bond.

15 Section 7. AUTHORIZATION OF OFFICERS; APPROVAL OF
16 DOCUMENTS. The form, terms, and provisions of the Bond Documents in the
17 form on deposit in the office of the City Clerk are in all respects approved,
18 authorized, and confirmed, and the City shall enter into such Bond Documents
19 substantially in the form of each such document on deposit with the City
20 Clerk, with only such changes as are not inconsistent with this Bond
21 Ordinance or such other changes as may be approved by supplemental
22 resolution of the Council.

23 (A) The Council authorizes the Mayor or the Chief Administrative Officer
24 of the City to execute and deliver the Bond Documents in the name and on
25 behalf of the City, and the Council authorizes the City Clerk or Deputy City
26 Clerk to attest to, as necessary, the Bond Documents and the Bonds with: (i)
27 such changes therein as are not inconsistent with this Bond Ordinance; (ii)
28 such changes as shall be approved by the Mayor or the Chief Administrative
29 Officer upon consultation with the City's special finance counsel, with the
30 execution of such document by the Mayor or the Chief Administrative Officer
31 constituting conclusive evidence of such approval; or (iii) such other changes
32 as may be approved by supplemental resolution of the Council.

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1 (B) The Mayor, Chief Administrative Officer, Chief Financial Officer, City
2 Treasurer and City Clerk are further authorized to execute, authenticate and
3 deliver such certifications, instruments, documents, letters and other
4 agreements, including security agreements, and to do such other acts and
5 things, either prior to or after the date of delivery of the Bonds, as are
6 necessary or appropriate to consummate the transactions contemplated by
7 the Bond Documents.

8 (C) The officers of the City shall take such action as is necessary to
9 effectuate the provisions of the Indenture and shall take such action as is
10 necessary in conformity with the Act and this Bond Ordinance to finance the
11 costs of the Project and for carrying out other transactions as contemplated
12 by this Bond Ordinance and the Bond Documents including, without limitation,
13 the execution and delivery of any closing documents to be delivered in
14 connection with the sale and delivery of the Bonds.

15 Section 8. DELIVERY OF THE BONDS. Upon the execution of the Bond
16 Documents and the satisfaction of the conditions set forth in the Bond
17 Documents, the Bonds shall be executed, authenticated, and delivered to the
18 Purchaser. No Bonds shall be valid for any purpose until such Bonds have
19 been properly authenticated as set forth in the Indenture.

20 Section 9. FINDINGS REGARDING PAYMENT OF PRINCIPAL AND
21 INTEREST AND OTHER MATTERS. The Council makes the following
22 determinations and findings in accordance with the Act:

23 (A) The maximum amount necessary in each year to pay the principal of
24 and interest on the Bonds, assuming issuance of the Bond as of August 1,
25 2026, in the amount of \$40,520,267 and bearing interest at the rate of 4% and
26 the first Bond payment occurring on August 1, 2027, is as follows:

27	<u>Year Ended</u>	<u>Maturing Principal</u>	<u>Interest Amount</u>	<u>Total Debt Service</u>
28	8/1/27	-\$0-	\$1,620,811	\$1,620,811
29	8/1/28	-\$0-	\$1,620,811	\$1,620,811
30	8/1/29	-\$0-	\$1,620,811	\$1,620,811
31	8/1/30	-\$0-	\$1,620,811	\$1,620,811
32	8/1/31	-\$0-	\$1,620,811	\$1,620,811

1	8/1/32	-\$0-	\$1,620,811	\$1,620,811
2	8/1/33	-\$0-	\$1,620,811	\$1,620,811
3	8/1/34	-\$0-	\$1,620,811	\$1,620,811
4	8/1/35	-\$0-	\$1,620,811	\$1,620,811
5	8/1/36	-\$0-	\$1,620,811	\$1,620,811
6	8/1/37	-\$0-	\$1,620,811	\$1,620,811
7	8/1/38	-\$0-	\$1,620,811	\$1,620,811
8	8/1/39	-\$0-	\$1,620,811	\$1,620,811
9	8/1/40	-\$0-	\$1,620,811	\$1,620,811
10	8/1/41	-\$0-	\$1,620,811	\$1,620,811
11	8/1/42	-\$0-	\$1,620,811	\$1,620,811
12	8/1/43	-\$0-	\$1,620,811	\$1,620,811
13	8/1/44	-\$0-	\$1,620,811	\$1,620,811
14	8/1/45	-\$0-	\$1,620,811	\$1,620,811
15	8/1/46	\$40,520,267	\$1,620,811	\$42,141,078

16 (B) The terms under which the Project Property is leased provide that
17 the Company shall maintain the Project Property and carry all proper
18 insurance (or self-insure) with respect to the Project Property.

19 (C) The lease rentals payable under the Lease shall be at least sufficient
20 to pay the principal and interest payments on the Bonds set forth in this
21 Section 9 when due and otherwise render the financing of the acquisition,
22 construction, equipping and improvement of the Project Property entirely self-
23 liquidating. There shall be no payments to any reserve fund or sinking fund
24 installment payments.

25 Section 10. NON TAXABLE TRANSACTION CERTIFICATES. The Company,
26 as agent for the City, will acquire the Project. The City will cooperate with the
27 Company to obtain and allow use of Type 9 Nontaxable Transaction
28 Certificates ("Certificates") that have been properly executed for acquisition of
29 tangible personal property relating to the Project as applicable under the New
30 Mexico Gross Receipts and Compensating Tax Act. The Company shall not
31 use the Certificates other than for such things as may be permitted by law, if
32 any, nor shall the Company use such Certificates after the completion of the

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1 Project. No costs, expenses or other monetary relief will be recoverable from
2 the City by vendors of equipment.

3 Section 11. LIMITED OBLIGATIONS. The Bonds shall be special limited
4 obligations of the City payable solely from the revenues derived from the
5 Lease and payable by the Company as described in the Indenture, and shall
6 never constitute a debt or indebtedness of the City or the State or any political
7 subdivision thereof within the meaning of any provision or limitation of the
8 State Constitution, statutes, or home-rule charter of the City, and shall not
9 constitute or give rise to a pecuniary liability of the City or a charge against its
10 general credit or taxing power. Nothing contained in this Bond Ordinance or
11 the Bond Documents, or any other instrument, shall be construed as
12 obligating the City (except with respect to the Project Property and the
13 application of the revenues therefrom and the proceeds of the Bonds, all as
14 provided in the Bond Documents), nor as incurring a pecuniary liability or
15 charge upon the general credit of the City or against its taxing power, nor shall
16 the breach of any agreement contained in this Bond Ordinance, the Bond
17 Documents, the Bonds, or any other instrument be construed as obligating the
18 City (except with respect to the Project Property and the application of
19 revenues therefrom and the proceeds of the Bonds all as provided in the Bond
20 Documents) nor as incurring a pecuniary liability or a charge upon the general
21 credit of the City or against its taxing power, the City having no power to pay
22 out of its general funds, or otherwise contribute any part of the costs of
23 acquiring the Project Property, nor power to operate the Project as a business
24 or in any manner except as lessor and seller of the Project Property.

25 Section 12. APPROVAL OF INDEMNIFICATION. The Council specifically
26 approves the provisions of the Lease relating to indemnification which provide
27 that the Company shall indemnify and hold harmless the City and its City
28 Councilors, officials, members, officers, employees, and agents against
29 liability to the Company or to any third parties that may be asserted against
30 the City, its City Councilors, officials, members, officers, employees, and
31 agents with respect to the City's ownership of the Project Property or the
32 issuance of the Bonds and arising from the condition of the Project Property

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1 or the acquisition or operation of the Project Property by the Company, except
2 to the extent that Section 56-7-1, New Mexico Statutes Annotated, 1978
3 Compilation, as amended, applies, and except claims for any loss or damage
4 arising out of or resulting from the gross negligence or willful misconduct of
5 the City or any official, member, officer, employee, or agent of the City.

6 Section 13. **BOND ORDINANCE IRREPEALABLE.** After any Bond is issued,
7 this Bond Ordinance shall be and remain irrevocable until the outstanding
8 Bonds, including all interest thereon, is fully paid, cancelled, and discharged,
9 or until there has been defeasance of the Bonds in accordance with the
10 Indenture.

11 Section 14. **SEVERABILITY.** If any section, paragraph, clause or provision
12 of this Bond Ordinance shall for any reason be held to be invalid or
13 unenforceable, the invalidity or unenforceability of that section, paragraph,
14 clause, or provision shall not affect any of the remaining provisions of this
15 Bond Ordinance.

16 Section 15. **REPEALER.** All by-laws, ordinances, resolutions, and orders,
17 or parts thereof, inconsistent with this Bond Ordinance are repealed by this
18 Bond Ordinance but only to the extent of that inconsistency. This repealer
19 shall not be construed to revive any by-law, ordinance, resolution, or order, or
20 part thereof, previously repealed.

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

29 Section 17. **GENERAL SUMMARY FOR PUBLICATION.** The title and
30 general summary of the subject contained in this Bond Ordinance shall be
31 published in substantially the following form:

CITY OF ALBUQUERQUE, NEW MEXICO



Mayor Timothy M. Keller

CITY OF ALBUQUERQUE

Albuquerque, New Mexico

Office of the Mayor

INTER-OFFICE MEMORANDUM

May 21, 2026

TO: Klarissa Peña, President, City Council

FROM: Timothy M. Keller, Mayor



SUBJECT: Approving an Ordinance Dreamcatcher Sawmill Hotel Development Project Pursuant to the Industrial Revenue Bond Act (IRB Project #2026-09)

Attached for your consideration and approval is an Ordinance involving Dreamcatcher Sawmill Hotel IRB Project, Pursuant to the Industrial Revenue Bond Act (IRB Project #2026-09).

The applicant, “Sun Capital Hotels” (together with its successors, assigns, and affiliates, the “Company”), is a Dreamcatcher-affiliated development entity. The Dreamcatcher group is an active hotel investment organization focused on new developments and acquisitions, with a significant presence in Albuquerque and throughout New Mexico.

The Company is requesting \$40,520,267 in City-issued industrial revenue bonds (IRB). City IRBs are issued to support eligible economic development projects that meet established policies and plans.

The site currently contains an existing approximately 25,600 square foot office building that has experienced limited leasing activity and is considered underutilized. The Project will require demolition of the existing structure to allow for redevelopment of the site into a modern hospitality use. The demolition does not involve any historic properties.

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 project will be exempt for up to 20 years from property taxes on land, buildings, and equipment. Equipment purchased with bond proceeds is exempt from gross receipts or compensating taxes.

The project is within a Metropolitan Redevelopment Area (MRA) and a Federal Opportunity Zone, making the project a priority under local economic development policies. The area is also identified as a Historically Underutilized Business (HUB) Zone, a federal designation that encourages development in areas of need.

Dreamcatcher Sawmill Hotel Development (\$40,520,267 Taxable Industrial Revenue Bonds, Series 2026) will consist of the ground-up construction of a dual-branded Hampton Inn and Home2 Suites hospitality development located at 1000 18th St. The proposed development will include approximately 135 guest rooms across the two brands (72 rooms - Hampton, 73 rooms - Home2), totaling approximately 86,000 square feet of building area, along with associated site improvements including parking, landscaping, guest amenities, and supporting infrastructure.

The Project is expected to create approximately 42 - 47 permanent full-time and part-time positions across a range of professional, supervisory, clerical, and operational hospitality roles, depending on hotel demand. The Project will offer a competitive benefits package designed to support employee health, financial stability, and long-term retention. Eligible employees will have access to medical, dental, and vision insurance, with the employer covering 50% of healthcare premium costs. The company will also offer a 401(k) retirement plan with an employer match of 50% of employee contributions up to 3% of eligible compensation.

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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 based on the information the Company provided.

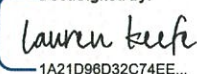
Dreamcatcher Sawmill Center Hotel Development - The fiscal impact analysis indicates that the operations associated with the \$40.5 million bond for the Dreamcatcher Sawmill Hotel are expected to generate a total of \$6.4 million in taxes by 2045. The project will remain tax positive throughout the duration of the bond term.

Your consideration and approval are requested.

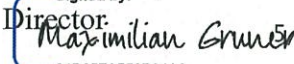
Approved:

Approved as to Legal Form:


Samantha Sengel, EdD Date
Chief Administrative Officer

DocuSigned by:
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Lauren Keefe Date
City Attorney

Recommended:

Max Gruner, Date
signed by:
Director:  5/21/2026 | 4:41 PM MDT
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Cover Analysis

1. What is it?

This is an ordinance authorizing an Industrial Revenue Bond Project for Dreamcatcher Sawmill Hotel (the “Company”) in the amount of \$40,520,267 from the City of Albuquerque (IRB Project #2026-9).

The applicant, “Sun Capital Hotels”, is a Dreamcatcher-affiliated development entity. The Dreamcatcher Group is an active hotel investment organization focused on new developments and acquisitions, with a significant presence in Albuquerque and throughout New Mexico.

The group currently owns and operates six hotel properties within Albuquerque, an additional four properties elsewhere in New Mexico, and one property in Colorado Springs. The group has also recently completed an additional hotel acquisition and has several development projects in various stages of planning and execution.

The total bond amount requested is \$40,520,267, which will be used to finance eligible development costs, including building construction, site improvements, furnishings, fixtures, equipment, and other qualified expenditures under the Industrial Revenue Bond program.

Dreamcatcher Sawmill Hotel Development (\$40,520,267 Taxable Industrial Revenue Bonds, Series 2026) will consist of the ground-up construction of a dual-branded Hampton Inn and Home2 Suites hospitality development located at 1010 18th St. The proposed development will include approximately 135 guest rooms across the two brands (72 rooms - Hampton, 73 rooms - Home2), totaling approximately 86,000 square feet of building area, along with associated site improvements including parking, landscaping, guest amenities, and supporting infrastructure.

The Project is expected to create approximately 42 - 47 permanent full-time and part-time positions across a range of professional, supervisory, clerical, and operational hospitality roles, depending on hotel demand. The Project will offer a competitive benefits package designed to support employee health, financial stability, and long-term retention. Eligible employees will have access to medical, dental, and vision insurance, with the employer covering 50% of healthcare premium costs. The company will also offer a 401(k) retirement plan with an employer match of 50% of employee contributions up to 3% of eligible compensation.

2. What will this piece of legislation do?

The Company is requesting \$40,520,267 in City-issued industrial revenue bonds. 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 ordinance would support the construction and expansion of the Company’s facility.

