

1 (“LEDA”), explicitly permits municipalities to assist qualifying entities with economic
2 development projects through the use of public resources; and

3 B. The City of Santa Fe (“City”) has complied with the requirements of the Local
4 Economic Development Act by adopting an Economic Development Fund Ordinance, SFCC 1987,
5 Article 11-14, and incorporating within that ordinance its community economic development plan
6 and its economic development strategy for implementation dated May 21, 2008; and

7 C. Parting Stone, Inc. (“Qualifying Entity” or “Parting Stone, Inc.”) offers an
8 alternative to conventional ash as a product from cremation, and meets the definition of Qualifying
9 Entity under the LEDA, NMSA 1978, Section 5-10-3 (L)(1), and incorporated into the Santa Fe
10 City Code at SFCC 1987, Section 11-11.4. The Qualifying Entity creates economic-based jobs
11 using a process that solidifies the full amount of remains into forms resembling smooth stones.

12 D. The design, development, and construction of tenant improvements, lease
13 payments, and expansion of a corporate headquarters, “Project”, will utilize up to \$150,000 in grant
14 monies from the State of New Mexico LEDA Fund and up to \$25,000 from the City of Santa Fe’s
15 LEDA Fund, contingent upon completion of the Disbursement Performance Milestones shown on
16 the chart on page 3 of the Project Participation Agreement (“PPA”), attached and shown as Exhibit

17 A. As of September 2024, as part of Parting Stone, Inc.’s Five-Year Job Creation Plan (“Plan”),
18 Parting Stone, Inc., hired sixteen (16) additional full-time employees, for a total employee
19 headcount of twenty-four (24). The Plan provides for Parting Stone, Inc., to hire four (4) more
20 employees by December 31, 2025, for a total of twenty-eight (28) full-time positions. The twenty-
21 eight (28) workers directly employed by the Project are each projected to earn approximately forty
22 thousand dollars (\$40,000) per year initially, with an estimated payroll of one million one hundred
23 and sixty thousand dollars (\$1,160,000) by December 31, 2025. By December 31, 2029, which
24 marks the end of the Plan, Parting Stone, Inc. shall have a minimum total employment count of no

1 less than fifty-six (56) full-time employees. All new employees shall be paid an average of \$40,000
2 per year with an estimated payroll of \$2,467,789 by December 31, 2029.

3 Accounting for various taxable sales and purchases, including activity associated with the
4 Project, worker spending, and visitors' spending in the state, it is estimated that the Project will
5 support approximately fifty-four million, nine hundred thirty-three thousand, two hundred seventy-
6 three dollars (\$54,933,273) in total economic impact sales over the next 10 years.

7 **Section 3. Findings. The Governing Body hereby finds:**

8 A. It is in the interest of the welfare of the citizens of Santa Fe to enter into an
9 Economic Development Project Participation Agreement for the purposes of effectuating the City's
10 Economic Development Plan and the Project.

11 B. In compliance with the City's Economic Development Fund Ordinance, SFCC
12 1987, Section 11-11.11, the Project Participation Agreement between the Qualifying Entity and the
13 City, as shown in Exhibit A, clearly states the following:

- 14 (1) Parting Stone is a Qualifying Entity;
- 15 (2) The contributions of the City, the City as a fiscal agent of the State, and
16 the Qualifying Entity;
- 17 (3) The specific measurable objectives upon which the performance review
18 will be based;
- 19 (4) A schedule for Project development and goal attainment;
- 20 (5) The security being offered for the City's investment;
- 21 (6) The procedures by which the Project may be terminated and the City's
22 investment recovered;
- 23 (7) The time period for which the City shall retain an interest in the Project;
- 24 (8) The economic development goals of the project; and

1 (9) A "sunset" clause after which the City shall relinquish interest in and
2 oversight of the project.

3 **Section 4. Approval and Adoption of the Project Participation Agreement.** The
4 Governing Body hereby approves the Project Participation Agreement, whereby the City will be
5 the fiscal agent for the State legislative appropriation of up to one hundred fifty thousand dollars
6 (\$150,000) and the City designates up to twenty-five thousand dollars (\$25,000) from its funds.
7 The City will receive and appropriate state legislative appropriations of up to \$150,000.00 and
8 provide City funds of up to \$25,000.00 to the Qualifying Entity, and the funds will be used to
9 increase headcount per the Project Participation Agreement. The Qualifying Entity will expand the
10 tax base and generate more taxes, fees, and other revenues for the State of New Mexico and the
11 City of Santa Fe.

12 **Section 5. Terminating the project participation agreement adopted in**
13 **Ordinance 2023-15.** The Project Participation Agreement adopted in Ordinance 2023-15 is hereby
14 terminated upon adoption of this ordinance.

15 **Section 6. Severability Clause.** If any section, paragraph, clause, or provision of this
16 ordinance; or any section, paragraph, clause, or provision of any regulation promulgated hereunder,
17 shall for any reason be held to be invalid, unlawful, or unenforceable; the invalidity, illegality, or
18 unenforceability of such section, paragraph, clause, or provision shall not affect the validity of the
19 remaining portions of this ordinance or the regulation so challenged.

20 **Section 7. Effective Date.** This ordinance shall become effective immediately upon
21 adoption.

22 PASSED, APPROVED, and ADOPTED this 30th day of October, 2024.

23 
24 Alan Webber (Nov 22, 2024 20:39 MST)

25 ALAN WEBBER, MAYOR

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ATTEST:

Andrea Salazar

ANDRÉA SALAZAR, CITY CLERK

APPROVED AS TO FORM:

Erin K. McSherry

ERIN K. McSHERRY, CITY ATTORNEY

Bill No. 2024-10

Legislation/2024/Ordinances/2024-10(O)/Parting Stone LEDA Project

EXHIBIT A

CITY OF SANTA FE ECONOMIC DEVELOPMENT PROJECT PARTICIPATION AGREEMENT

THIS PROJECT PARTICIPATION AGREEMENT (hereinafter the "Agreement") is made and entered into this 8th day of November, 2024, by and between the City of Santa Fe, an incorporated municipality in the State of New Mexico, (hereinafter the "City") and Parting Stone Inc., (hereinafter the "Qualifying Entity", "Q/E").

WHEREAS, the State of New Mexico has deemed it in the best interest of the citizens of New Mexico to enact the Local Economic Development Act (LEDA) NMSA 1978 §§ 5-10-1, et seq., to provide public support for economic development to foster, promote and enhance local economic development efforts);

WHEREAS, LEDA explicitly permits local governments to assist qualifying entities with economic development projects through the use of public resources;

WHEREAS, the City has complied with LEDA requirements by adopting an economic development plan ordinance and incorporating within that ordinance its community economic development plan (SFCC 1987 § 11-11), called the Community Economic Development Plan and Economic Development Strategy for Implementation dated May 21, 2008;

WHEREAS, Parting Stone, is a "qualifying entity" under LEDA in that it is an "industry for the manufacturing, processing or assembling manufactured products" (NMSA 1978, § 5-10-3(K)(1) and (2)) and also a "qualifying entity" under the City's Economic Development Plan Ordinance which incorporates by reference the above LEDA definitions, SFCC 1978 § 11-11.4;

WHEREAS, all requirements under the Economic Development Plan Ordinance to enter into this Agreement have been fulfilled;

WHEREAS, the Q/E has submitted an application (hereinafter the "Application") to the City for assistance under the Economic Development Plan Ordinance (SFCC 1978 § 11-11) and for the City to act as fiscal agent for the grant monies (hereinafter the "Grant Monies") granted by the City through its Economic Development Department and through the New Mexico Economic Development Department;

WHEREAS, in the Application, the Q/E proposed an "economic development project" compliant with LEDA, in that it will use the Grant Monies for the expansion of a manufacturing and production facility (hereinafter the "Project"), to be located at 9 Plaza de Prensa Santa Fe, New Mexico, 87507;

WHEREAS, the City has determined that it is in the interest of the welfare of the citizens of the City to enter into this Agreement for the purposes of effectuating its economic development plan;

WHEREAS, the State of New Mexico's maximum contribution to the Project will not exceed One Hundred Fifty Thousand Dollars (\$150,000) from the New Mexico LEDA Fund (hereinafter

the "NM LEDA Fund") and the City's maximum contribution will not exceed Twenty-Five Thousand Dollars (\$25,000) pursuant to an intergovernmental agreement between the City and the State to be executed soon after the execution of this Agreement; and the Q/E shall contribute up to One Million Sixty-Six Thousand Five Hundred Dollars (\$1,066,500.00) or more in matching funds to complete the Project;

WHEREAS, the Project addresses the following objectives from the Santa Fe Economic Development Implementation Strategy as adopted by City Resolution 2008-42: "Diversify the Santa Fe Economy with an emphasis on high wage jobs and career paths;" "Pursue overall affordability where local wages can support living in Santa Fe (reduce leakage);" and "Bolster Santa Fe's leadership position and/or potential in innovation"; and

WHEREAS, this Agreement clearly provides the following as required by LEDA and the Economic Development Plan Ordinance: (1) the economic development goals of the Project; (2) the contributions of the City, State and the Q/E; (3) the specific measurable objectives upon which the performance review will be based; (4) a schedule for project development and goal attainment; (5) the security being offered for the City's and State's investment; (6) the procedures by which the project may be terminated and the City's investment recovered; (7) the time period for which the City shall retain an interest in the Project; (8) a "sunset" clause after which the City shall relinquish interest in and oversight of the Project; and (9) that the Qualifying Entity is a qualifying entity.

NOW THEREFORE, in consideration of the foregoing, the following and other good and valuable consideration, the receipt of which is hereby acknowledged the undersigned parties hereby agree as follows.

1. CONTRIBUTIONS OF THE CITY, THE STATE, AND THE Q/E

Contributions of the State and the City. The maximum Grant Monies that may be disbursed under this Agreement shall be One Hundred Seventy-Five Thousand Dollars (\$175,000) as described below:

City Contributions: This Agreement governs the City's contribution to the Project. The City shall reimburse the Q/E in the amount of up to Twenty-Five Thousand Dollars (\$25,000) from the City LEDA Fund for LEDA eligible expense reimbursements in accordance with the disbursement milestones delineated below in the Disbursement Schedule.

State Contributions: This Agreement governs the State's contribution of up to One Hundred Fifty Thousand Dollars (\$150,000) from the NM LEDA Fund by way of the New Mexico Economic Development Department. The City will serve as fiscal agent pursuant to the Intergovernmental Agreement between the City and State, which is in substantial form as **Attachment A** hereto, the terms of which are incorporated into this Agreement in accordance with the disbursement milestones delineated below in the Disbursement Schedule.

Disbursement of Grant Monies: Disbursement of the NM LEDA Funds by the State and the City's Economic Development Funds are contingent upon the following:

- a) The City and the New Mexico Economic Development Department shall execute an intergovernmental agreement for the State to grant up to One Hundred Fifty Thousand dollars (\$150,000) to the City as fiscal agent for the Project;
- b) The City to grant up to Twenty-Five Thousand Dollars (\$25,000) in LEDA funds from the Economic Development Fund for the Project; and
- c) The Q/E shall submit to the City and State for review, a cover letter, invoice, and proof of payment as necessary for reimbursement as set forth in the Table below. Disbursement shall be made on a reimbursement basis of eligible costs under LEDA:

<i>State of New Mexico and City of Santa Fe LEDA Disbursement Schedule</i>		
<i>Tranche</i>	<i>Amount of State and City Contributions Available for Disbursement/Tranche</i>	<i>Disbursement Performance Milestone</i>
1	State of New Mexico \$100,000 disbursement through the City of Santa Fe	Obtain Lease Agreement, LEDA eligible expenses following execution of ordinance.
2	State of New Mexico \$50,000 disbursement, plus City of Santa Fe \$25,000 disbursement through the City of Santa Fe	By December 31, 2024, retain 24 employees. Between January 1, 2025, and December 31, 2025, hire 4 additional employees, for a total employee headcount of 28, and submit proof of payment invoices for LEDA eligible expenses and current with all reporting.

It is expressly understood that any costs eligible for reimbursement must be incurred after this Agreement is in effect.

A. Contributions of the Q/E.

Financial Investment: The Q/E shall contribute One Million Sixty-Six Thousand Five Hundred Dollars (\$1,066,500.00) or more in matching funds to complete the Project.

Project Management: Unless otherwise specified in this Agreement, the Q/E shall be responsible for managing all parts of the Project.

Direct Economic Output: The Project is anticipated to generate Two Million Four Hundred Sixty-Seven Thousand Seven Hundred Eighty-Nine Dollars (\$2,467,789) in direct salaries for existing and expanded operations over five years. The total estimated direct economic output for the expansion of the facility is Thirty-Nine Million Seven Hundred Seventy-Five Thousand Thirty-Two Dollars (\$39,775,032) over ten years, as is further described in the Fiscal Impact Analysis. (See p. 5 of **Attachment B**).

Expanded Tax Base: As a result of the completion of the Project, the Q/E is expected to generate contributions to the City's tax base, as projected in the Fiscal Impact Analysis. Net benefits for the City generated by the project (including property taxes, gross receipts taxes, utility fees, utility franchise fees, lodger's taxes, and other use taxes) are estimated to be Five Hundred Thirty-Five Thousand, Five Hundred Fourteen Dollars (\$535,514) over ten years. (See p. 16 of **Attachment B**).

Proportional Investment: The Q/E at its discretion may decide to not accept the entire One Hundred Seventy-Five Thousand Dollars (\$175,000) in Grant Monies for the Project. If the Q/E does not accept the entire Grant Monies, then the capital investment and job creation requirements would then decrease proportionally to the level of Grant Monies accepted. The Q/E shall notify the City 30 days prior to its decision.

2. PERFORMANCE REVIEW AND CRITERIA- ECONOMIC DEVELOPMENT GOALS

A. Economic Development Goals. The following Economic Development Goals shall be fulfilled by the Q/E:

- (1) The Q/E shall hire new employees in accordance with the schedule set forth in the Job Creation Commitment and Schedule in Section 3, below. The Q/E presently employs Twenty-Four (24) full-time workers and by December 31, 2025 the Q/E shall employ at least Four (4) new employees in the City of Santa Fe, for a total of Twenty-Eight (28) employees. The average wage of new employees will be \$40,000.
- (2) By December 31, 2029 the Q/E shall employ no fewer than Thirty-Two (32), new employees, while retaining the prior employment figures, for a total of Fifty-Six (56) jobs in the City of Santa Fe. All new employees shall be paid in accordance with the projected total payroll set forth in the Job Creation Commitment and schedule in Section 3, below.
- (3) The Q/E's contribution as set forth in Paragraph 1. B herein is incorporated into the Economic and Development Goals.

B. Reports; Certifications; Review.

- (1) Quarterly Reports. During the term of this Agreement, the Q/E shall provide to the Office of Economic Development quarterly reports due on January 31st, April 30th, July 31st, and October 31st of each year for the preceding quarter's job report filed to the New Mexico Department of Workforce Solutions. The Q/E's quarterly reports shall clearly indicate how the Q/E has met the job creation prerequisites in **Attachment A** Quarterly reports shall be in the form of an affidavit signed by an officer of the Q/E.. Quarterly reports shall include a copy of FORM ES-903a, or an equivalent. document as required by the New Mexico Department of Workforce Solutions, provided by the Q/E to the City to demonstrate compliance with this Agreement at each review cycle. In the quarterly report, the Q/E shall include the number of new jobs created and filed that quarter, the average minimum annual salary of the new jobs, the total number of jobs, the total payroll, and the amount of the Q/E's total capital investment, with line items of building improvements and lease payments, to date. The first quarterly report shall certify the number of baseline jobs as of December 31, 2024.