The project will be exempt for up to 20 years from property taxes on land, buildings, and equipment. Equipment purchased with bond proceeds is exempt from gross receipts or

compensating taxes. The Payment In Lieu Of Taxes (“PILOT”) on the project is 30%, essentially making it a 70% tax abatement.

3. Why is this project needed?

The Project represents a significant capital investment in our community and the creation of 42-47 permanent, full- and part-time jobs. The Project will enhance the area by redeveloping an underutilized site into a high-quality, nationally branded hospitality asset that complements ongoing investment and revitalization within the Sawmill submarket. The proposed design emphasizes modern architecture consistent with Hilton brand standards, improved site circulation, landscaping, and pedestrian-friendly elements that contribute to a cohesive streetscape and improved visual character.

By replacing an obsolete office building with an active hospitality use, the Project will increase activity levels, support nearby businesses, and strengthen the overall vibrancy of the surrounding district. While much of the recent development within the Sawmill area has targeted upper-income or luxury travelers, this Project will introduce accessible, midscale lodging options that broaden visitor access to the district. This diversification of lodging supply supports a wider range of travelers, strengthens overall market resilience, and enhances the inclusivity of the area’s continued growth.

The project is within a Metropolitan Redevelopment Area (MRA) and, as a Federal Opportunity Zone, is a priority under local economic development policies. The area is also identified as a Historically Underutilized Business (HUB) Zone, a federal designation that encourages development in areas of need. This federal designation was established for the purpose of seeking government assistance for future redevelopment of the area and to make projects undertaken in the area a priority under local economic development policies, which prioritize efforts to develop or renew blighted areas.

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 based on the information the Company provided.

Dreamcatcher Sawmill Hotel Development

The fiscal impact outlined in Table 1 indicates that the operations associated with the \$40.5 million bond for the Dreamcatcher Sawmill Hotel are expected to generate a total of \$6.4 million in taxes by 2045. The project will remain tax positive throughout the duration of the bond term.

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

There is no cost to the City. The City is proposing to issue \$40,520,267 in industrial revenue bonds, which will be a self-purchase for the Company. The applicant is required to pay a \$2,500 IRB application fee, and the applicant is required to pay all attorneys' fees and expenses of the attorneys reviewing the bond documents, including any refunding bond documents, whether or not the bonds are issued. 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.

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?

The incentive is critical to the success of the Project. If the legislation does not pass, the result would be a potential cancellation of the Project and the associated loss of new jobs and revenue. The Company would not be able to pursue the Project without approval.

7. Is this service already provided by another entity?

No, the primary hotel development activity within the Sawmill area has been led by the Heritage/Jim Long development group, which is focused on upper-income or luxury travelers. The proposed dual-branded Hampton Inn and Home2 Suites will provide a broader range of lodging price points within the Sawmill district.

**ALBUQUERQUE DEVELOPMENT COMMISSION
Industrial Revenue Bond Hearing**

May 14, 2026

Case #2026-9 Dreamcatcher Sawmill Hotel - IRB

REQUEST: Approval of \$40,520,267 in City Industrial Revenue Bonds is requested.

PROJECT SUMMARY: This is an ordinance authorizing an Industrial Revenue Bond Project for Dreamcatcher Sawmill (the “Company”) in the amount of \$40,520,267 from the City of Albuquerque (IRB Project #2026-9).

The applicant, “Sun Capital Hotels”, is a Dreamcatcher-affiliated development entity. The Dreamcatcher group is an active hotel investment organization focused on new developments and acquisitions, with a significant presence in Albuquerque and throughout New Mexico. The group currently owns and operates six hotel properties within Albuquerque, an additional four properties elsewhere in New Mexico, and one property in Colorado Springs. The group has also recently completed an additional hotel acquisition and has several development projects in various stages of planning and execution.

The Project consists of the development of a dual-branded Hilton hotel property in the Sawmill submarket of Albuquerque, New Mexico. The proposed development includes the construction of a Hampton Inn and Home2 Suites, providing a combination of traditional select-service and all-suite hospitality accommodations designed to serve business travelers, tourists, and project-based visitors. The anticipated average length of stay across the property is approximately three (3) days, reflecting a transient lodging profile consistent with comparable Hilton-branded assets.

The total bond amount requested is \$40,520,267, which will be used to finance eligible project costs, including land improvements, vertical construction, furnishings, fixtures, equipment, and related development costs as permitted under the Industrial Revenue Bond structure.

The Project will generate substantial economic benefit to the Albuquerque community through construction employment, permanent hospitality jobs, increased visitor spending, and expanded gross receipts tax revenue. The development will strengthen the Sawmill submarket by adding income accessible, high-quality, branded lodging that supports tourism, business travel, and area commercial growth. If approved, the IRB will reduce development costs associated with construction materials and property taxation, improving overall project feasibility and enabling timely delivery of this new hospitality asset.

Sawmill Hotel Development (\$40,520,267 Taxable Industrial Revenue Bonds, Series 2026) will consist of the ground-up construction of a dual-branded Hampton Inn and Home2 Suites hospitality development located at 1000 18th St. The proposed development will include approximately 135 guest rooms across the two brands (72 rooms - Hampton, 73 rooms - Home2), totaling approximately 86,000 square feet of building area, along with associated site improvements including parking, landscaping, guest amenities, and supporting infrastructure.

The construction is anticipated to be a wood-frame hospitality structure consistent with current Hilton brand standards.

The site currently contains an existing approximately 25,600 square foot office building that has experienced limited leasing activity and is considered underutilized. The Project will require demolition of the existing structure to allow for redevelopment of the site into a modern hospitality use. The demolition does not involve any historic properties. A conceptual site plan and building elevations will be provided as part of the Development Commission review process.

The Project will enhance the area by redeveloping an underutilized site into a high-quality, nationally branded hospitality asset that complements ongoing investment and revitalization within the Sawmill submarket. The proposed design emphasizes modern architecture consistent with Hilton brand standards, improved site circulation, landscaping, and pedestrian-friendly elements that contribute to a cohesive streetscape and improved visual character.

By replacing an obsolete office building with an active hospitality use, the Project will increase activity levels, support nearby businesses, and strengthen the overall vibrancy of the surrounding district. While much of the recent development within the Sawmill area has targeted upper-income or luxury travelers, this Project will introduce accessible, midscale lodging options that broaden visitor access to the district. This diversification of lodging supply supports a wider range of travelers, strengthens overall market resilience, and enhances the inclusivity of the area's continued growth.

The Project is expected to create approximately 42 - 47 permanent full-time and part-time positions across a range of professional, supervisory, clerical, and operational hospitality roles, depending on hotel demand. The Project will offer a competitive benefits package designed to support employee health, financial stability, and long-term retention. Eligible employees will have access to medical, dental, and vision insurance, with the employer covering 50% of healthcare premium costs. The company will also offer a 401(k) retirement plan with an employer match of 50% of employee contributions up to 3% of eligible compensation.

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 healthcare facilities seeking industrial revenue bonds. Credit may also 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 that 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 which 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 based on the information the Company provided.

The fiscal impact outlined in Table 1 indicates that the operations associated with the \$40.5 million bond for Sawmill Hotel are expected to generate a total of \$6.4 million in taxes by 2045. The project will remain tax positive throughout the duration of the bond term.

FINDINGS:

1. IRB #2026-9 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, upon the waiver of Section E requirements; and
2. IRB #2026-9 would make positive substantive contributions to the local economy and community by directly creating 42 - 47 permanent full-time and part-time positions; and
3. IRB #2026-9 will provide significant investment and revitalization in a metropolitan redevelopment area; and
4. IRB #2026-9 will benefit Albuquerque’s convention and tourism industry through the creation of additional room inventory, convention space, and amenities in a historic tourism area; and
5. IRB #2026-9 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives;
6. IRB #2026-9 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	FAIL
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
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.	PASS
RESULT	PASS

1. The revenue source for the Dreamcatcher Sawmill Hotel is primarily generated from out-of-state customers, and as a result, qualify under the ordinance. The company also qualifies under the IRB Act and the City’s Ordinance as:
 - a. “Any business in which all or part of the activities of the business involve the supplying of services to the general public or to government agencies or to a specific industry or customer base, but does not include establishments primarily engaged in the sale of goods or services at retail.”
2. The bonds will be considered a “self-purchase”-- purchased by a subsidiary or affiliate of the Company.
3. The IDO Zone District for each site is NON-RESIDENTIAL – LIGHT MANUFACTURING ZONE DISTRICT (NR-LM). The purpose of the NR-LM zone district is to accommodate moderate-intensity commercial, light assembly, fabrication, and manufacturing uses, while buffering adjacent lower-intensity, Residential and Mixed-use zone districts from the traffic, noise, and other impacts of those uses. No changes to zoning are requested or required at this time.
4. Sun Capital Hotels 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. Additional information regarding environmental implications is contained in the following section and in the Project Plan.
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 Section II-7 and in the Application.

7. Dreamcatcher Sawmill pays 50% percent of the health and dental insurance premiums for its employees.
8. The project is within a Metropolitan Redevelopment Area (MRA) and an Opportunity Zone, making the project a priority under local economic development policies. The area is also identified as a Historically Underutilized Business (HUB) Zone, a federal designation that encourages development in areas of need.

II. LAND USE, PLAN, AND DESIGN ELEMENTS

1. PLAN & ZONING:

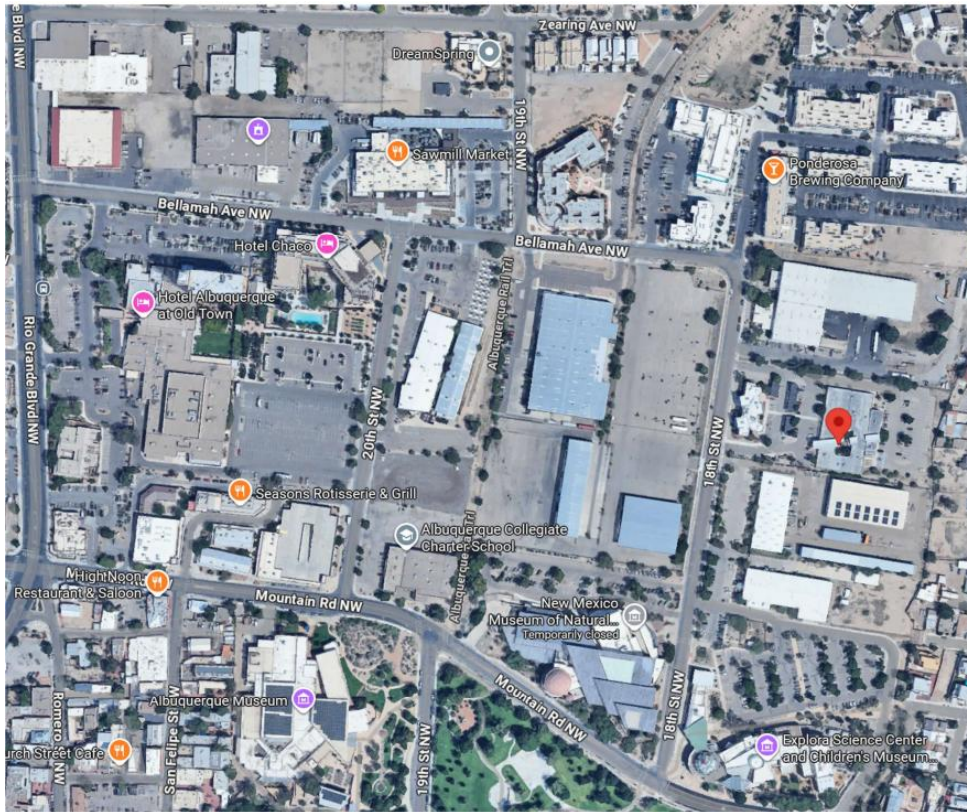
Legal Description

The proposed project is located at 1000 18th Street NW, Albuquerque, New Mexico 87104. The site is more particularly described as Tract B-2-A-1 of the Plat of Tracts B-2-A-1, B-2-A-2, and B-2-A-3, Lands of Freeway Old Town Limited (being a replat of Tract B-2-A, Lands of Freeway Old Town Limited), as filed in the office of the Bernalillo County Clerk, containing approximately 2.3035 acres. UPC: 101305833244012069.

Prevailing Site Conditions

The project site currently contains an approximately 25,600 square foot office building that has experienced no leasing activity despite attempts to lease and is considered underutilized relative to surrounding redevelopment activity in the Sawmill area. The existing improvements include surface parking and typical commercial site infrastructure. The property is functionally obsolete for modern office use and does not contribute to economic activity. The proposed development will redevelop the site into a productive hospitality use consistent with ongoing investment and revitalization within the surrounding district. The Project is not anticipated to require any extension or relocation of existing utility or roadway systems and will utilize existing infrastructure currently serving the site.

Dreamcatcher Sawmill Hotel- Existing vacant single-story office structure with surface parking lot.



Map 1: Dreamcatcher Sawmill Hotel, Existing vacant single-story office structure with surface parking lot

Present Assessed Value

The present assessed net taxable value of the Dreamcatcher Sawmill Hotel project property is \$951,361.

This 2026 valuation information is from the Bernalillo County Assessor website.

Present and Proposed Zoning

The IDO Zone District for the site is NON-RESIDENTIAL – LIGHT MANUFACTURING ZONE DISTRICT (NR-LM). The purpose of the NR-LM zone district is to accommodate moderate-intensity commercial, light assembly, fabrication, and manufacturing uses, while buffering adjacent lower-intensity, Residential and Mixed-use zone districts from the traffic, noise, and other impacts of those uses.