Additionally, Q/E will provide to the State of New Mexico Economic Development Department their most recent quarterly Department of Workforce Solutions 903A Report or its equivalent on a quarterly basis beginning with December 31, 2024, and continuing on April 30, July 31, and October 31 of each year until the completion of this agreement.

- (2) Annual Reports. The City may require the Q/E to provide annual reports or a presentation to the City's governing body and the Economic Development Advisory Committee (EDAC). The City will give the Q/E a minimum of 30 days' notice if a report or presentation to the governing body or EDAC is required. City staff shall review these reports to ensure the Q/E's compliance with this Agreement in accordance with the Job Creation Commitment and Schedule.

- (3) Expanded Tax Base Report: Within a reasonable time after completion of the construction of the facilities, but in any event by the next quarterly report, the Q/E shall provide to the City a written report on the construction jobs and wages created by the construction portion of the project

- (4) Certification of Non-Interest. The Q/E shall certify to the City that to the Q/E's best information, knowledge and belief and after reasonable inquiry, no member, officer, or employee of the City or its designees or agents, no member of the governing body of the locality of which the program is situated, and no other public official that exercises any functions or responsibilities with respect to the Project during his/her tenure, or for one year thereafter, has any interest, direct or indirect, in the Q/E or any contract or subcontract, or the process thereof, for work to be performed in connection with the Project that is the subject of this Agreement. The Q/E shall certify that such a provision shall be included in all contracts and subcontracts in connection with the Project.

3. RECAPTURE PROVISIONS FOR PUBLIC MONIES

Clawbacks

Full closure of the facility will result in a clawback based on the number of years the Q/E has operated under this agreement as per the following table:

2025	100%
2026	100%
2027	100%
2028	80%
2029	60%

The Q/E has provided the following job ramp for this project.

Job Creation Commitment and Schedule

Year	Cumulative Full Time Job Creation Target	Minimum Job Number	Payroll	Job Determination Period Start	Job Determination Period End	% Clawback
1	24 + 4 = 28	28	\$1,160,000	Ordinance Date	12/31/25	100%
2	28 + 6 = 35	34	\$1,405,600	1/01/25	12/31/26	100%
3	34 + 7 = 41	41	\$1,738,528	1/01/26	12/31/27	75%
4	41 + 7 = 48	48	\$2,078,114	1/01/27	12/31/28	75%
5	48 + 8 = 56	56	\$2,467,789	1/01/28	12/31/29	50%

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Example Clawback Calculations				
Typical Job Creation Commitment and Schedule for non-City of ABQ				
Year	Clawback % on Job Creation % Shortfall	Cumulative Full Time Job Creation Target	Job Determination Period	
			Start	End
1	100%	25	Execution	30-Jun-18
2	100%	75	1-Jul-18	30-Jun-19
3	100%	125	1-Jul-19	30-Jun-20
4	75%	175	1-Jul-20	30-Jun-21
5	50%	200	1-Jul-21	30-Jun-22

Clawback may be exercised if cum hiring target not retained through period
Assumption - Cure period of 6 months

Typical Job Creation Commitment and Schedule City of ABQ				
Year	Clawback % on Job Creation % Shortfall	Cumulative Full Time Job Creation Target	Job Determination Period	
			Start	End
1	100%	25	Execution	30-Jun-18
2	100%	75	1-Jul-18	30-Jun-19
3	100%	125	1-Jul-19	30-Jun-20
4	65%	175	1-Jul-20	30-Jun-21
5	65%	200	1-Jul-21	30-Jun-22
6	50%	200	1-Jul-22	30-Jun-23
7	50%	200	1-Jul-23	30-Jun-24
8	50%	200	1-Jul-24	30-Jun-25
9	25%	200	1-Jul-25	30-Jun-26
10	25%	200	1-Jul-26	30-Jun-27

Clawback Calculations

Clawback Formula = (Job Creation % Shortfall) * (Cumulative LEDA Dollars Distributed)

Job Creation % Shortfall = (1 - (actual jobs / cumulative hiring target)) * 100%

Example - 1 End of 30 Mos, inclusive of cure period

Actual Employees	(a)	60
Cumulative Hiring Target	(b)	75
Job Creation % Shortfall =	(c) = 1-(a/b)	20%
LEDA Dollars Distributed	(d)	\$ 300,000.00
Clawback %	(e)	100%
Penalty	(f) = c*d*e	\$ 60,000.00

Example - 2 End of 66 Mos, inclusive of cure period

Actual Employees	(a)	175
Cum Hiring Target	(b)	200
Job Creation % Shortfall =	(c) = 1-(a/b)	13%
LEDA Dollars Distributed	(d)	\$ 500,000.00
Clawback %	(e)	50%
Penalty	(f) = c*d*e	\$ 31,250.00

Capital Investment Commitment and Schedule			
	Year 1	Year 2	Year 3-10
Building/Infrastructure	\$132,000	\$113,000	\$768,000
Soft Costs/Equipment	\$52,500	\$1,000	
Total			\$1,066,500
Total Capital Investment to be completed by:	2034		
Local Construction Spend and Procurement Commitment/Requirement/Target:	80 % of all construction spend must be to a NM contractor.		

For the purposes of this Section:

- (1) The "Clawback Penalty" is a penalty that the Q/E will be required to pay the City upon the Q/E's failure to meet the Minimum Job Number on the applicable Job Determination Date.
- (2) "Cure Period" is the period of one hundred eighty (180) days after each Job Determination Date during which time the Q/E shall have the opportunity to cure any shortfall in meeting the Minimum Job Number. If the Q/E meets the Minimum Job Number at any time during the Cure Period, the Q/E shall have no obligation to pay a Clawback Penalty corresponding to the applicable Job Determination Date. If the Q/E fails to reach the Minimum Job Number during the Cure Period, the Q/E shall pay the City a Clawback Penalty determined in accordance with the table set forth above at a rate of 50% (see attached clawback calculator)

(3) A "Job" for this purpose of this section will mean an employment position that consists of at least thirty-two (32) paid hours of work per week and which provides the employee with a full range of benefits offered to other similarly situated Q/E employees.

4. SECURITY FOR CITY'S INVESTMENT

- A) This is a grant project only, with the City acting as fiscal agent. The Q/E has no loan obligations for repayment to the City or State, but is obligated to fulfill the Economic Development Goals of this Agreement; however, if the Q/E is found by the City to be in Default, then the City may elect to demand financial reimbursement by the Q/E.
- B) The Grant Monies must be secured in a manner that it may be clawed back if the Q/E fails to meet its performance goals under this PPA. As security for fulfilling the Economic Development Goals, before the City may disburse any appropriations to the Q/E, the amount of Public Monies to be reimbursed shall be securitized in a manner satisfactory to the City.
- C) This grant is secured by a Letter of Credit from an issuing financial institution, with the City as beneficiary, from which the City shall have the right to draw down funds upon the City's presentation of a demand for payment and evidence of Q/E's Default ("Irrevocable Letter of Credit"). The Irrevocable Letter of Credit shall have a term that extends to the term of this Agreement (either via the full duration in the base term or via automatic one-year extensions terminable at the sole option and discretion of the City). At any given time, the Irrevocable Letter of Credit must secure an amount, and the City shall be able to draw down an amount, at least equal to the amount of appropriations made to the Q/E for the Project.
- D) During the term of this Agreement, the Q/E may request a full or partial release of the security interest with the substitution of collateral, repayment of the disbursed appropriation, or proof that the Q/E has met the Economic Development Goals, in part or in whole, under this Agreement. Any full or partial release of the security interest will be proportional to the value of the substitute collateral, repayment, or the portion of Economic Development Goals met which are no longer subject to claw back and according to Attachment A.
- E) Acceptance of a method of securitization and of substitute collateral or proof of performance goals shall be within the City's sole and absolute discretion.

5. TERM; SUNSET

- A. This Agreement shall remain in force for 5 years from the execution date of the Agreement, or until conditions of the Agreement are performed in full or to the reasonable satisfaction of the City, whichever is earlier. In the event the Q/E performs or exceeds the required performance levels contained in this Agreement, as may be reasonably determined by the City, this Agreement may be terminated at that time in writing by the City pursuant to Paragraph 5, below.
- B. This Agreement will not be deemed terminated and this Agreement will remain in effect unless and until the City reasonably determines that the objectives under this Agreement have been fulfilled, in which case the City will provide a closure letter to the Q/E.

6. TERMINATION

- A. This Agreement may be terminated by the City upon written notice delivered to the Q/E at least 45 days prior to the intended date of termination in the event that the Q/E ceases to operate the Project in accordance with the terms of this Agreement. If the Q/E is found to not be in substantial compliance with the Agreement, the City reserves the right to terminate the Agreement and recall in full the Grant Monies.
- B. The Q/E may terminate the Agreement by pre-paying in full to the City and without penalty any Grant Monies disbursed to the Q/E. The Q/E must send a written letter to the City giving notice of its intent to pre-pay the Grant Monies in full within 45 days prior to the Q/E's intent to repay in full the Grant Monies.

7. STATUS OF THE Q/E

- The Q/E, and its agents and employees are not employees of the City. The Q/E, and its agents and employees, shall not accrue leave, retirement, insurance, bonding, use of City vehicles or any other benefits afforded to employees of the City as a result of this Agreement. The Q/E shall be solely responsible for payment of wages, salaries, and benefits to any and all employees or subcontractors retained by Contractor in the performance of the services under this Agreement.

8. ASSIGNMENT AND SUCCESSORS: BINDING EFFECT

- A. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors in interest by way of merger, acquisition, or otherwise and their permitted assigns.
- B. The Q/E shall not assign or transfer any of its rights, privileges, obligations or other interest under this Agreement, voluntarily or involuntarily, whether by merger, consolidation, dissolution, operation of law or any other matter, including any claims for money due or to become due under this Agreement, without prior written approval of the City.

9. INDEMNIFICATION; LIABILITY

It is expressly understood and agreed by and between the Q/E and the City that the Q/E shall defend, indemnify, and hold harmless the City for all losses, damages, claims or judgments on account of any suit, judgment, execution, claims, actions, or demands whatsoever resulting from the Q/E's actions or inactions as a result of this Agreement, as well as the actions or inactions of Q/E's employees, agents, representatives and subcontractors as a result of this agreement. The Q/E shall maintain adequate insurance in at least the aggregate maximum amounts which the City could be liable consistent with the provisions of the New Mexico Tort Claims Act. It is the sole responsibility of the Q/E to be in compliance with the law.

10. INSURANCE

- A. The Q/E, at its own cost and expense, shall carry and maintain in full force and effect during the term of this Agreement, comprehensive general liability insurance covering bodily injury and property damage liability with respect to the Project, in a form and with an insurance company acceptable to the City, with limits of coverage in the maximum amount which the City could be held liable under the New Mexico Tort Claims Act for each person injured and

for each accident resulting in damage to property. Such insurance shall provide that the City is named as an additional insured and that the City shall be notified no less than 30 days in advance of cancellation for any reason. The Q/E shall furnish the City with a copy of a "Certificate of Insurance" with respect to such coverage as a condition prior to performing under this Agreement.

- B. The Q/E shall also obtain and maintain Workers' Compensation insurance, as required by law, to provide coverage for Q/E's employees throughout the term of this Agreement. The Q/E shall provide the City with evidence of its compliance with such requirement.

11. NEW MEXICO TORT CLAIMS ACT

Any liability incurred by the City in connection with this Agreement is subject to the immunities and limitations of the New Mexico Tort Claims Act, Section 41-4-1, *et seq.* NMSA 1978, as amended. The City and its "public employees" as defined in the New Mexico Tort Claims Act, do not waive sovereign immunity, do not waive any defense and do not waive any limitation of liability pursuant to law. No provision in this Agreement modifies or waives any provision of the New Mexico Tort Claims Act.

12. THIRD PARTY BENEFICIARIES

By entering into this Agreement, the parties do not intend to create any right, title, or interest in or for the benefit of any person other than the City and the Q/E. No person shall claim any right, title or interest under this Agreement or seek to enforce this Agreement as a third-party beneficiary of this Agreement.

13. RECORDS AND AUDITS

The Q/E shall maintain and keep in its possession throughout the term of this Agreement and for a period of six years thereafter, all related records, including but not limited to, all financial records, requests for proposals (RFPs), invitations to bid, selection and award criteria, contracts and subcontracts, advertisements, minutes of pertinent meetings, as well as records sufficient to fully account for the amount and disposition of the total funds from all sources budgeted hereunder, the purpose for which such funds were used, and other such records as the City or the State shall proscribe. The Q/E shall be strictly liable for receipts and disbursements related to the Project Grant Monies. These records shall be subject to inspection by the City, the New Mexico Economic Development Department, and the State Auditor upon notice within five business days. The City shall have the right to audit billings both before and after payment; payments under this Agreement shall not foreclose the right of the City to recover excessive illegal payments.

14. APPROPRIATIONS

The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the City Governing Body and the New Mexico Economic Development Department on behalf of the Q/E to the Town for the performance of this Agreement. If sufficient appropriations and authorization are not made by the City Governing Body and the New Mexico Economic Development Department on behalf of the Q/E to the City, this Agreement shall terminate upon written notice being given by the City to the Q/E.

15. RELEASE

The Q/E, upon final fulfillment by the City of its obligations under this Agreement, releases the City, its officers and employees, from all liabilities, claims, and obligations whatsoever arising from or under this Agreement. The Q/E agrees not to purport to bind the City to any obligation not assumed herein by the City unless the Q/E has express written authority to do so, and then only within the strict limits of that authority.

16. CONFIDENTIALITY

Any confidential information provided to or developed by the Q/E in the performance of this Agreement shall be kept confidential and shall not be made available to any individual or organization by the Q/E without the prior written approval of the City.

17. CONFLICT OF INTEREST

The Q/E warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance or services required under this Agreement. The Q/E further agrees that in the performance of this Agreement no persons having any such interests shall be employed.

18. APPLICABLE LAW; CHOICE OF LAW; VENUE

The Q/E shall abide by all applicable federal and state laws and regulations, and all ordinances, rules and regulations of the City. In any action, suit or legal dispute arising from this Agreement, the Q/E agrees that the laws of the State of New Mexico shall govern. The parties agree that any action or suit arising from this Agreement shall be commenced in a federal or state court of competent jurisdiction in New Mexico. Any action or suit commenced in the courts of the State of New Mexico shall be brought in the First Judicial District Court.

19. AMENDMENT

This Agreement shall not be altered, changed or amended except by instrument in writing executed by the parties hereto.

20. SCOPE OF AGREEMENT

This Agreement incorporates all the agreements, covenants, and understanding between the parties hereto concerning the subject matter hereof, and all such covenants, agreements, and understandings have been merged into this written Agreement. This Agreement expresses the entire Agreement and understanding between the parties with respect to said performance. No prior agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in the Agreement.