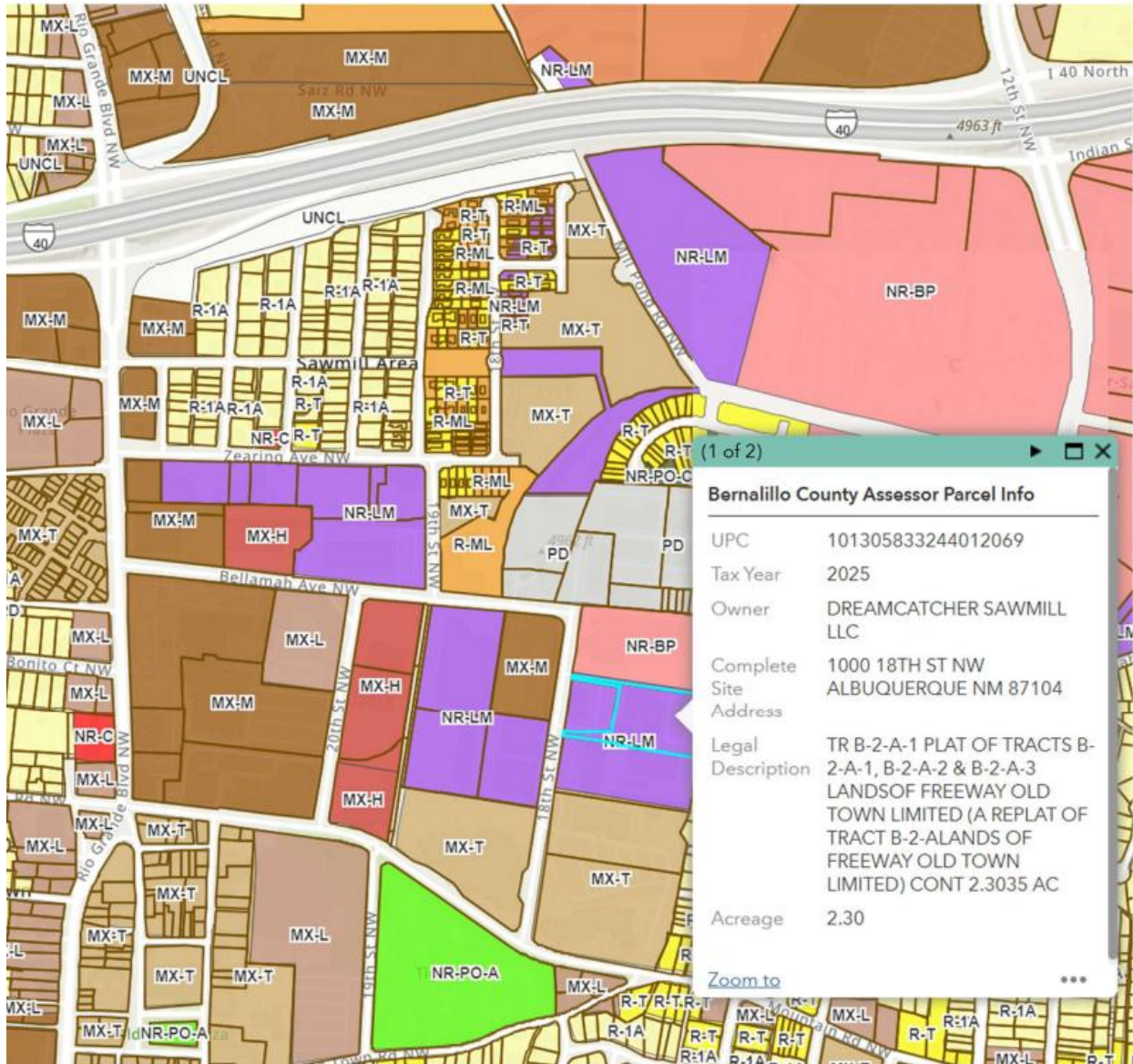
No changes to zoning are requested or required at this time. The proposed uses are allowable in NR-LM.

2. LAND USE:

The Project consists of the development of a dual-branded Hilton hotel property in the Sawmill submarket of Albuquerque, New Mexico. The proposed development includes the construction of a Hampton Inn and Home2 Suites, providing a combination of traditional select-service and all-suite hospitality accommodations designed to serve business travelers, tourists, and project-based visitors. The anticipated average length of stay across the property is approximately three (3) days, reflecting a transient lodging profile consistent with comparable Hilton-branded properties assets.

The Project consists of the ground-up construction of a dual-branded Hampton Inn and Home2 Suites hospitality development located at 1000 18th St. The proposed development will include approximately 135 guest rooms across the two brands (72 rooms - Hampton, 73 rooms - Home2), totaling approximately 86,000 square feet of building area, along with associated site improvements, including parking, landscaping, guest amenities, and supporting infrastructure.

The construction is anticipated to be a wood-frame hospitality structure consistent with current Hilton brand standards.



Map 2: Dreamcatcher Sawmill Hotel Site

3. Competition

The primary development activity within the Sawmill area has been led by the Heritage/Jim Long development group, which represents the most significant comparable investment within the immediate submarket. These projects demonstrate the City's prior support for hospitality development in the area, including the approval of Industrial Revenue Bonds for similar projects.

The proposed Project is consistent with this established development pattern and reflects continued market growth rather than displacement of existing operators.

Importantly, the proposed dual-branded Hampton Inn and Home2 Suites will provide a broader range of lodging price points within the Sawmill district. Much of the recent and proposed hospitality development in the immediate area is focused on upper-income or luxury travelers.

This Project will introduce nationally branded, midscale accommodations that expand access to the district for business travelers, families, project-based workers, and cost-conscious visitors. By increasing lodging diversity and overall capacity, the Project strengthens the submarket without undermining existing operators, instead supporting a more balanced and competitive hospitality environment.

Additionally, the redevelopment of existing office building structures at the Project site is consistent with the adaptive reuse and redevelopment approach undertaken at the Heritage Sawmill project and other nearby developments. This alignment with prior redevelopment strategies further supports continuity of land use planning objectives and reinforces the Project's compatibility with the City's established vision for the Sawmill district.

4. Effect on Existing Industry and Commerce during and after Construction

The Project is expected to generate approximately 120 construction jobs during the development phase, creating immediate economic activity through local spending by construction workers at nearby restaurants, retail establishments, and service providers. Upon completion, the Project will create permanent employment opportunities and increase visitor activity within the Sawmill district, supporting surrounding businesses through increased demand for dining, retail, and local services. The addition of a nationally branded hospitality asset is anticipated to strengthen the area's commercial ecosystem by increasing lodging capacity, supporting tourism and business travel, and encouraging continued private investment and complementary development.

5. INFILL:

The project falls within the Sawmill/Wells Park Community Metropolitan Redevelopment Area (MRA) boundary. It was originally created in 1993, which as a designated blighted area, qualified it as appropriate for redevelopment projects under the City's Metropolitan Redevelopment Code. Metropolitan Redevelopment projects are activities designed to eliminate slums or blighted areas that conform to an approved plan for rehabilitation and conservation.

The goals of the Sawmill/Wells Park Metropolitan Redevelopment Area Plan are:

- Enhance the Sawmill/Wells Park area as a mixed-income community by providing a permanent mix of affordable and market-rate homes;
- Foster a commitment to lifelong learning and provide opportunities for the celebration of cultural diversity for all community members;
- Create a walkable and livable community; and
- Create community-scale work, business, and wealth-building activities.



6. DESIGN AND CONSERVATION:

The parcels are within an existing metropolitan redevelopment area. No historic properties are involved. No individuals, families, or businesses will be displaced by the activities outlined in this plan.

Based on comparable select-service hotel operating profiles, the Project is estimated to use approximately 145,000 gallons per month (approximately 4,800 gallons per day) under typical stabilized operations. For planning purposes, assume a realistic operating range of 145,000 to 155,000 gallons per month (approximately 4,800 to 5,200 gallons per day), subject to actual occupancy, laundry practices, and amenity usage.

The Project will incorporate water conservation measures consistent with current Hilton brand standards and best practices, including low-flow showerheads, high-efficiency toilets, and other WaterSense-style plumbing fixtures where feasible. In addition, the Project will explore opportunities to reduce and re-use water to the extent commercially feasible, including water efficient landscaping where applicable (xeriscape/low-water plantings), smart irrigation controls, routine leak detection/maintenance protocols, and operational practices that reduce laundry and back-of-house water consumption.

7. RENEWABLE ENERGY:

The Project will incorporate modern energy efficient building systems consistent with current Hilton brand standards, including efficient HVAC systems, LED lighting, and water-conserving fixtures designed to reduce overall energy and resource consumption. In addition, the development will include electric vehicle (EV) charging stations for guest use.

While on-site renewable energy production is not currently planned, the ownership group will continue to evaluate future opportunities to integrate renewable energy technologies, including potential solar installations, as part of long-term operational sustainability planning.

III. ECONOMIC BENEFITS

1. COMPETITION:

Dreamcatcher Sawmill Hotel- The proposed dual-branded Hampton Inn and Home2 Suites will provide a broader range of lodging price points within the Sawmill district. Much of the recent and proposed hospitality development in the immediate area is focused on upper-income or luxury travelers. This Project will introduce nationally branded, midscale accommodations that expand access to the district for business travelers, families, project-based workers, and cost-conscious visitors. By increasing lodging diversity and overall capacity, the Project strengthens the submarket without undermining existing operators, instead supporting a more balanced and competitive hospitality environment.

2. JOBS:

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

The Project is expected to create approximately 42 - 47 permanent full-time and part-time positions across a range of professional, supervisory, clerical, and operational hospitality roles, depending on hotel demand. These positions will include:

- General Manager (1) - \$70,000 - \$90,000
- Assistant General Manager (1) - \$45,000 - \$55,000
- Director of Sales (1) - \$55,000 - \$65,000
- Executive Housekeeper (1) - \$45,000 - \$55,000
- Chief Engineer (1) - \$45,000 - \$55,000
- Front Desk Manager (1) - \$35,000 - \$45,000
- Accounting / Administrative Support (1) - \$25,000
- Front Desk Agents (6–10) - \$25,000 - \$30,000
- Night Auditors (2–3) - \$25,000 - \$30,000
- Housekeepers / Room Attendants (20) - \$25,000 - \$30,000
- Laundry Attendants (2) - \$25,000 - \$30,000
- Maintenance Technicians (2) - \$25,000 - \$30,000
- Breakfast Attendants / Food Service Staff (3) - \$25,000 - \$30,000

There are currently no operating businesses or employees located at the project site; therefore, no existing jobs will be retained. All permanent positions associated with the Project will be newly created jobs.

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?

It is anticipated that 100% of the permanent positions created by the Project will be filled by current Albuquerque area residents. The hospitality roles associated with the Project are expected to be staffed locally through recruitment within the existing workforce, consistent with the applicant's current hiring practices across its Albuquerque portfolio.

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

Yes. The Project will create a range of positions, including entry-level hospitality roles that do not require advanced degrees or specialized prior experience, making them accessible to low and moderate income residents. Positions such as housekeeping, guest services, food service, and maintenance provide immediate employment opportunities with structured training, stable wages, and clear pathways for advancement into supervisory and management roles.

Sun Capital Hotels emphasizes internal promotion and workforce development, creating long-term income mobility within the hospitality industry. The company has a demonstrated track record of promoting from within, including senior leadership who began in entry-level roles. For example, the current EVP of Asset Management started with the company approximately fourteen years ago as a breakfast attendant and advanced through internal development and leadership opportunities.

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

Yes. Compensation levels for the positions created are expected to meet or exceed median wage levels typical for comparable hospitality industry roles within the Albuquerque market, consistent with brand standards and professional management practices.

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

Yes. The positions created through the Project align with common hospitality industry roles and are expected to match the existing skills and experience of current Albuquerque area residents, including guest services, housekeeping, maintenance, food service, and management positions.

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

Yes. All new employees will receive brand-standard training and operational instruction consistent with Hilton and Sun Capital Hotels management practices. Training will include guest service standards, operational procedures, safety protocols, and role-specific skill development to ensure successful performance and advancement opportunities. What stated advancement opportunities are there?

The Project will prioritize hiring locally and promoting from within, creating structured opportunities for advancement from entry-level positions into supervisory and management roles. Employees will receive Hilton brand-standard training and operational experience across guest services, sales, revenue management, forecasting, and compliance reporting, including exposure to government and corporate travel programs.

6) Will “Job Training Incentive Program” or other job training programs be used?

The Project does not currently anticipate utilizing the New Mexico Job Training Incentive Program (JTIP) or similar public training subsidies. Instead, Sun Capital Hotels will provide comprehensive in-house training programs consistent with Hilton brand standards and internal operational practices. The ownership and management team make a direct private investment in employee training and professional development, ensuring that team members receive structured onboarding, operational training, and ongoing skill development without reliance on public training funds.

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

Yes. The Project will offer a competitive benefits package designed to support employee health, financial stability, and long-term retention. Eligible employees will have access to medical, dental, and vision insurance, with the employer covering 50% of healthcare premium costs. The company will also offer a 401(k) retirement plan with an employer match of 50% of employee contributions up to 3% of eligible compensation.

Employees will receive Paid Time Off (PTO) based on tenure and years of service. Additional benefits include employer-paid basic life insurance coverage of approximately \$10,000, access to voluntary ancillary benefits (including disability and supplemental insurance options), and discounted global hotel room rates for personal travel through brand-affiliated employee programs.

3. LOCAL PURCHASING

The Project is anticipated to generate approximately \$1.3 million annually in locally procured goods and services subject to New Mexico gross receipts tax. Major categories include guest consumables (including complimentary breakfast items and food supplies), housekeeping and cleaning products, maintenance equipment and supplies, landscaping services, waste management, utilities-related services, and other operational support services sourced from Albuquerque- and New Mexico-based vendors. Local purchasing expenditures are expected to increase approximately 3–4% annually in line with inflation, wage growth, and operational scaling.

We intend to actively explore opportunities to procure goods and services from local Albuquerque and New Mexico vendors to the extent commercially feasible and consistent with brand standards, operational requirements, and competitive pricing.

The Project’s local purchasing strategy is intended to support regional businesses, strengthen local supply chains, and contribute to ongoing economic activity within the community.

IV. PROJECT FEASIBILITY

1. COST/ FEASIBILITY/ FINANCING:

A summary of the project is as follows:

Cost of Improvements

The total estimated cost of improvements for the Project is approximately \$40,520,267, which includes site work, vertical construction, furnishings, fixtures and equipment (FF&E), soft costs, and other eligible development expenses.

Bond Amount

The anticipated Industrial Revenue Bond issuance amount is \$40,520,267, which will be used solely for eligible project costs in accordance with IRB program guidelines. The bond amount requested will not exceed the amount necessary to complete the Project in combination with private financing and equity contributions.

Project Financing

The Project is expected to be financed through a combination of conventional debt and private capital, including:

- Senior Construction Financing: approximately \$30,390,200 (subject to final underwriting), representing approximately 75% loan-to-value financing provided by a local credit union lender.
- Private Capital Contribution: approximately \$10,130,067, consisting of:
 - Land and existing improvements contributed at an estimated value of \$4,000,000, and Cash equity contributions of approximately \$6,130,067.
 - Final capital structure and financing amounts will be confirmed upon completion of lender underwriting and closing documentation.