21. REPRESENTATIONS AND WARRANTIES

- A. The Q/E hereby warrants the Q/E is and will remain in compliance with the Americans with Disabilities Act of 1990 (the "ADA") and the regulations promulgated thereunder, 29 CFR 1630. The Q/E hereby agrees to defend, indemnify and hold harmless the City from and against all claims, suits, damages, costs, losses and expenses in any manner arising out of or

connected with the failure of the Q/E, its contractors and subcontractors, agents, successors, assigns, officers or employees to comply with provisions of the ADA or the rules and regulations promulgated thereunder.

- B. The Q/E agrees to comply with the applicable provisions of local, state and federal equal employment opportunity statutes and regulations.

22. APPLICABLE LAW

This Agreement shall be governed by the ordinances of the City and the laws of the State of New Mexico.

23. NON-DISCRIMINATION

During the term of this Agreement, the Q/E shall not discriminate against any employee or applicant for an employment position to be used in the performance by the Q/E hereunder, on the basis of ethnicity, race, age, religion, creed, color, national origin, ancestry, sex, gender, sexual orientation, physical or mental disability, medical condition, or citizenship status.

24. SEVERABILITY

In case any one or more of the provisions contained in this Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein, and any other application thereof shall not in any way be affected or impaired thereby.

25. NOTICES

Any notices required to be given under this Agreement shall be in writing and served by personal delivery or by mail, postage prepaid, to the parties at the following addresses:

If to the CITY OF SANTA FE:
City of Santa Fe
Attn: Johanna Nelson - Director, Office of Economic Development
P.O. Box 909
Santa Fe, NM 87504

If to QUALIFYING ENTITY:
Attn: Justin Crowe
Parting Stone Inc.
9 Plaza de Prensa Santa
Fe, NM 87507

26. HEADINGS

The section headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

27. ATTACHMENTS

All attachments are fully incorporated herein and made a part of this Agreement.

28. COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

29. REPRESENTATION ON AUTHORITY OF SIGNATORIES

The signatory for the Q/E represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement. The Q/E represents and warrants that the execution and delivery of the Agreement and the performance of the Q/E's obligations hereunder have been duly authorized and that the Agreement is a valid and legal agreement binding on such party and enforceable in accordance with its terms.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

CITY OF SANTA FE:

Alan Webber, Mayor

ATTEST:

Geralyn Cardinas, Interim City Clerk

CITY ATTORNEY'S OFFICE:

Patricia Feghali

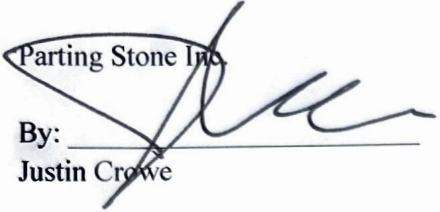
Patricia Feghali (Nov 12, 2024 10:41 MST)

Assistant City Attorney

APPROVED FOR FINANCES

Emily Oster, Finance Director

QUALIFYING ENTITY:

Parting Stone Inc.

By: _____
Justin Crowe

Date: 8/27/24

STATE OF NEW MEXICO)

) ss

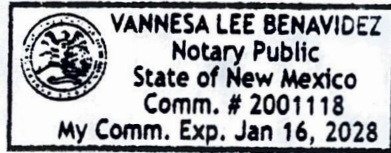
COUNTY OF SANTA FE)

Notarized Affidavit

This instrument was acknowledged before me on this 21st day of August, 2024, by Justin Crowe on behalf of Parting Stone Inc.


Notary Public

My commission expires: 1/16/28



Attachment A

INTERGOVERNMENTAL AGREEMENT NEW MEXICO ECONOMIC DEVELOPMENT DEPARTMENT AND THE CITY OF SANTA FE, NEW MEXICO

This Intergovernmental Agreement ("Agreement") is entered into as of the date of the last signature affixed below by and between the New Mexico Economic Development Department ("EDD") and the City of Santa Fe, a municipal corporation of the State of New Mexico ("City"), collectively referred to as the "Parties," with reference to the following facts.

SECTION 1. RECITALS:

WHEREAS, the New Mexico State Legislature enacted Laws 2014, Chapter 63, Section 5, Subsection 33 which appropriated ten million dollars (\$10,000,000) to EDD "[f]or economic development projects pursuant to the Local Economic Development Act" (the "Appropriation"); and

WHEREAS, the purpose of the Local Economic Development Act, NMSA 1978 §§ 5-10-1, et seq., ("LEDA"), is to provide "public support for economic development to foster, promote, and enhance local economic development efforts..." Section 5-10-2(B); and

WHEREAS, the City has adopted LEDA by Ordinance 2004-42, which established the City's Economic Development Plan that promotes economic development within the City and Ordinances Nos. 2008-42 and 2018-4 amending the Economic Development Plan Ordinance; and

WHEREAS, the City has adopted Ordinance No. 10 ("Ordinance") to approve the economic development project ("Project") to secure the expansion of Parting Stone Inc., a New Mexico corporation ("Parting Stone") within the City; and

WHEREAS, the City has entered into a Local Economic Development Project Participation Agreement ("PPA") with Parting Stone and, pursuant to the terms of that PPA, Parting Stone will provide a substantive contribution in exchange for the public contribution. A copy of the PPA and any amendments are attached hereto as **Exhibit A**; and

WHEREAS, the EDD and the City desire to enter into this Agreement to facilitate the disbursement of funds for the Project;

NOW THEREFORE, the Parties do hereby agree to the following terms and conditions to accomplish the Project.

SECTION 2. PURPOSE OF AGREEMENT:

The purpose of this Agreement is to place the primary responsibility on the City to oversee and administer the appropriation for the Project. It is the intent of the Parties that the EDD will transfer an amount not to exceed One Hundred Fifty Thousand Dollars and No Cents (\$150,000.00) (the "State Funds") from the Appropriation to the City for expenditures made to implement the Project. The Parties agree that any and all State Funds received by the City will be accounted for by the City as the fiscal agent for the EDD in accordance with the procedures the City will use to account for its own funds and property used to implement the Project, or any properties acquired or developed by the City as a result of the implementation of the Project will be used by the City for economic development purposes only.

SECTION 3. SCOPE OF WORK:

The City will act as fiscal agent for the appropriation supporting the Project. EDD will transfer an amount not to exceed One Hundred Fifty Thousand Dollars and No Cents (\$150,000.00) from the Appropriation to the City for expenditures made to implement the Project, pursuant to the LEDA statutes. In exchange for the appropriation, Parting Stone will create Thirty-Two (32) new jobs and contribute up to One Million Sixty-Six Thousand Five Hundred Dollars (\$1,066,500) in capital investment within ten (10) years after the execution of this Agreement. In August 2024, Parting Stone's starting headcount is 24 full-time jobs, so the starting headcount for this Project is the net jobs above 24 jobs. The EDD expressly agrees that "new" jobs are those jobs created by Parting Stone on or after the date of LEDA Ordinance adoption. The City will quarterly review the Project timeline and progress until the ten-year anniversary of this Agreement or until the City certifies to the EDD that the requisite Economic Development Goals have been completed to the City's satisfaction or that the EDD contribution of no greater than \$150,000.00 in Funds has been reimbursed to EDD. In the event that Parting Stone falls below the hiring target in any given period, reimbursements will be suspended until the hiring target is achieved and sustained for at least ninety (90) days.

The EDD and the City agree that the failure of Parting Stone to make its required contribution, as defined in the PPA, will result in a violation of the terms and conditions of the PPA. Such violation, after any cure period granted, will require that the City foreclose on the security interest. All the terms, conditions, and requirements set forth under the PPA are incorporated into this Agreement by reference. All State funds recaptured from Parting Stone by the City shall be returned to EDD within 60 days.