2. DEVELOPER'S RECORD:

The Manager of the development entity is Deepesh Kholwadwala. Mr. Kholwadwala owns and operates Sun Capital Hotels, a professional hotel management company responsible for overseeing operations across the portfolio. Sun Capital Hotels maintains strong relationships and excellent standing with major hospitality brands including Marriott, Hilton, and IHG.

Mr. Kholwadwala is an experienced hospitality developer, having successfully developed more than fifteen hotel projects. The organization maintains a strong track record of successful development, ownership, and long-term operation of hospitality assets, with demonstrated credibility among lenders, brands, and industry partners. The Dreamcatcher group remains actively committed to continued investment in Albuquerque and the broader New Mexico market.

Based on the description and information given in the project plan, the company's historic growth & acquisitions, and current facilities, the company appears to have the track record to ensure a successful project.

Additional information is available on <https://suncapitalhotels.com/>.

3. EQUITY:

The minimum equity capital invested in project will be 25% of the total capital structure for the project.

4. MANAGEMENT:

Sun Capital will serve as the development entity for the Project. Upon completion, the Project will be professionally managed by Sun Capital Hotels, with both the management and development company owned and operated by Deepesh Kholwadwala. Sun Capital Hotels currently oversees operations for the Dreamcatcher group's hospitality portfolio and maintains excellent standing with major brands including Hilton, Marriott, and IHG.

The applicant entity will retain long-term ownership and operational involvement in the Project. The development is intended as a long-term investment within the Albuquerque market, with ongoing oversight and asset management provided by the ownership group.

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

5. FISCAL IMPACT ANALYSIS

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

The attached fiscal impact analysis indicates that the operations associated with the \$40.5 million bond for Sawmill Hotel are expected to generate a total of \$6.4 million in taxes by 2045. The project will remain tax positive throughout the duration of the bond term.

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

FINDINGS:

1. IRB #2026-9 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, upon the waiver of Section E requirements; and
2. IRB #2026-9 would make positive substantive contributions to the local economy and community by directly creating 47 full-time and part-time positions; and
 3. IRB #2026-9 will provide significant investment and revitalization in a metropolitan redevelopment area; and
 4. IRB #2026-9 will benefit Albuquerque's convention and tourism industry through the creation of additional room inventory, convention space, and amenities in a historic tourism area; and
 5. IRB #2026-9 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives;
 6. IRB #2026-9 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 on the above findings, staff recommends approval of IRB #2026-9 as proposed in the project plan application.

Daniel Schmuck, Senior Economic Developer
Economic Development Department



BUREAU OF BUSINESS
& ECONOMIC RESEARCH



Fiscal Impact Analysis of the Proposed Dreamcatcher Sawmill Hotel Project on the City of Albuquerque

Prepared for the City of Albuquerque Economic Development Department

Alexis P. Amodio-Cardwell

MAY 2026

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Introduction

The Economic Development Department at the City of Albuquerque (the City) has requested that UNM's Bureau of Business & Economic Research (UNM BBER) conduct a fiscal impact analysis for one of two industrial revenue bond (IRB) applications submitted by Dreamcatcher Hotel Group (applicant). This particular IRB application pertains to the project titled "Dreamcatcher Sawmill Hotel."

Dreamcatcher Hotel Group, which currently owns and operates eleven hotel properties throughout New Mexico and Colorado, is planning to develop the Dreamcatcher Sawmill Hotel: a dual-branded Hilton hotel property consisting of a Hampton Inn and a Home2 Suites.¹ This property is intended to serve business travelers, tourists, and project-based visitors in the Sawmill District by strengthening the local hospitality market through the introduction of nationally recognized hotel brands and a broader range of lodging price points.

The project site is currently being occupied by an approximately 25,600-square-foot condemned office building that has been underutilized for quite some time. As such, the development of the proposed Dreamcatcher Sawmill Hotel will require the demolition of the current, functionally obsolete building. Site improvements, including parking, landscaping, guest amenities, and supporting infrastructure will also need to be finalized. Upon completion, the 86,000-square-foot property is expected to include approximately 135 guest rooms across the two brands (72 Hampton Inn rooms and 73 Home2Suites rooms).

In support of this project, the applicant is seeking a \$40,520,267 industrial revenue bond from the City to finance the Dreamcatcher Sawmill Hotel.

Property

As mentioned in the introduction, the Dreamcatcher Sawmill Hotel will be built in the Sawmill District in Old Town Albuquerque:

- Address: 1000 18th Street NW, Albuquerque, New Mexico 87104
- UPC: 101305833244012069
- Legal Description: TR B-2-A-1 PLAT OF TRACTS B-2-A-1, B-2-A-2, & B-A-2-3 LANDSOF FREEWAY OLD TOWN LIMITED (A REPLAT OF TRACT B-2-ALANDS OF FREEWAY OLD TOWN LIMITED) CONT 2.3035 AC

Data and Methods

This analysis is based on self-reported budget and expenditures information provided by Dreamcatcher Hotel Group representatives. The figures submitted in the IRB application to the City have also been considered.

¹ Upon completion, the hotel will be professionally managed by Sun Capital Hotels. Sun Capital Hotels oversees operations for the Dreamcatcher Group's hospitality portfolio.

Given that the applicant is seeking a 20-year bond rate, data includes expected payroll and employment figures, operational spending, and capital expenditures from 2026 to 2045.

Employment data includes the creation of 58 part-time and full-time jobs between 2027 and 2031. For this analysis, only full-time positions have been considered. Total compensation for the 38 full-time jobs ranges from \$30,500 for support positions like administration to \$96,000 for general manager positions.² Dreamcatcher Hotel Group also plans to offer an average salary increase of 3% every year.

In terms of project development costs, the applicant estimates that the IRB proceeds – land improvements, vertical construction, furnishings, fixtures, equipment, and related development costs – will total \$40,520,267 (the requested amount of the IRB). Moreover, the projected timeline for construction activities is set to span from March 2027 to June 2028.

This analysis assesses the tax impact of the Dreamcatcher Sawmill Hotel’s operations on the City of Albuquerque for the years 2026 to 2045, focusing on gross receipts, property, and other taxes. It includes the effects of spending related to direct, indirect, and induced jobs generated by hotel operations, including construction. The analysis also incorporates the expected tax contributions from the industry.

Major assumptions were undertaken to complete this analysis, many of which are listed below:

1. Multipliers used for estimating the impacts of the project were based on historical budget information and the industry for which the impact was modeled – NAICS 721110: Hotels (except Casino Hotels) and Motels. The following is the 2022 NAICS Definition for NAICS 721110: “This industry comprises establishments primarily engaged in providing short-term lodging in facilities known as hotels, motor hotels, resort hotels, and motels. The establishments in this industry may offer food and beverage services, recreational services, conference rooms, convention services, laundry services, parking, and other services.”³
2. All construction jobs (~120 jobs) are expected to be sourced from within the City; that is, 100% of the contractors and sub-contractors associated with the construction of Sawmill Hotel will be local vendors.
3. 100% of permanent employees will be hired from within the City.
4. Only full-time positions were included in the analysis.
5. Gross Receipts Taxes (GRT) and Compensating Taxes: This analysis assumes a 100% GRT and compensating tax abatement.
6. Real and Personal Property Tax Exemption: This analysis assumes a 100% property tax abatement and a 30% Payment in Lieu of Taxes (PILOT) on real property.
7. This analysis assumes that all employment resulting from this agreement – including construction, research and development, and manufacturing activities – will be a net gain to Albuquerque. Company spending is a net gain. The purchase of goods and services, real and personal properties, and construction expenditures are considered for gross receipt, compensating, and property taxes.

² Total compensation includes salaries and benefits. The General Manager, Assistant General Manager, and Director of Sales positions are assumed to have a 20% fringe benefits rate, while all other full-time positions are assumed to have a 22% fringe benefits rate.

³ <https://www.census.gov/naics/?input=721110&year=2022&details=721110>

8. Only the City of Albuquerque incentives and the ensuing fiscal impact on the City are considered; incentives received from the State of New Mexico and/or any other governing entity are not included in this analysis.
9. Wages and salaries are expected to continue growing at a fixed rate of 3% throughout the time span of the analysis.
10. Lodgers' Tax is an occupancy tax equal to 5% of gross taxable lodging rent. This fiscal impact report does not account for lodgers' tax revenues; however, the anticipated revenues are expected to further enhance the positive fiscal impact to the City. Accordingly, the cumulative fiscal impact presented in Table 1 is slightly lower than what would otherwise be expected.
11. All figures and findings are preliminary.

Results

The fiscal impact outlined in Table 1 indicates that the operations associated with the \$40.5 million bond for Sawmill Hotel are expected to generate a total of \$6.4 million in taxes by 2045.⁴ The project will remain tax positive throughout the duration of the bond term.

⁴ The cumulative total is based on the current 20-year general obligation bond rate of 3.45%, as of 05/08/2026.

Table 1. IRB Analysis: Estimated Tax Revenues for the Proposed Dreamcatcher Sawmill Hotel Project, Including Incremental Tax, Present Value of City Taxes, and Net Tax Increment, and Cumulative Net Present Value by Year (2026 dollars)

	Gross Receipts and Compensating Taxes							Property Tax		Other Taxes	Total Revenues	Foregone			City Costs	Fiscal Impact		
	Company Employees	Indirect and Induced Employees	Company Purchases	Company Sales	Construction	Construction Employees	Utilities	Real (Company)	Personal (Company)			Real Property Tax	Personal Property Tax	GRT & CMP		Annual	Present Value	Cumulative
2026	-	-	209,849	-	258,356	-	-	10,531	-	-	478,735	7,372	-	-	0	471,364	471,364	471,364
2027	17,199	11,614	102,002	214,638	1,014,194	249,805	6,146	144,492	14,922	1,486	1,776,497	101,144	14,922	1,455,633	15,197	189,600	183,277	654,641
2028	18,907	12,842	85,682	221,077	-	-	6,331	140,780	11,938	1,613	499,169	98,546	11,938	-	16,500	372,186	347,776	1,002,417
2029	19,475	13,227	88,252	227,709	-	-	6,520	137,068	8,953	1,613	502,818	95,948	8,953	-	16,500	381,418	344,516	1,346,933
2030	20,059	13,624	90,900	234,540	-	-	6,716	133,357	5,969	1,613	506,778	93,350	5,969	-	16,500	390,960	341,358	1,688,291
2031	20,615	14,033	93,627	241,576	-	-	6,918	129,645	2,984	1,613	511,011	90,751	2,984	-	16,500	400,776	338,259	2,026,549
2032	20,764	14,454	96,436	248,824	-	-	7,125	125,933	-	1,613	515,148	88,153	-	-	16,500	410,496	334,908	2,361,457
2033	21,387	14,887	167,919	256,288	-	-	7,339	122,221	-	1,613	591,655	85,555	-	-	16,500	489,600	386,125	2,747,583
2034	22,028	15,334	161,138	263,977	-	-	7,559	118,509	12,977	1,613	603,136	82,956	12,977	127,419	16,500	363,283	276,950	3,024,533
2035	22,689	15,794	105,378	271,896	-	-	7,786	114,797	10,382	1,613	550,335	80,358	10,382	-	16,500	443,096	326,530	3,351,063
2036	23,355	16,268	108,539	280,053	-	-	8,019	111,085	7,786	1,613	556,720	77,760	7,786	-	16,500	454,674	323,888	3,674,951
2037	24,056	16,756	111,795	288,455	-	-	8,260	107,374	5,191	1,613	563,500	75,162	5,191	-	16,500	466,648	321,332	3,996,283
2038	24,619	17,259	115,149	297,109	-	-	8,508	103,662	2,595	1,613	570,514	72,563	2,595	-	16,500	478,856	318,741	4,315,024
2039	25,335	17,776	118,604	306,022	-	-	8,763	99,950	-	1,613	578,063	69,965	-	-	16,500	491,598	316,311	4,631,335
2040	24,496	18,252	206,519	315,202	-	-	9,026	96,238	-	1,613	671,346	67,367	-	-	16,500	587,480	365,398	4,996,733
2041	25,231	18,741	198,179	324,658	-	-	9,297	92,526	15,960	1,613	686,206	64,768	15,960	156,710	16,500	432,268	259,894	5,256,627
2042	25,732	19,245	129,601	334,398	-	-	9,576	88,814	12,768	1,613	621,748	62,170	12,768	-	16,500	530,311	308,207	5,564,834
2043	26,142	19,765	133,489	344,430	-	-	9,863	85,103	9,576	1,613	629,981	59,572	9,576	-	16,500	544,334	305,807	5,870,640
2044	26,769	20,300	137,494	354,763	-	-	10,159	81,391	6,384	1,613	638,873	56,973	6,384	-	16,500	559,016	303,581	6,174,221
2045	27,572	20,127	-	365,406	-	-	10,463	77,679	3,192	1,613	506,053	54,375	3,192	-	16,500	431,986	226,772	6,400,994

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

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

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

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

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

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

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

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

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.

Printable page

PARID: 101305833244012069
DREAMCATCHER SAWMILL LLC,

1000 18TH ST

Class

Class Non Residential
Tax District A1AMC

Current Owner

Owner DREAMCATCHER SAWMILL LLC
Owner Mailing Address 8901 ADAMS ST NE
Unit SUITE A
City ALBUQUERQUE
State NM
Zip Code 87113 2718
Other Mailing Address

Ownership for Tax Year Selected

Tax Year 2026
Owner Name DREAMCATCHER SAWMILL LLC
Owner Mailing Address 8901 ADAMS ST NE
Unit SUITE A
City ALBUQUERQUE
State NM
Zip Code 87113 2718
Other Mailing Address

Description

Location Address 1000 18TH ST NW
City ALBUQUERQUE
State NM
Zip Code 87104
Property Description TR B-2-A-1 PLAT OF TRACTS B-2-A-1, B-2-A-2 & B-2-A-3 LANDS OF FREEWAY OLD TOWN LIMITED (A REPLAT OF TRACT B-2-A
Public Improvement District
Tax Increment Development Districts

Document #

Document #: 2024089924 121624 SW - ENTRY BY LR 122724 CODED BY LV 121724

Real Property Attributes

Primary Building SQ FT 25505
Year Built 2006
Lot Size (Acres) 2.3035
Land Use Code OFFICES LOW RISE (1-4 STY)
Style

Manufactured Home Attributes

Make :
License :
VIN :
Year :
Size :

Values

Tax Year 2026

Land	\$375,320.00
Agricultural Land	\$0.00
Structures	\$2,479,048.00
Full Value Total	\$2,854,368.00

Taxable (1/3 Full Value)	\$951,361.00
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Exemptions

Head of Family	\$0.00
Veteran	\$0.00
Other	\$0.00

Net Taxable Value

Net Taxable Value	\$951,361.00
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1 WHEREAS, Dreamcatcher Sawmill, LLC (together with its successors, assigns
2 and affiliates, the “Company”) is a limited liability company formed under the laws of
3 the State of New Mexico and is authorized to do business in New Mexico; and

4 WHEREAS, the Company has requested that the City issue its industrial revenue
5 bonds pursuant to the Act in an aggregate amount of \$40,520,267 for the purpose of
6 providing funds to acquire, construct, equip, and improve an Dreamcatcher Sawmill
7 Hotel, a dual branded Hampton Inn and Home2 Suites, providing a combination of
8 traditional select-service and all-suite hospitality accommodations designed to serve
9 business travelers, tourists, and project-based visitors, with an anticipated 135
10 guestrooms, totaling 86,000 square feet of building area, and associated site
11 improvements including parking, landscaping, guest amenities, and supporting
12 infrastructure (the “Project”); and

13 WHEREAS, the City Council of the City of Albuquerque (the “Council”) has
14 adopted an ordinance establishing the Albuquerque Development Commission (the
15 “Commission”) to review projects proposed to be financed with an industrial revenue
16 bond pursuant to the Act pursuant to City Resolution No. 16-1985, as amended; and

17 WHEREAS, the Company has presented to the City and the Commission a
18 proposal (the “Project Plan”) whereby the Company shall, pursuant to the Act,
19 acquire, construct and improve the Project to be located in the City at 1010 18th
20 Street NW (the “Project Property”), and pursuant to which the City would issue its
21 taxable industrial revenue bonds in order to finance the Project; and

22 WHEREAS, the Company requests the issuance of the Bonds (defined below) in
23 one series; and

24 WHEREAS, the Commission has reviewed the Project Plan, and on May 21,
25 2026, has determined that the Company has complied with City Resolution No. 16-
26 1985, and has recommended approval of the Project Plan by the Council; and

27 WHEREAS, under the Company’s Project Plan, the City would enter into an
28 Indenture for the Bonds (the “Indenture”) between the City and BOKF, NA, or other
29 corporate depository satisfactory to the City to be designated at a later date, as
30 depository (the “Depository”), pursuant to which, together with this ordinance (the
31 “Bond Ordinance”), the City would issue its bonds designated as the City of

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1 Albuquerque, New Mexico Taxable Industrial Revenue Bond (Dreamcatcher Sawmill
2 Hotel Project) (the “Bonds”); and

3 WHEREAS, under the Company’s Project Plan, the City and the Company would
4 enter into a Lease Agreement the Bonds (the “Lease”), pursuant to which the
5 Company will lease the Project Property from the City and will make payments to the
6 Depository sufficient to pay the principal of, redemption premium, if any, and interest
7 on the outstanding Bonds, and to pay all other obligations incurred pursuant to the
8 provisions of the Lease and this Bond Ordinance; and

9 WHEREAS, under the Company’s Project Plan, the Lease will provide that the
10 Company shall maintain the Project and carry all proper insurance with respect
11 thereto; and

12 WHEREAS, the proceeds of the Bonds shall be used for the purpose of financing
13 the acquisition, construction, equipping, and improvement of the Project (the
14 “Financing”); and

15 WHEREAS, the City is authorized to enter into the Lease, the Indenture, and
16 other related documents and to issue the Bonds pursuant to the Act and this Bond
17 Ordinance; and

18 WHEREAS, the Bonds in an aggregate principal amount not to exceed
19 \$40,520,267 will be issued, sold and delivered by the City in private sales to an
20 affiliate of the Company (the “Purchaser”) pursuant to a bond purchase agreement
21 (the “Bond Purchase Agreement”) among the City, the Company, and the
22 Purchaser; and

23 WHEREAS, the proceeds of the Bond shall be applied to pay the costs of the
24 Project and to pay certain costs associated with the transaction; and

25 WHEREAS, after having considered the provisions of the Project Plan and the
26 Financing, the Council has concluded that it is in the best interest of the City to
27 authorize the issuance of the Bonds to finance the Project, and that the City’s
28 issuance of the Bonds shall constitute a valid public purpose under the Act; and

29 WHEREAS, the Council has been advised by the Company that the disclosure
30 provisions of Rule 15c2-12 of the Securities and Exchange Commission are not
31 applicable to this transaction inasmuch as the Bonds are being sold to the

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1 Purchaser, which is an affiliate of the Company, in a private sale without the
2 participation of an underwriter; and

3 WHEREAS, there has been published in the Albuquerque Journal, a newspaper
4 of general circulation in the City, public notice of the Council’s intention to adopt this
5 Bond Ordinance, which notice contained certain information concerning the
6 ownership, purpose, location and size of the Project and the Project Property, and
7 the amount of the Bonds to be issued to finance the Project, which notice was
8 published at least fourteen (14) days prior to hearing and final action on this Bond
9 Ordinance; and

10 WHEREAS, the proposed forms of the following documents have been filed with
11 the City Clerk and presented to the Council: (1) Project Plan; (2) Lease; (3)
12 Indenture; and (4) Bond Purchase Agreement (collectively the “Bond Documents”);
13 and

14 WHEREAS, the City has delivered notice to the County of Bernalillo, State of
15 New Mexico, of its intent to consider issuance of the Bond, which notice was given
16 at least thirty (30) days prior to the meeting at which final action is to be taken on this
17 Bond Ordinance as required by Section 3-32-6.1, New Mexico Statutes Annotated,
18 1978 Compilation, as amended;

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

21 Section 1. RATIFICATION. All actions not inconsistent with the provisions of
22 this Bond Ordinance previously taken by the Council and the officials of the City
23 directed toward approval of the issuance and sale of the Bonds be approved and the
24 same hereby are ratified, approved and confirmed.

25 Section 2. THE PROJECT PLAN. The Project to be financed with the Bonds
26 is comprised of the acquisition, construction, equipping, and improvement of the
27 Dreamcatcher Sawmill Hotel, a dual branded Hampton Inn and Home2 Suites,
28 providing a combination of traditional select-service and all-suite hospitality
29 accommodations designed to serve business travelers, tourists, and project-based
30 visitors, with an anticipated 135 guestrooms, totaling 86,000 square feet of building
31 area, and associated site improvements including parking, landscaping, guest
32 amenities, and supporting infrastructure. The Company may use additional available

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1 money to accomplish the Project. The Project Plan is hereby approved in all
2 respects.

3 Section 3. FINDINGS.

4 (A) General. The Council hereby declares that it has considered all relevant
5 information presented to it relating to the Bonds and the Project and hereby finds
6 and determines that the issuance of the Bonds pursuant to this Bond Ordinance and
7 the Act to provide funds for the Project is necessary and advisable and in the
8 interest of the public, and will promote the public health, safety, morals,
9 convenience, economy, and welfare of the City and the residents of the City.

10 (B) The Council finds that:

- 11 (1) The Bonds will be issued for the purpose of financing the Project;
- 12 (2) The aggregate face amount of obligations to be issued for the
13 purpose of financing the Project is \$40,520,267;
- 14 (3) The developer and operator of the Project is the Company;
- 15 (4) The Project Property is located in the City at 1010 18th Street NW.

16 Section 4. AUTHORIZATION AND APPROVAL OF THE BONDS. To finance
17 the cost of acquiring, constructing, equipping and improving the Project Property, the
18 City hereby authorizes and approves the issuance and sale of its industrial revenue
19 bonds to be designated "City of Albuquerque, New Mexico Taxable Industrial
20 Revenue Bond (Dreamcatcher Sawmill Hotel Project), Series 2026" in the aggregate
21 principal amount of \$40,520,267 and the use of the proceeds of the Bonds to finance
22 the cost of the Project and to pay expenses relating thereto.

23 Section 5. SALE OF THE BONDS. The sale of the Bonds to the Purchaser at
24 a purchase price equal to the par amount of the Bonds is hereby authorized and
25 approved.

26 Section 6. FORM AND TERM OF THE BONDS. Subject to the limitations set
27 forth in this Bond Ordinance, the Bonds shall be: (i) in the form and shall be
28 numbered and dated all as set forth in the Indenture; (ii) payable as to principal and
29 interest, and subject to optional and mandatory redemption and defeasance in the
30 amounts, upon the conditions and at the times and prices set forth in the Indenture;
31 and, (iii) issued in the aggregate principal amount of \$40,520,267, bearing interest at
32 the rates and maturing on the dates set forth in the Indenture. The interest rate on

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1 the Bond shall not exceed 12% per annum. The Mayor or the Chief Administrative
2 Officer of the City shall sign the Bond.

3 Section 7. AUTHORIZATION OF OFFICERS; APPROVAL OF DOCUMENTS.

4 The form, terms, and provisions of the Bond Documents in the form on deposit in the
5 office of the City Clerk are in all respects approved, authorized, and confirmed, and
6 the City shall enter into such Bond Documents substantially in the form of each such
7 document on deposit with the City Clerk, with only such changes as are not
8 inconsistent with this Bond Ordinance or such other changes as may be approved
9 by supplemental resolution of the Council.

10 (A) The Council authorizes the Mayor or the Chief Administrative Officer of the
11 City to execute and deliver the Bond Documents in the name and on behalf of the
12 City, and the Council authorizes the City Clerk or Deputy City Clerk to attest to, as
13 necessary, the Bond Documents and the Bonds with: (i) such changes therein as
14 are not inconsistent with this Bond Ordinance; (ii) such changes as shall be
15 approved by the Mayor or the Chief Administrative Officer upon consultation with the
16 City's special finance counsel, with the execution of such document by the Mayor or
17 the Chief Administrative Officer constituting conclusive evidence of such approval; or
18 (iii) such other changes as may be approved by supplemental resolution of the
19 Council.

20 (B) The Mayor, Chief Administrative Officer, Chief Financial Officer, City
21 Treasurer and City Clerk are further authorized to execute, authenticate and deliver
22 such certifications, instruments, documents, letters and other agreements, including
23 security agreements, and to do such other acts and things, either prior to or after the
24 date of delivery of the Bonds, as are necessary or appropriate to consummate the
25 transactions contemplated by the Bond Documents.

26 (C) The officers of the City shall take such action as is necessary to effectuate
27 the provisions of the Indenture and shall take such action as is necessary in
28 conformity with the Act and this Bond Ordinance to finance the costs of the Project
29 and for carrying out other transactions as contemplated by this Bond Ordinance and
30 the Bond Documents including, without limitation, the execution and delivery of any
31 closing documents to be delivered in connection with the sale and delivery of the
32 Bonds.

1 Section 8. DELIVERY OF THE BONDS. Upon the execution of the Bond
 2 Documents and the satisfaction of the conditions set forth in the Bond Documents,
 3 the Bonds shall be executed, authenticated, and delivered to the Purchaser. No
 4 Bonds shall be valid for any purpose until such Bonds have been properly
 5 authenticated as set forth in the Indenture.

6 Section 9. FINDINGS REGARDING PAYMENT OF PRINCIPAL AND
 7 INTEREST AND OTHER MATTERS. The Council makes the following
 8 determinations and findings in accordance with the Act:

9 (A) The maximum amount necessary in each year to pay the principal of and
 10 interest on the Bonds, assuming issuance of the Bond as of August 1, 2026, in the
 11 amount of \$40,520,267 and bearing interest at the rate of 4% and the first Bond
 12 payment occurring on August 1, 2027, is as follows:

13	<u>Year Ended</u>	<u>Maturing Principal</u>	<u>Interest Amount</u>	<u>Total Debt Service</u>
14	8/1/27	-\$0-	\$1,620,811	\$1,620,811
15	8/1/28	-\$0-	\$1,620,811	\$1,620,811
16	8/1/29	-\$0-	\$1,620,811	\$1,620,811
17	8/1/30	-\$0-	\$1,620,811	\$1,620,811
18	8/1/31	-\$0-	\$1,620,811	\$1,620,811
19	8/1/32	-\$0-	\$1,620,811	\$1,620,811
20	8/1/33	-\$0-	\$1,620,811	\$1,620,811
21	8/1/34	-\$0-	\$1,620,811	\$1,620,811
22	8/1/35	-\$0-	\$1,620,811	\$1,620,811
23	8/1/36	-\$0-	\$1,620,811	\$1,620,811
24	8/1/37	-\$0-	\$1,620,811	\$1,620,811
25	8/1/38	-\$0-	\$1,620,811	\$1,620,811
26	8/1/39	-\$0-	\$1,620,811	\$1,620,811
27	8/1/40	-\$0-	\$1,620,811	\$1,620,811
28	8/1/41	-\$0-	\$1,620,811	\$1,620,811
29	8/1/42	-\$0-	\$1,620,811	\$1,620,811
30	8/1/43	-\$0-	\$1,620,811	\$1,620,811
31	8/1/44	-\$0-	\$1,620,811	\$1,620,811
32	8/1/45	-\$0-	\$1,620,811	\$1,620,811

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1 8/1/46 \$40,520,267 \$1,620,811 \$42,141,078

2 (B) The terms under which the Project Property is leased provide that the
3 Company shall maintain the Project Property and carry all proper insurance (or self-
4 insure) with respect to the Project Property.

5 (C) The lease rentals payable under the Lease shall be at least sufficient to
6 pay the principal and interest payments on the Bonds set forth in this Section 9 when
7 due and otherwise render the financing of the acquisition, construction, equipping
8 and improvement of the Project Property entirely self-liquidating. There shall be no
9 payments to any reserve fund or sinking fund installment payments.

10 Section 10. NON TAXABLE TRANSACTION CERTIFICATES. The Company,
11 as agent for the City, will acquire the Project. The City will cooperate with the
12 Company to obtain and allow use of Type 9 Nontaxable Transaction Certificates
13 (“Certificates”) that have been properly executed for acquisition of tangible personal
14 property relating to the Project as applicable under the New Mexico Gross Receipts
15 and Compensating Tax Act. The Company shall not use the Certificates other than
16 for such things as may be permitted by law, if any, nor shall the Company use such
17 Certificates after the completion of the Project. No costs, expenses or other
18 monetary relief will be recoverable from the City by vendors of equipment.