SECTION 4. CITY OF SANTA FE RESPONSIBILITIES:

The City shall:

1. Submit all documentation supporting expenditures made to implement the Project in a format acceptable to the State.
2. Notify the EDD in writing of any default by Parting Stone within 60 days of the event of default, as defined in the PPA ("Default");
2. Serve as fiscal agent for the State Funds transferred to it under this Agreement;
3. Complete all of the following goals identified in this Agreement within the time limits agreed upon by the Parties:
 - a. Account for receipts and disbursements of reimbursed State Funds;
 - b. Provide the EDD with the required financial documentation pertaining to this disbursement; and
 - c. Submit all required and reasonably requested documentation to the EDD, including the endorsed LEDA Ordinance approved by the City Council accepting the Project for Parting Stone as a qualifying entity pursuant to LEDA. Such documentation shall include a fully executed copy of the Parting Stone security interest, copies of invoices, and other documentation as required by the EDD within the time required; and
4. Not impose any obligations on EDD with respect to the administration of this Project, other than the reimbursement of State Funds described in this Agreement; and

5. Monitor job creation by Parting Stone and report the number of jobs created each quarter to EDD for a period of ten (10) years after this Agreement has been fully executed. Quarterly reports shall include a copy of FORM ES-903 (or any form substituted therefore by the State) provided by Parting Stone to the City, on file with the New Mexico Department of Workforce Solutions.

The Parties have created a disbursement schedule in the PPA, which is hereby incorporated into this Agreement and made a part hereof by this reference as though set forth in full.

SECTION 5. CITY CERTIFICATIONS:

As fiscal agent, the City hereby assures and certifies that:

1. It will comply with all applicable State laws, regulations, policies, guidelines, and requirements with respect to the acceptance and use of State Funds;
2. It has the legal authority to receive and expend the State Funds;
3. It will enforce the provisions of Ordinance No. 10 approving the Project;
4. It has exercised due diligence in certifying that the Project is a viable economic development initiative with potential long-term economic development benefits;
5. It will provide the EDD documentation and references to expertise it has relied upon in approving this Project upon receipt thereof or reliance thereupon and copies of reports and documentation it receives from Parting Stone;

6. It has entered into a PPA and has obtained all financial documentation necessary to protect the City's and the State's investments in this project;
7. It shall not at any time during the life of this Agreement convert any property acquired or developed pursuant to this Agreement to uses other than those within the Project description as defined in Section 2 - Purpose of Agreement and Section 3 - Scope of Work, stated above;
8. It will notify the EDD of any Default within sixty (60) days of an event of Default. Further, the City shall provide the opportunity for any Default to be cured by Earth Traveler, in accordance with the PPA prior to termination thereof;
9. No member, officer, or employee of the City or its designees or agents, no member of the governing body of the locality of which the program is situated, and no other public official that exercises any functions or responsibilities with respect to the Project during his/her tenure, or for one (1) year thereafter, shall have any interest, direct or indirect, in any contract or subcontract, or the process thereof, for work to be performed in connection with the Project that is the subject of this Agreement. The City shall require Parting Stone to incorporate in all contracts or subcontracts a provision prohibiting such interest pursuant to this certification; and
10. It has complied with Article IX, Section 14 of the New Mexico Constitution, known as the "anti-donation clause."

SECTION 6. EDD RESPONSIBILITIES:

EDD shall:

1. Transfer an amount not to exceed One Hundred Fifty Thousand Dollars and No Cents (\$150,000.00) from the Appropriation to the City for expenditures made to implement the Project; and
2. At the EDD's discretion, review and audit the Project if it is deemed to be necessary or desirable.

SECTION 7. TERM OF AGREEMENT:

This Agreement shall become effective on the date it is fully executed and shall terminate when Parting Stone documents to the City's satisfaction that the required Economic and Development Goals, as defined in the PPA, have been satisfied, or until the PPA is otherwise terminated or expires, whichever occurs earlier.

SECTION 8. LIABILITY:

No Party shall be responsible for liability incurred as a result of the other Party's acts or omissions. Any liability incurred in connection with this Agreement is subject to the immunities and limitations of the New Mexico Tort Claims Act, NMSA 1978, §§ 41- 4-1, *et seq.* The Parties may agree to reimburse one another under these liability provisions, subject to sufficient appropriation by the New Mexico Legislature or sufficient funds being available to the Party, as determined by the Party responsible for payment.

SECTION 9. DISPOSITION OF PROPERTY; RECORDS; RETURN OF SURPLUS FUNDS:

1. Property purchased under this Agreement for the Project shall remain with the purchasing party unless otherwise agreed upon.
2. The City Finance Department shall keep such records as will fully disclose the amount and disposition of the total funds from all sources budgeted for the Project, the purposes for which such funds were used, and such other records as the EDD may require.
3. If, upon the expiration of the Project or the termination date of this Agreement, any surplus Funds are possessed by the City, the City shall return said Funds to the EDD for disposition in accordance with law.

SECTION 10. STRICT ACCOUNTABILITY:

The City Finance Department shall be strictly accountable for receipts and disbursements relating hereto and shall make all relevant financial records available to EDD and the New Mexico State Auditor quarterly or upon request, and shall maintain all such records for a period of six (6) years following completion of all the records and any audits.

SECTION 11. REPORTS:

The City shall submit to the EDD the quarterly employment report in the form of an affidavit signed by an officer of Parting Stone, which Parting Stone is required to submit quarterly to the City. The City Office of Economic Development shall submit to the EDD the quarterly reports that Parting Stone is required to submit to the City, including copies of Form ES-903 (or any form substituted therefor by the State), filed by Parting Stone with

the New Mexico Department of Workforce Solutions. The City Office of Economic Development shall submit to the EDD a final report respecting direct and indirect job creation and retention attributable to the State appropriation on or before the termination of this Agreement. The Final Report shall contain a description of work accomplished, the methods and procedures used, a detailed budget breakdown of expenditures, a description of any problems or delays encountered and the reasons therefore, and such other information as may be requested by the EDD.

SECTION 12. NOTICES; REPRESENTATIVES OF THE PARTIES:

Any notice required to be given to a Party by this Agreement shall be in writing and shall be delivered in person, by courier service, or by U.S. Mail, either first class or certified, return receipt requested, postage prepaid, as follows. The Parties hereby designate the individuals named below as their representative responsible for overall administration of this Agreement.

If to the EDD:

Attn: Mark Roper
NM Economic Development
Department, Division Director
Joseph Montoya Building
1100 St. Francis Drive
Santa Fe, New Mexico 87505
Mark.Roper@state.nm.us

If to the City:

Attn: Johanna Nelson
Director, Office of Economic
Development
500 Market Station, Suite 200
Santa Fe, New Mexico 87504
jcnelson@santafenm.gov

SECTION 13. AMENDMENTS:

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

SECTION 14. GOVERNING LAW:

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

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

CITY OF SANTA FE:

Alan M. Webber, Mayor

ATTEST:

Geralyn Cardenas, Interim City Clerk

CITY ATTORNEY'S OFFICE:

Patricia Feghali
Patricia Feghali (Nov 12, 2024 10:41 MST)

Assistant City Attorney

APPROVED AS TO FINANCE:

Emily Oster, Finance Director

NEW MEXICO ECONOMIC DEVELOPMENT DEPARTMENT

By: _____

Mark Roper, Acting Cabinet Secretary

Date: _____

By: _____

Jesika Ulibarri

Its: General Counsel, certifying legal sufficiency

Attachment B



12/16/2022

FISCAL IMPACT ANALYSIS AND ECONOMIC IMPACT OF THE EXPANSION OF PARTING STONE

Prepared by:

New Mexico Economic Development Department
Joseph Montoya Building
1100 S. St. Francis Drive
Santa Fe, New Mexico 87505





Purpose and Limitations:

This report and analysis, provided by the New Mexico Economic Development Department, relies on prospective estimates of business activity. These estimates, which are provided by the company, may not be realized due to unforeseen events that are outside the control of the company and unknown to the New Mexico Economic Development Department.