19 Section 11. LIMITED OBLIGATIONS. The Bonds shall be special limited
20 obligations of the City payable solely from the revenues derived from the Lease and
21 payable by the Company as described in the Indenture, and shall never constitute a
22 debt or indebtedness of the City or the State or any political subdivision thereof
23 within the meaning of any provision or limitation of the State Constitution, statutes, or
24 home-rule charter of the City, and shall not constitute or give rise to a pecuniary
25 liability of the City or a charge against its general credit or taxing power. Nothing
26 contained in this Bond Ordinance or the Bond Documents, or any other instrument,
27 shall be construed as obligating the City (except with respect to the Project Property
28 and the application of the revenues therefrom and the proceeds of the Bonds, all as
29 provided in the Bond Documents), nor as incurring a pecuniary liability or charge
30 upon the general credit of the City or against its taxing power, nor shall the breach of
31 any agreement contained in this Bond Ordinance, the Bond Documents, the Bonds,
32 or any other instrument be construed as obligating the City (except with respect to

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1 the Project Property and the application of revenues therefrom and the proceeds of
2 the Bonds all as provided in the Bond Documents) nor as incurring a pecuniary
3 liability or a charge upon the general credit of the City or against its taxing power, the
4 City having no power to pay out of its general funds, or otherwise contribute any part
5 of the costs of acquiring the Project Property, nor power to operate the Project as a
6 business or in any manner except as lessor and seller of the Project Property.

7 Section 12. APPROVAL OF INDEMNIFICATION. The Council specifically
8 approves the provisions of the Lease relating to indemnification which provide that
9 the Company shall indemnify and hold harmless the City and its City Councilors,
10 officials, members, officers, employees, and agents against liability to the Company
11 or to any third parties that may be asserted against the City, its City Councilors,
12 officials, members, officers, employees, and agents with respect to the City's
13 ownership of the Project Property or the issuance of the Bonds and arising from the
14 condition of the Project Property or the acquisition or operation of the Project
15 Property by the Company, except to the extent that Section 56-7-1, New Mexico
16 Statutes Annotated, 1978 Compilation, as amended, applies, and except claims for
17 any loss or damage arising out of or resulting from the gross negligence or willful
18 misconduct of the City or any official, member, officer, employee, or agent of the
19 City.

20 Section 13. BOND ORDINANCE IRREPEALABLE. After any Bond is issued,
21 this Bond Ordinance shall be and remain irrevocable until the outstanding Bonds,
22 including all interest thereon, is fully paid, cancelled, and discharged, or until there
23 has been defeasance of the Bonds in accordance with the Indenture.

24 Section 14. SEVERABILITY. If any section, paragraph, clause or provision of
25 this Bond Ordinance shall for any reason be held to be invalid or unenforceable, the
26 invalidity or unenforceability of that section, paragraph, clause, or provision shall not
27 affect any of the remaining provisions of this Bond Ordinance.

28 Section 15. REPEALER. All by-laws, ordinances, resolutions, and orders, or
29 parts thereof, inconsistent with this Bond Ordinance are repealed by this Bond
30 Ordinance but only to the extent of that inconsistency. This repealer shall not be
31 construed to revive any by-law, ordinance, resolution, or order, or part thereof,
32 previously repealed.

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

9 Section 17. GENERAL SUMMARY FOR PUBLICATION. The title and general
10 summary of the subject contained in this Bond Ordinance shall be published in
11 substantially the following form:

12 CITY OF ALBUQUERQUE, NEW MEXICO
13 NOTICE OF ADOPTION OF ORDINANCE

14 Notice is hereby given of the title and of a general summary of the subject matter
15 contained in a City Ordinance (the "Ordinance"), duly adopted and approved by the
16 City Council of the City of Albuquerque, New Mexico, on _____, 2026.
17 Complete copies of the Ordinance are available for public inspection during the
18 normal and regular business hours of the City Clerk City Clerk in the office of the
19 City Clerk, Albuquerque, New Mexico.

20 The title of the Ordinance is:
21 AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF ALBUQUERQUE, NEW
22 MEXICO TAXABLE INDUSTRIAL REVENUE BOND (DREAMCATCHER SAWMILL
23 HOTEL PROJECT), SERIES 2026 IN THE MAXIMUM PRINCIPAL AMOUNT OF
24 \$40,520,267 TO PROVIDE FUNDS TO ACQUIRE, CONSTRUCT, EQUIP, AND IMPROVE
25 THE DREAMCATCHER SAWMILL HOTEL, A DUAL BRANDED HAMPTON INN and
26 HOME2 SUITES WITH AN ANTICIPATED 135 GUESTROOMS, AND ASSOCIATED
27 SITE IMPROVEMENTS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN
28 INDENTURE, LEASE AGREEMENT, BOND PURCHASE AGREEMENT, BONDS, AND
29 OTHER DOCUMENTS IN CONNECTION WITH THE BONDS; MAKING CERTAIN
30 DETERMINATIONS AND FINDINGS RELATING TO THE BONDS AND THE PROJECT;
31 RATIFYING CERTAIN ACTIONS TAKEN PREVIOUSLY; AND REPEALING ALL
32 ACTIONS INCONSISTENT WITH THIS ORDINANCE.

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The title sets forth a general summary of the subject matter contained in the Ordinance.



8901 Adams Street NE Suite A
Albuquerque, NM 87113
Office: (505) 508-0137

Max and Monica,

On behalf of Sun Capital Hotels and the respective ownership entities, we are submitting two IRB applications for your review and consideration: the Sawmill dual-branded Hampton/Home2 development and the Jefferson Home2 Suites development. Our intention is to improve access to Albuquerque for travelers from all backgrounds, and through these projects we believe we are advancing our shared goal.

We remain committed to investing in Albuquerque and appreciate the City's partnership in supporting growth. Please let us know if any additional information would be helpful as you begin your review.

Thank you,

Deepesh Kholwadwala
Sun Capital Hotels

APPLICATION
for
INDUSTRIAL REVENUE BOND
Project Approval

Project Name: Dreamcatcher Sawmill Hotel

Company Name: Dreamcatcher Sawmill

Contact Person: Deepesh Kholwadwala

Company Name: Sun Capital Hotels

Contact Person: Sahil Kholwadwala

Address: 8901 Adams St. ABQ NM, 87113
Suite A

Telephone: (505) 238 9381 & (505) 681 5959

Email: deepesh@sc-hotels.com & sahil@sc-hotels.com

Bond Counsel: Peter Kelton, Rodey Law Firm

Address: 201 3rd St NW #2200
Albuquerque, NM 87102

Telephone: 505 765 5900 (main line)

Bond Amount Requested: \$40,520,267 Fee Submitted: No

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 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 compliments 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 a brief overview of the project, including general location, proposed development, use, 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.

The Project consists of the development of a dual-branded Hilton hotel property in the Sawmill submarket of Albuquerque, New Mexico. The proposed development includes the construction of a Hampton Inn and Home2 Suites, providing a combination of traditional select-service and all-suite hospitality accommodations designed to serve business travelers, tourists, and project-based visitors. The

anticipated average length of stay across the property is approximately three (3) days, reflecting a transient lodging profile consistent with comparable Hilton-branded assets.

The total bond amount requested is \$40,520,267, which will be used to finance eligible project costs including land improvements, vertical construction, furnishings, fixtures, equipment, and related development costs as permitted under the Industrial Revenue Bond structure.

The Project will generate substantial economic benefit to the Albuquerque community through construction employment, permanent hospitality jobs, increased visitor spending, and expanded gross receipts tax revenue. The development will strengthen the Sawmill submarket by adding income accessible high-quality branded lodging that supports tourism, business travel, and area commercial growth. If approved, the IRB will reduce development costs associated with construction materials and property taxation, improving overall project feasibility and enabling timely delivery of this new hospitality asset.

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 2nd 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.)

Situs Address: 1000 18TH ST NW, ALBUQUERQUE NM 87104

Legal Description: TR B-2-A-1 PLAT OF TRACTS B-2-A-1, B-2-A-2 & B-2-A-3 LANDS OF FREEWAY OLD TOWN LIMITED (A REPLAT OF TRACT B-2-A LANDS OF FREEWAY OLD TOWN LIMITED) CONT 2.3035 AC

UPC: 101305833244012069

B. Prevailing Site Conditions

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

The project site currently contains an approximately 25,600 square foot office building that has experienced no leasing activity despite attempts to lease and is considered underutilized relative to surrounding redevelopment activity in the Sawmill area. The existing improvements include surface parking and typical commercial site infrastructure. The property is functionally obsolete for modern office use and does not contribute economic activity. The proposed development will redevelop the site into a productive hospitality use consistent with ongoing investment and revitalization within the surrounding district.

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.

Assessor's Net Taxable Value 2025: \$951,361

D. Present and Proposed Zoning

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

Non Residential, no zoning change required

E. Renewable Energy

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

The Project will incorporate modern energy efficient building systems consistent with current Hilton brand standards, including efficient HVAC systems, LED lighting, and water-conserving fixtures designed to reduce overall energy and resource consumption. In addition, the development will include electric vehicle (EV) charging stations for guest use.

While on-site renewable energy production is not currently planned, the ownership group will continue to evaluate future opportunities to integrate renewable energy technologies, including potential solar installations, as part of long-term operational sustainability planning.

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.

The applicant is a Dreamcatcher-affiliated development entity. The Dreamcatcher group is an active hotel investment organization focused on new developments and acquisitions, with a significant presence in Albuquerque and throughout New Mexico. The group currently owns and operates six hotel properties within Albuquerque, an additional four properties elsewhere in New Mexico, and one property in Colorado Springs. The group has also recently completed an additional hotel acquisition and has several development projects in various stages of planning and execution.

The Manager of the development entity is Deepesh Kholwadwala. Mr. Kholwadwala owns and operates Sun Capital Hotels, a professional hotel management company responsible for overseeing operations across the portfolio. Sun Capital Hotels maintains strong relationships and excellent standing with major hospitality brands including Marriott, Hilton, and IHG.

Mr. Kholwadwala is an experienced hospitality developer, having successfully developed more than fifteen hotel projects. The organization maintains a strong track record of successful development, ownership, and long-term operation of hospitality assets, with demonstrated credibility among lenders, brands, and industry partners. The Dreamcatcher group remains actively committed to continued investment in Albuquerque and the broader New Mexico market.

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 applicant has no outstanding federal, state, or local tax issues and is in good standing with all applicable taxing authorities.

C. Information Concerning Products and Process

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

The Project consists of the development and operation of a branded hospitality property providing transient lodging accommodations and related guest services, including front desk operations, housekeeping, and limited food and beverage offerings. No industrial manufacturing processes or activities involving hazardous materials are anticipated. The development is not expected to generate significant air, noise, or waste pollution beyond normal levels associated with commercial hospitality uses, and all construction and operations will comply with applicable local, state, and federal environmental regulations.

Operational waste will consist primarily of standard municipal solid waste typical of hotel operations and will be managed through licensed waste service providers, including recycling where feasible. Traffic impacts are expected to be consistent with normal commercial hospitality use, consisting primarily of guest and employee passenger vehicles, and are not anticipated to create material congestion beyond existing commercial patterns.

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.

The primary development activity within the Sawmill area has been led by the Heritage/Jim Long development group, which represents the most significant comparable investment within the immediate submarket. These projects demonstrate the City's prior support for hospitality development in the area, including the approval of Industrial Revenue Bonds for similar projects. The proposed Project is consistent with this established development pattern and reflects continued market growth rather than displacement of existing operators.

Importantly, the proposed dual-branded Hampton Inn and Home2 Suites will provide a broader range of lodging price points within the Sawmill district. Much of the recent and proposed hospitality development in the immediate area is focused on upper-income or luxury travelers. This Project will introduce nationally branded, midscale accommodations that expand access to the district for business travelers, families, project-based workers, and cost-conscious visitors. By increasing lodging diversity and overall capacity, the Project strengthens the submarket without undermining existing operators, instead supporting a more balanced and competitive hospitality environment.

Additionally, the redevelopment of existing office building structures at the Project site is consistent with the adaptive reuse and redevelopment approach undertaken at the Heritage Sawmill project and other nearby developments. This alignment with prior redevelopment strategies further supports continuity of land use planning objectives and reinforces the Project's compatibility with the City's established vision for the Sawmill district.

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 is expected to generate approximately 120 construction jobs during the development phase, creating immediate economic activity through local spending by construction workers at nearby restaurants, retail establishments, and service providers. Upon completion, the Project will create permanent employment opportunities and increase visitor activity within the Sawmill district, supporting surrounding businesses through increased demand for dining, retail, and local services. The addition of a nationally branded hospitality asset is anticipated to strengthen the area's commercial ecosystem by increasing lodging capacity, supporting tourism and business travel, and encouraging continued private investment and complementary development.

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.

The project site is presently owned and controlled by the applicant entity. IRB proceeds will not be used for land acquisition. The site currently contains an approximately 25,600 square foot vacant office building that has experienced limited leasing activity and is considered underutilized relative to current market conditions. The existing structure no longer represents its highest and best use within the evolving Sawmill district.

The proposed development will redevelop the property into a productive hospitality use, activating the site, increasing economic output, and improving overall land utilization consistent with surrounding redevelopment activity.

G. Description of Proposed Development

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. 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).

The Project consists of the ground-up construction of a dual-branded Hampton Inn and Home2 Suites hospitality development located at 1010 18th St. The proposed development will include approximately 135 guest rooms across the two brands (72 rooms - Hampton, 73 rooms - Home2), totaling approximately 86,000 square feet of building area, along with associated site improvements including parking, landscaping, guest amenities, and supporting infrastructure. The construction is anticipated to be a wood-frame hospitality structure consistent with current Hilton brand standards.

The site currently contains an existing approximately 25,600 square foot office building that has experienced limited leasing activity and is considered underutilized. The Project will require demolition of the existing structure to allow for redevelopment of the site into a modern hospitality use. The demolition does not involve any historic properties. A conceptual site plan and building elevations will be provided as part of the Development Commission review process.

H. Infrastructure

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

The Project is not anticipated to require any extension or relocation of existing utility or roadway systems and will utilize existing infrastructure currently serving the site.

Accordingly, no additional public infrastructure improvements or cost-sharing agreements with the City are expected at this time.

I. Area Enhancement

Describe how project design and placement will enhance the area.

The Project will enhance the area by redeveloping an underutilized site into a high-quality, nationally branded hospitality asset that complements ongoing investment and revitalization within the Sawmill submarket. The proposed design emphasizes modern architecture consistent with Hilton brand standards, improved site circulation, landscaping, and pedestrian-friendly elements that contribute to a cohesive streetscape and improved visual character.

By replacing an obsolete office building with an active hospitality use, the Project will increase activity levels, support nearby businesses, and strengthen the overall vibrancy of the surrounding district. While much of the recent development within the Sawmill area has targeted upper-income or luxury travelers, this Project will introduce accessible, midscale lodging options that broaden visitor access to the district. This diversification of lodging supply supports a wider range of travelers, strengthens overall market resilience, and enhances the inclusivity of the area's continued growth.

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.

The Project is anticipated to generate approximately \$1.3 million annually in locally procured goods and services subject to New Mexico gross receipts tax. Major categories include guest consumables (including complimentary breakfast items and food supplies), housekeeping and cleaning products, maintenance equipment and supplies, landscaping services, waste management, utilities-related services, and other operational support services sourced from Albuquerque- and New Mexico-based vendors. Local purchasing expenditures are expected to increase approximately 3–4% annually in line with inflation, wage growth, and operational scaling.

We intend to actively explore opportunities to procure goods and services from local Albuquerque and New Mexico vendors to the extent commercially feasible and consistent with brand standards, operational requirements, and competitive pricing. The Project's local purchasing strategy is intended to support regional businesses, strengthen local supply chains, and contribute to ongoing economic activity within the community.

K. Water Conservation

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

Based on comparable select-service hotel operating profiles, the Project is estimated to use approximately 145,000 gallons per month (approximately 4,800 gallons per day) under typical stabilized operations. For planning purposes, assume a realistic operating range of 145,000 to 155,000 gallons per month (approximately 4,800 to 5,200 gallons per day), subject to actual occupancy, laundry practices, and amenity usage.

The Project will incorporate water conservation measures consistent with current Hilton brand standards and best practices, including low-flow showerheads, high-efficiency toilets, and other WaterSense-style plumbing fixtures where feasible. In addition, the Project will explore opportunities to reduce and re-use water to the extent commercially feasible, including water-efficient landscaping where applicable (xeriscape/low-water plantings), smart irrigation controls, routine leak detection/maintenance protocols, and operational practices that reduce laundry and back-of-house water consumption.

L. Relocation of Individuals or Businesses

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

No individuals, families, or operating businesses will be displaced as a result of the Project. Accordingly, no relocation assistance is required.

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:

The Project is expected to create approximately 42 - 47 permanent full-time and part-time positions across a range of professional, supervisory, clerical, and operational hospitality roles depending on hotel demand. These positions will include:

General Manager (1)
Assistant General Manager (1)
Director of Sales (1)
Executive Housekeeper (1)
Chief Engineer (1)

Front Desk Manager (1)
Accounting / Administrative Support (1)

Front Desk Agents (6–10)

Night Auditors (2–3)

Housekeepers / Room Attendants (20)

Laundry Attendants (2)

Maintenance Technicians (2)

Breakfast Attendants / Food Service Staff (3)

There are currently no operating businesses or employees located at the project site; therefore, no existing jobs will be retained. All permanent positions associated with the Project will be newly created jobs.

General Manager - \$70,000 - \$90,000

Assistant General Manager - \$45,000 - \$55,000

Director of Sales - \$55,000 - \$65,000

Executive Housekeeper - \$45,000 - \$55,000

Chief Engineer - \$45,000 - \$55,000

Front Desk Manager - \$35,000 - \$45,000

Accounting / Administrative Support - \$25,000

Front Desk Agents - \$25,000 - \$30,000

Night Auditors - \$25,000 - \$30,000

Housekeepers / Room Attendants - \$25,000 - \$30,000

Laundry Attendants - \$25,000 - \$30,000

Maintenance Technicians - \$25,000 - \$30,000

Breakfast Attendants / Food Service Staff - \$25,000 - \$30,000

- 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?

It is anticipated that 100% of the permanent positions created by the Project will be filled by current Albuquerque area residents. The hospitality roles associated with the Project are expected to be staffed locally through recruitment within the existing workforce, consistent with the applicant's current hiring practices across its Albuquerque portfolio.

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

Yes. The Project will create a range of positions, including entry-level hospitality roles that do not require advanced degrees or specialized prior experience, making them accessible to low and moderate income residents. Positions such as housekeeping, guest services, food service, and maintenance provide immediate employment opportunities with

structured training, stable wages, and clear pathways for advancement into supervisory and management roles.

Sun Capital Hotels emphasizes internal promotion and workforce development, creating long-term income mobility within the hospitality industry. The company has a demonstrated track record of promoting from within, including senior leadership who began in entry-level roles. For example, the current EVP of Asset Management started with the company approximately fourteen years ago as a breakfast attendant and advanced through internal development and leadership opportunities.

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

Yes. Compensation levels for the positions created are expected to meet or exceed median wage levels typical for comparable hospitality industry roles within the Albuquerque market, consistent with brand standards and professional management practices.

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

Yes. The positions created through the Project align with common hospitality industry roles and are expected to match the existing skills and experience of current Albuquerque area residents, including guest services, housekeeping, maintenance, food service, and management positions.

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

Yes. All new employees will receive brand-standard training and operational instruction consistent with Hilton and Sun Capital Hotels management practices. Training will include guest service standards, operational procedures, safety protocols, and role-specific skill development to ensure successful performance and advancement opportunities.

6) What stated advancement opportunities are there?

The Project will prioritize hiring locally and promoting from within, creating structured opportunities for advancement from entry-level positions into supervisory and management roles. Employees will receive Hilton brand-standard training and operational experience across guest services, sales, revenue management, forecasting, and compliance reporting, including exposure to government and corporate travel programs.

Because the property will operate under a nationally recognized hospitality brand, employees will develop transferable skills and certifications that are widely recognized across the industry. These competencies enhance long-term career mobility within the broader hospitality market, including opportunities to advance within Sun Capital Hotels' growing portfolio or at other Hilton-affiliated properties nationally and internationally. Through structured training and internal promotion pathways, the Project is designed to create sustainable career growth rather than short-term employment.

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

The Project does not currently anticipate utilizing the New Mexico Job Training Incentive Program (JTIP) or similar public training subsidies. Instead, Sun Capital Hotels will provide comprehensive in-house training programs consistent with Hilton brand standards and internal operational practices. The ownership and management team make a direct private investment in employee training and professional development, ensuring that team members receive structured onboarding, operational training, and ongoing skill development without reliance on public training funds.

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

Yes. The Project will provide employee health insurance benefits and will cover at least 50% of health insurance premiums for eligible employees. This commitment reflects Sun Capital Hotels' approach to offering competitive benefits packages that support employee retention, workforce stability, and long-term career development within the hospitality industry.

N. Corporate Citizenship Policy/Plan

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

The organization maintains an active commitment to community engagement, charitable giving, and employee volunteerism within the markets where it operates. Key initiatives include recurring volunteer partnerships with Roadrunner Food Bank, where team members participate in food donation drives and volunteer events assisting with sorting, packing, and distribution for families in need. The company also promotes localized charitable engagement through an internal program in which one General Manager per division selects a nonprofit organization each month to receive a company-supported donation.

Additional corporate citizenship efforts include in-kind donations and community partnerships supporting housing stability, animal welfare, healthcare access, and local nonprofit organizations. Examples include donation of surplus construction materials to Habitat for Humanity, linen donations to local animal shelters, and participation in regional blood drives. The organization encourages employee volunteerism through organized service opportunities and fosters a culture of community involvement aligned with long-term investment in the Albuquerque region.

O. Positive Contributions

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

The Project will contribute to the neighborhood through the redevelopment and activation of an underutilized property, the creation of construction and permanent hospitality jobs, and increased visitor activity that supports nearby local businesses. By replacing a vacant office structure with an active hospitality use, the development will increase economic productivity, generate additional gross receipts tax revenue, and strengthen the district's overall commercial momentum.

The Project will introduce a high-quality, nationally branded hospitality asset that enhances the visual character of the Sawmill district through modern architecture, landscaping, and improved site design. In addition, the development expands lodging accessibility by providing nationally recognized, midscale accommodations that complement existing offerings and broaden access to the district for a wider range of business and leisure travelers. This diversification of lodging supply supports sustained economic vitality and continued neighborhood activation.

P. Management

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

Sun Capital will serve as the development entity for the Project. Upon completion, the Project will be professionally managed by Sun Capital Hotels, with both the management and development company owned and operated by Deepesh Kholwadwala. Sun Capital Hotels currently oversees operations for the Dreamcatcher group's hospitality portfolio and maintains excellent standing with major brands including Hilton, Marriott, and IHG.

The applicant entity will retain long-term ownership and operational involvement in the Project. The development is intended as a long-term investment within the Albuquerque market, with ongoing oversight and asset management provided by the ownership group.

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.

The total estimated cost of improvements for the Project is approximately \$40,520,267, which includes site work, vertical construction, furnishings, fixtures and equipment (FF&E), soft costs, and other eligible development expenses.

The anticipated Industrial Revenue Bond issuance amount is \$40,520,267, which will be used solely for eligible project costs in accordance with IRB program guidelines. The bond amount requested will not exceed the amount necessary to complete the Project in combination with private financing and equity contributions.

The Project is expected to be financed through a combination of conventional debt and private capital, including:

Senior Construction Financing: approximately \$30,390,200 (subject to final underwriting), representing approximately 75% loan-to-value financing provided by a local credit union lender.

Private Capital Contribution: approximately \$10,130,067, consisting of:

Land and existing improvements contributed at an estimated value of \$4,000,000, and

Cash equity contributions of approximately \$6,130,067.

Final capital structure and financing amounts will be confirmed upon completion of lender underwriting and closing documentation.

B. Estimated Value After Completion

Indicate the estimated appraised value of the project after completion.

The estimated appraised value of the Project immediately following completion of construction is anticipated to be approximately \$40,520,267, based on projected development costs and market assumptions. Upon stabilization and achievement of projected operating performance, the pro forma stabilized value of the Project is anticipated to be approximately

\$40,932,858, subject to prevailing market conditions, capitalization rates, and operating performance.

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.

Please See Attached

D. Construction Schedule

Give the date of anticipated beginning and completion of construction.

Construction Start: March 2027 (pending IRB approval); Construction End: June 2028

E. Issuance of Bonds

Provide the anticipated date of bond issuance.

Tuesday, June 2nd, 2026

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.

FISCAL IMPACT ANALYSIS

Please provide the following information necessary to complete a Fiscal Impact Analysis. Attach as a separate document. (Information asked may be repetitive to the IRB Application).

1. Describe the type or nature of project operations.

The Project will operate as a professionally managed, nationally branded hospitality property providing transient lodging accommodations and related guest services. Daily operations will include guest check-in and check-out services, housekeeping, maintenance, property management, and limited food and beverage offerings consistent with Hilton brand standards. The property will serve business travelers, tourists, and short-term visitors to Albuquerque, operating on a year-round basis with professional hotel management oversight to ensure compliance with brand standards and industry best practices.

2. Total number of new employees to be created as a result of the proposed Industrial Revenue Bond project, a total net payroll and an estimated annual pay increase in future years.

Total New Employees: 42 - 47; Total Net Payroll: \$1,350,000 with 3-5% increases Year over Year

3. Number of new employees by title or job classification and respective salaries.

The Project is expected to create approximately 42 - 47 new permanent positions. Estimated positions and compensation ranges are as follows:

General Manager (1) – \$70,000 to \$90,000
Assistant General Manager (1) – \$45,000 to \$55,000
Director of Sales (1) – \$55,000 to \$65,000
Executive Housekeeper (1) – \$45,000 to \$55,000
Chief Engineer (1) – \$45,000 to \$55,000
Front Desk Manager (1–2) – \$35,000 to \$45,000
Accounting / Administrative Support (1) – Approximately \$25,000
Front Desk Agents (6–10) – \$25,000 to \$30,000
Night Auditors (2–3) – \$25,000 to \$30,000
Housekeepers / Room Attendants (20) – \$25,000 to \$30,000
Laundry Attendants (2) – \$25,000 to \$30,000
Maintenance Technicians (2) – \$25,000 to \$30,000
Breakfast Attendants / Food Service Staff (3) – \$25,000 to \$30,000

4. Optional employee benefits and an estimated value of such benefits and an estimated value of such benefits, either by amount or percentage of net pay. If employees contribute to such benefits, indicate their contributions in amount or percentage.

The Project will offer a competitive benefits package designed to support employee health, financial stability, and long-term retention. Eligible employees will have access to medical, dental, and vision insurance, with the employer covering 50% of healthcare premium costs. The company will also offer a 401(k) retirement plan with an employer match of 50% of employee contributions up to 3% of eligible compensation.

Employees will receive Paid Time Off (PTO) based on tenure and years of service. Additional benefits include employer-paid basic life insurance coverage of approximately \$10,000, access to voluntary ancillary benefits (including disability and supplemental insurance options), and discounted global hotel room rates for personal travel through brand-affiliated employee programs.

5. An estimated total annual expenditure of goods and services locally procured, identification of such goods and services (only those over \$10,000 per year), and an estimated annual increase in total expenditure.

The Project is anticipated to generate approximately \$1.3 million in annual expenditures for locally procured goods and services. Major categories exceeding \$10,000 annually are expected to include guest consumables (including complimentary breakfast items and food supplies), housekeeping and cleaning products, maintenance equipment and supplies, landscaping services, waste management, utilities-related services, and other operational support services. These expenditures will support local vendors and service providers within Albuquerque and New Mexico. Annual local procurement spending is expected to increase over time in line with inflation, wage growth, and operational scaling of the property.

6. 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.

The Project is anticipated to generate approximately \$1.3 million in annual expenditures for locally procured goods and services that are subject to New Mexico gross receipts tax, with expected increases over time due to inflation, wage growth, and operational scaling. Major categories include guest consumables (including complimentary breakfast items and food supplies), housekeeping and cleaning products, maintenance equipment and supplies, landscaping services, waste management, utilities-related services, and other operational support services. Anticipated GRT collection will total \$99,125 in the first year, increasing to \$103,090 (representing a 4% increase, which will continue year over year thereafter)

7. An estimated total annual expenditure of goods procured out-of-state and subject to the New Mexico compensating tax, and an estimated annual increase in total expenditure.

The Project is anticipated to generate out-of-state expenditures subject to New Mexico compensating tax, which is applied at the combined state and local gross receipts tax rate, through both recurring operational payments and periodic capital improvements. Annual franchise and brand-related fees paid to Hilton are estimated at approximately \$750,000 per year, which is expected to generate approximately \$57,188 annually in compensating tax revenue based on current projections.