The New Mexico Economic Development Department made reasonable efforts to ensure that the estimates provided by the company, are realistic estimates of future activity.

The model was created by the New Mexico Economic Development Economists and used assumptions to generate the final report. The report and analysis provided by the New Mexico Economic Development Department is not a guarantee that any of the estimates or results contained in this report will actually be achieved.

Introduction:

This report and analysis presents the results of an economic impact analysis performed using a model developed by the New Mexico Economic Development Department. The report estimates the impact that a potential project may have on the state and local economies and estimates the costs and benefits for the state and local economies over a 10-year period. The report and analysis uses RIMS II Multipliers produced by the U.S. Bureau of Economic Analysis (BEA).

Most projects produce a growth in population and/or a growth in the workforce in a City, County and the State of New Mexico. All growth comes at a cost, the additional economic activity and population growth stimulated by the project will generate additional costs in terms of providing basic infrastructure (roads and utilities) and public services (including public safety and schools). For example, if the applicant hires employees from outside the State, County and City, those workers who end up relocating their residence to within one or all of those areas, the population for which the government must provide services also increases. The costs associated with the expansion are broken down into two categories: 1) New residents to the State, County and City. 2) New Mexican residents hired to work for the company. The analysis assumes that all workers will live in the area of the expansion.

Description of the Company:

Parting Stone has created the first-ever complete alternative to cremated remains so that families choosing cremation could feel close and connected to loved ones after death. Instead of receiving a bag of ash, Parting Stone's solidification service now allows families to receive remains in a form that resembles a collection of stones. We call this new form of human and animal cremation remains "solidified remains." In the first 2 years we have seen an overwhelmingly positive response to solidified remains from both families and the death care industry at large. Funeral homes are excited to offer a new disposition form that serves a segment of their customers who previously didn't know what to do with ashes while increasing their bottom line. Families are pleased to have a form of remains to share with their family that feels comforting and meaningful.

Description of the Project:

Over the last 2 years, Parting Stone, Inc. has seen rapid growth and we are seeking a \$1,000,000 LEDA grant to renovate and upgrade our new lab facility. To sustain Parting Stone's continued growth, we are moving into a new, larger lab facility to accommodate additional orders, adding staff to fuel a growth model that has proven to be effective, and building inventory in a new vertical where customers are already asking us for a solution. This LEDA grant will be used to create lasting value for our company and for the Santa Fe community. First, the increase in orders has created a need for additional infrastructure. Additionally, we are partnered with a national funeral home supplier, Matthews International. They are currently offering us in their western region and over the next 5 years we plan to be rolled out in all of the regions their service covers. With this massive increase in orders in the near future, upgrading the new facility to handle the increase in production is an essential and urgent part of our growth.



Total Impacts

Fiscal Impact of Existing and Expanded Operations Over the Next Ten Years

Cumulative Net Benefits

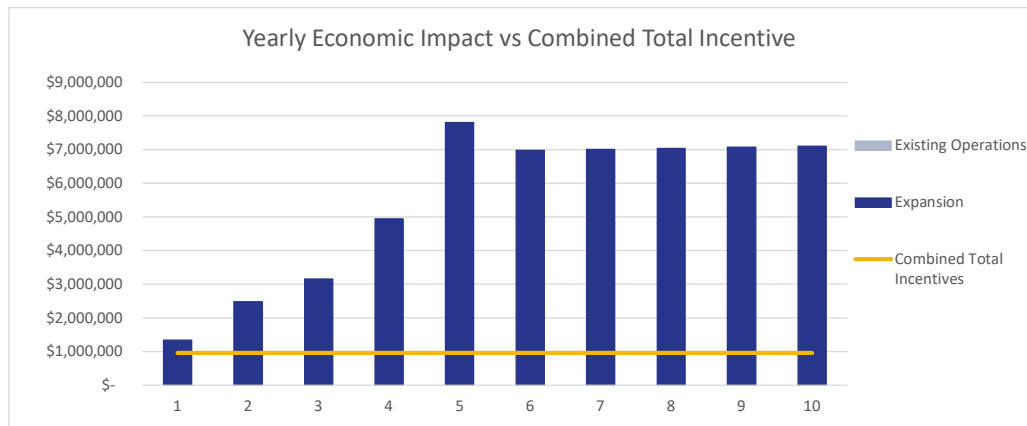
	Existing Operations	Expansion	Existing & Expanded Operations	Present Value of Net Benefits*
State of New Mexico	\$ -	\$ 2,360,434	\$ 2,360,434	\$ 1,796,670
County	\$ -	\$ 344,282	\$ 344,282	\$ 264,413
City	\$ -	\$ 572,817	\$ 572,817	\$ 441,846
School District	\$ -	\$ 25,270	\$ 25,270	\$ 19,182
Special Taxing District	\$ -	\$ 10,193	\$ 10,193	\$ 7,738
Total	\$ -	\$ 3,312,996	\$ 3,312,996	\$ 2,529,848

* The Present Value of Net Benefits expresses the future stream of net benefits received over several years as a single value in today's dollars. Today's dollar and a dollar to be received at differing times in the future are not comparable because of the time value of money. The time value of money is the interest rate or each taxing entity's discount rate. This analysis uses a discount rate of 5% to make the dollars comparable.

** In the cumulative net benefits of the existing and expanded operations for the State of New Mexico, corporate income tax has been removed from the existing operations total to avoid double counting.

Total Economic Impact

	Total
Estimated Economic Impact Over 10 Years:	\$ 54,933,273
Combined Total Incentive Over 10 Years:	\$ 963,324
Economic Impact Rate of Return:	5,602%

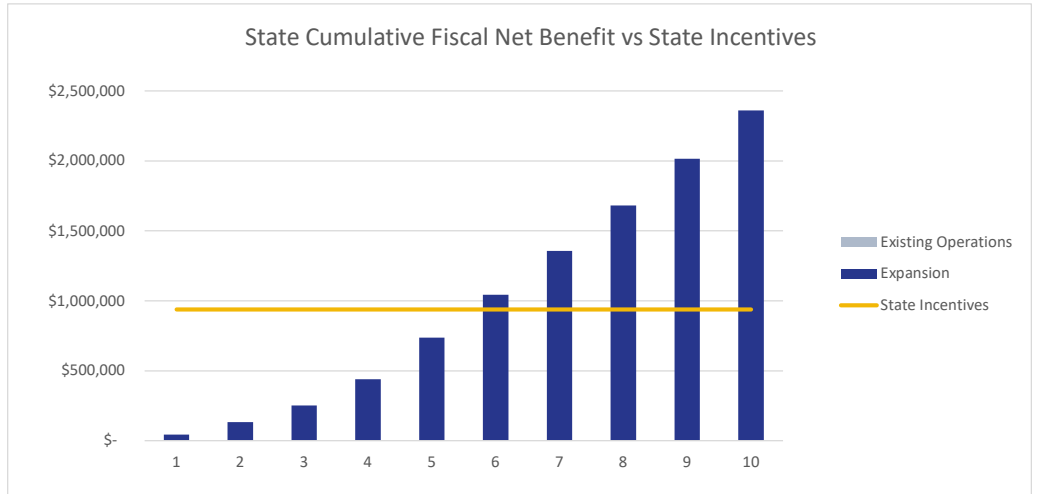


Workers and New Residents over 10 years

	Direct	Indirect and Induced
Number of Jobs Created:	89	42
Estimated Number of Construction Workers:	11	
Estimated Number of New Residents to the State:	13	
Estimated Number of New Residents to the County:	26	
Estimated Number of New Residents to the City:	23	