In addition, periodic replacement of furniture, fixtures, and equipment (FF&E), including scheduled renovations required under the franchise agreement approximately every seven years, will result in additional out-of-state purchases. These capital expenditures are estimated at approximately

\$1.3 million per renovation cycle (or 185,000 per year) which annualizes to approximately \$14,161 in compensating tax revenue.

In total, the Project is anticipated to generate approximately \$71,348 annually in compensating tax revenue from out-of-state goods and services, with these amounts expected to increase over time in line with revenue growth, inflation, and operational scaling.

8. An estimated annual local sale of goods and services that are subject to the New Mexico gross receipts.

Room revenue is subject to NM GRT. With an anticipated \$7,700,000 Total Room Revenue, we estimate approximately \$587,125 of GRT revenue.

9. Costs of land, site improvement, and building, respectively.

Purchase Price of Land and Building (to be demolished) \$4,000,000; Site Work \$250,000; Building Cost \$24,300,000

10. Total costs of equipment, fixtures, and furnishings to be purchased with the proceeds of the bond, and an amount of such purchases in New Mexico and out-of-state, respectively.

All FF&E will be purchased out of state, totaling \$4,100,000

11. An estimated incremental New Mexico corporate income tax as a result of the proposed Industrial Revenue Bond project, and an estimated annual increase.

The applicant entity is structured as a pass-through entity for tax purposes and therefore is not expected to generate New Mexico corporate income tax liability at the entity level. Instead, project-generated income will flow through to the individual owners and be reported on their respective personal income tax returns.

Based on current projections, the Project is anticipated to generate approximately \$862,000 annually subject to personal income taxation. Accordingly, the Project is expected to generate incremental New Mexico personal income tax revenue through increased taxable income attributable to project operations and ownership distributions. These amounts are expected to grow over time in line with operational performance, revenue growth, and inflation.

12. An estimated amount of capital expenditures to be qualified for the New Mexico investment tax credit.

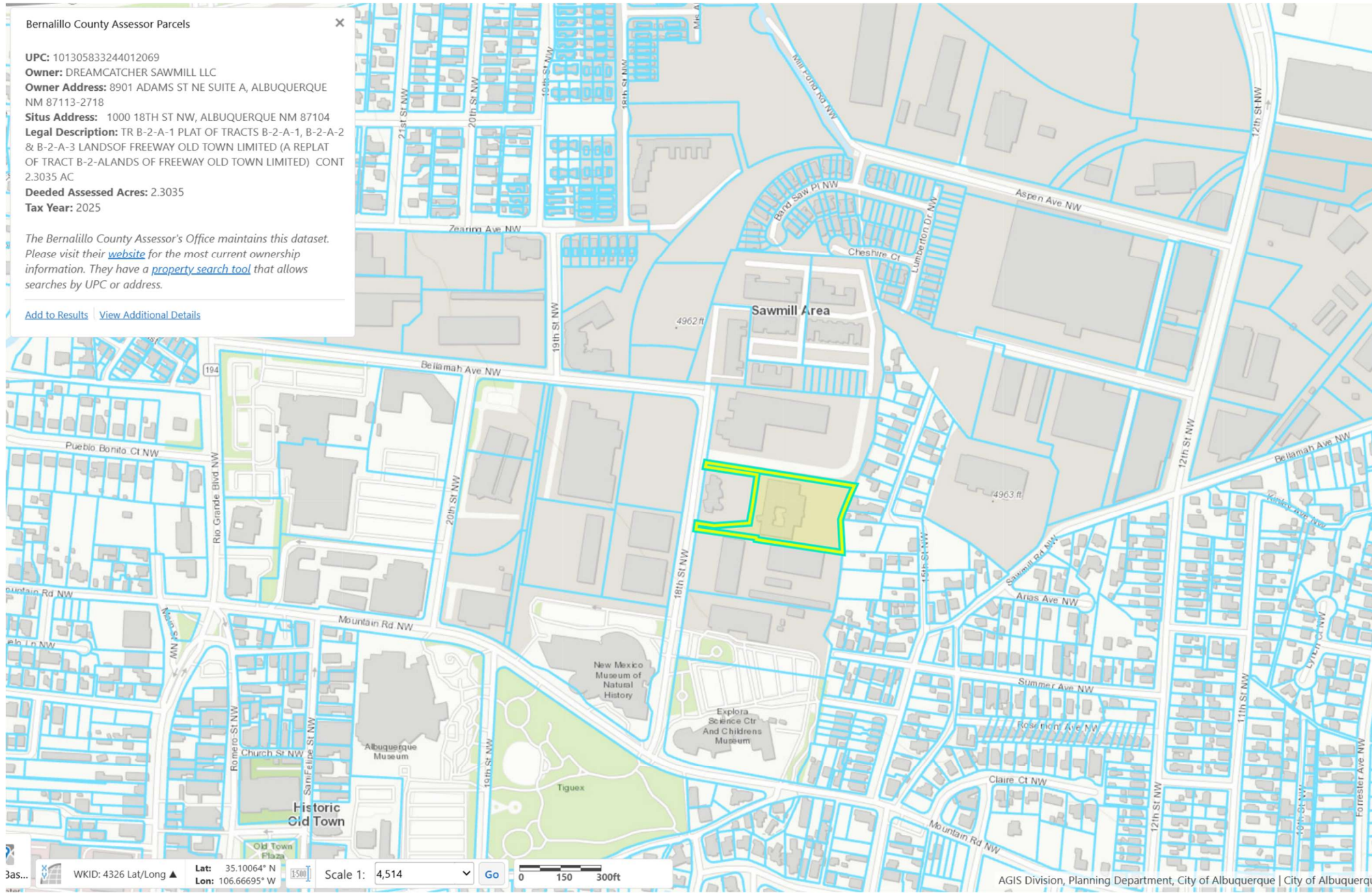
Capital expenditures related to the Project are not anticipated to utilize the New Mexico Investment Tax Credit.

Bernalillo County Assessor Parcels

UPC: 101305833244012069
Owner: DREAMCATCHER SAWMILL LLC
Owner Address: 8901 ADAMS ST NE SUITE A, ALBUQUERQUE NM 87113-2718
Situs Address: 1000 18TH ST NW, ALBUQUERQUE NM 87104
Legal Description: TR B-2-A-1 PLAT OF TRACTS B-2-A-1, B-2-A-2 & B-2-A-3 LANDS OF FREEWAY OLD TOWN LIMITED (A REPLAT OF TRACT B-2-ALANDS OF FREEWAY OLD TOWN LIMITED) CONT 2.3035 AC
Deeded Assessed Acres: 2.3035
Tax Year: 2025

The Bernalillo County Assessor's Office maintains this dataset. Please visit their [website](#) for the most current ownership information. They have a [property search tool](#) that allows searches by UPC or address.

[Add to Results](#) | [View Additional Details](#)





DreamSpring

Zearing Ave NW

Sawmill Market

Ponderosa Brewing Company

Bellamah Ave NW

Hotel Chaco

Bellamah Ave NW

Hotel Albuquerque at Old Town

Albuquerque Rail Trl

20th St NW

Seasons Rotisserie & Grill

Albuquerque Collegiate Charter School

18th St NW

MHigh Noon Restaurant & Saloon

Mountain Rd NW

New Mexico Museum of Natural...
Temporarily closed

Albuquerque Museum

Mountain Rd NW

Explora Science Center and Children's Museum...

Church Street Cafe

Romero St NW

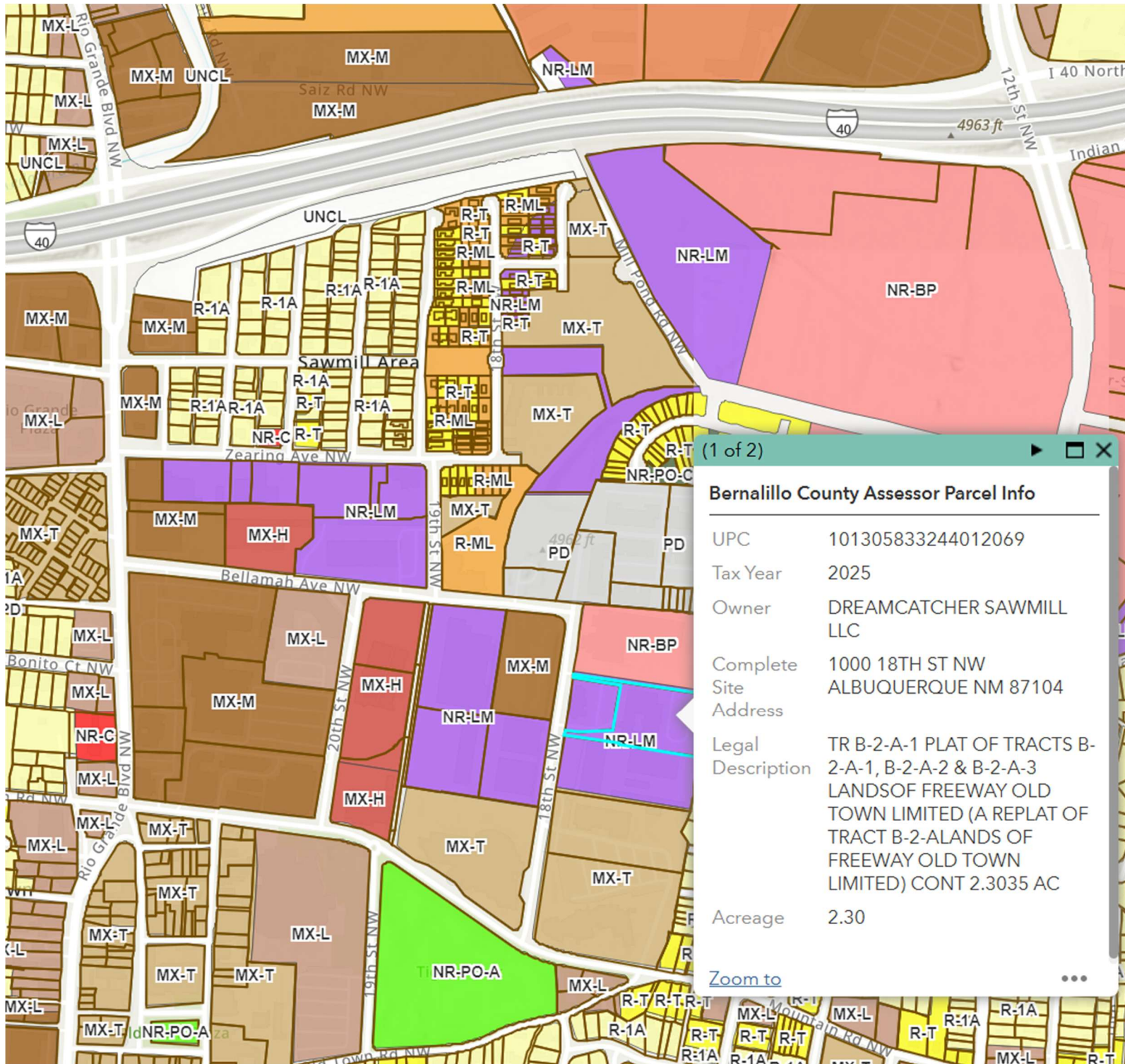
San Felipe St NW

19th St NW

18th St NW

e Blvd NW

Rio Grande Blvd NW



(1 of 2)

Bernalillo County Assessor Parcel Info

UPC	101305833244012069
Tax Year	2025
Owner	DREAMCATCHER SAWMILL LLC
Complete Site Address	1000 18TH ST NW ALBUQUERQUE NM 87104
Legal Description	TR B-2-A-1 PLAT OF TRACTS B-2-A-1, B-2-A-2 & B-2-A-3 LANDS OF FREEWAY OLD TOWN LIMITED (A REPLAT OF TRACT B-2-A LANDS OF FREEWAY OLD TOWN LIMITED) CONT 2.3035 AC
Acreage	2.30

[Zoom to](#) ...

Dreamcatcher Sawmill Debt Liquidation

The following pro forma demonstrates that the Project is reasonably expected to generate sufficient revenue to service and fully liquidate the proposed debt. The total estimated project cost is approximately \$40,520,267, consisting of \$4,000,000 in land value and \$36,520,267 in construction and related development costs. The Project is anticipated to be financed with approximately \$30,390,200 in senior construction financing, representing a 75% loan-to-value ratio, and approximately \$10,130,067 in equity contributions.

Projected loan terms assume a 6.50% interest rate with a 25-year amortization schedule, resulting in estimated annual debt service of approximately \$2,462,362.

Operational projections are based on a 135-room hotel with a stabilized Average Daily Rate (ADR) of \$208.49, average occupancy of 75.00%, and a stabilized RevPAR of \$156.37. Under these assumptions, projected stabilized top-line revenue is approximately \$7,705,009.

Applying the Sun Capital portfolio expense ratio of 42.5%, the Project is projected to generate approximately \$3,274,629 in Net Operating Income. After payment of annual debt service, projected income before reserves is approximately \$812,267, resulting in a projected Debt Service Coverage Ratio (DSCR) of 1.33x. This coverage level supports the Project's ability to meet debt obligations under reasonable operating assumptions.

For purposes of evaluating debt liquidation capacity, applying an 8% capitalization rate to projected NOI results in an estimated stabilized value of approximately \$40,932,858. This value exceeds the anticipated principal debt amount of \$30,390,200, providing an equity cushion of approximately \$10,542,658.

Based on these projections, the Project is reasonably expected to generate sufficient revenue to service and liquidate the proposed debt in accordance with lender underwriting standards and industry norms.

Dreamcatcher Sawmill Debt Liquidation

Project Cost

Land Cost	\$4,000,000
Construction Cost	\$36,520,267
Total Project Cost	\$40,520,267

Loan Info

Loan Amount	\$30,390,200
Equity Required	\$10,130,067

LTV	75%
Interest Rate	6.50%
Ammortization Term (yrs)	25

Monthly Debt Service	(\$205,197)
Annual Debt Service	(\$2,462,362)

Rooms	135
ADR Stabilized Average	\$208.49
Occupancy Stabilized Average	75.00%
RevPAR Stabilized Average	\$156.37

Top Line Revenue Stabilized	\$7,705,009
Sun Capital Portfolio NOI Margin	42.50%

Net Operating Income	\$3,274,629
Annual Debt Service	(\$2,462,362)

Income After Debt before Reserves	\$812,267
Debt Service Coverage Ratio (DSCR)	1.33x

Debt Liquidation

Value of Hotel at 8% cap	\$40,932,858
Principal Debt Amount	\$30,390,200
	\$10,542,658