State Impacts





Incentives

Total State Incentive:	\$	938,324
State Incentive Per Job:	\$	10,543

Combined Payback and Return

State Payback Period Combined:	5.66	Years
State Rate of Return Combined:	91%	

Expansion Only Payback and Return

State Payback Period Expansion:	5.66	Years
State Rate of Return Expansion:	91%	

State Net Benefits Of Current Operations

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ -	\$ -	\$ -	\$ -
2	\$ -	\$ -	\$ -	\$ -
3	\$ -	\$ -	\$ -	\$ -
4	\$ -	\$ -	\$ -	\$ -
5	\$ -	\$ -	\$ -	\$ -
6	\$ -	\$ -	\$ -	\$ -
7	\$ -	\$ -	\$ -	\$ -
8	\$ -	\$ -	\$ -	\$ -
9	\$ -	\$ -	\$ -	\$ -
10	\$ -	\$ -	\$ -	\$ -

State Net Benefits Of Expansion

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 46,552	\$ 1,372	\$ 45,180	\$ 45,180
2	\$ 91,527	\$ 4,034	\$ 87,494	\$ 132,674
3	\$ 126,904	\$ 6,053	\$ 120,851	\$ 253,524
4	\$ 196,797	\$ 9,873	\$ 186,924	\$ 440,448
5	\$ 312,546	\$ 16,057	\$ 296,489	\$ 736,937
6	\$ 321,918	\$ 16,419	\$ 305,500	\$ 1,042,437
7	\$ 331,586	\$ 16,788	\$ 314,798	\$ 1,357,235
8	\$ 341,559	\$ 17,166	\$ 324,393	\$ 1,681,628
9	\$ 351,846	\$ 17,552	\$ 334,294	\$ 2,015,922
10	\$ 362,459	\$ 17,947	\$ 344,512	\$ 2,360,434

State Combined Net Benefits

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 46,552	\$ 1,372	\$ 45,180	\$ 45,180
2	\$ 91,527	\$ 4,034	\$ 87,494	\$ 132,674
3	\$ 126,904	\$ 6,053	\$ 120,851	\$ 253,524
4	\$ 196,797	\$ 9,873	\$ 186,924	\$ 440,448
5	\$ 312,546	\$ 16,057	\$ 296,489	\$ 736,937
6	\$ 321,918	\$ 16,419	\$ 305,500	\$ 1,042,437
7	\$ 331,586	\$ 16,788	\$ 314,798	\$ 1,357,235
8	\$ 341,559	\$ 17,166	\$ 324,393	\$ 1,681,628
9	\$ 351,846	\$ 17,552	\$ 334,294	\$ 2,015,922
10	\$ 362,459	\$ 17,947	\$ 344,512	\$ 2,360,434

State Breakdown of Combined Benefits, Costs, and Net Benefits Over the Next 10 Years

Taxes and Revenue

Gross Receipt Taxes	\$ 833,943
Personal Income Taxes	\$ 1,457,185
Corporate Income Taxes	\$ -
Misc. Taxes and Revenue	\$ 192,567
Subtotal of Benefits	\$ 2,483,695

Costs

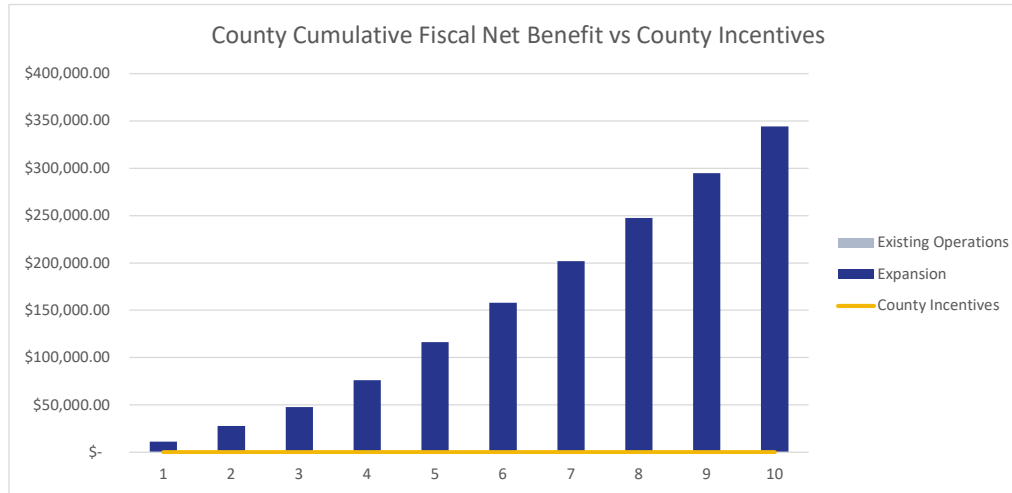
Costs	\$ 123,261
Subtotal of Costs	\$ 123,261

Net Benefits

Net Benefits	\$ 2,360,434
Present Value	\$ 1,796,670

County Impacts





Incentives

Total County Incentive:	\$	-
County Incentive Per Job:	\$	-

Combined Payback and Return

County Payback Period Combined:	-	Years
County Rate of Return Combined:		N/A

Expansion Only Payback and Return

County Payback Period Expansion:	-	Years
County Rate of Return Expansion:		N/A

County Net Benefits Of Current Operations

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ -	\$ -	\$ -	\$ -
2	\$ -	\$ -	\$ -	\$ -
3	\$ -	\$ -	\$ -	\$ -
4	\$ -	\$ -	\$ -	\$ -
5	\$ -	\$ -	\$ -	\$ -
6	\$ -	\$ -	\$ -	\$ -
7	\$ -	\$ -	\$ -	\$ -
8	\$ -	\$ -	\$ -	\$ -
9	\$ -	\$ -	\$ -	\$ -
10	\$ -	\$ -	\$ -	\$ -

County Net Benefits Of Expansion

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 11,457	\$ 158	\$ 11,298	\$ 11,298
2	\$ 16,748	\$ 465	\$ 16,283	\$ 27,581
3	\$ 20,987	\$ 698	\$ 20,290	\$ 47,871
4	\$ 29,114	\$ 1,138	\$ 27,977	\$ 75,848
5	\$ 42,164	\$ 1,850	\$ 40,314	\$ 116,161
6	\$ 43,902	\$ 1,892	\$ 42,010	\$ 158,171
7	\$ 45,695	\$ 1,935	\$ 43,760	\$ 201,932
8	\$ 47,545	\$ 1,978	\$ 45,566	\$ 247,498
9	\$ 49,453	\$ 2,023	\$ 47,430	\$ 294,928
10	\$ 51,422	\$ 2,068	\$ 49,354	\$ 344,282

County Combined Net Benefits

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 11,457	\$ 158	\$ 11,298	\$ 11,298
2	\$ 16,748	\$ 465	\$ 16,283	\$ 27,581
3	\$ 20,987	\$ 698	\$ 20,290	\$ 47,871
4	\$ 29,114	\$ 1,138	\$ 27,977	\$ 75,848
5	\$ 42,164	\$ 1,850	\$ 40,314	\$ 116,161
6	\$ 43,902	\$ 1,892	\$ 42,010	\$ 158,171
7	\$ 45,695	\$ 1,935	\$ 43,760	\$ 201,932
8	\$ 47,545	\$ 1,978	\$ 45,566	\$ 247,498
9	\$ 49,453	\$ 2,023	\$ 47,430	\$ 294,928
10	\$ 51,422	\$ 2,068	\$ 49,354	\$ 344,282

County Breakdown of Combined Benefits, Costs, and Net Benefits Over the Next 10 Years

Taxes and Revenue

Gross Receipt Taxes	\$ 320,747
Misc. Taxes and Revenue	\$ 4,153
Property Taxes	\$ 33,586
Subtotal of Benefits	\$ 358,486

Costs

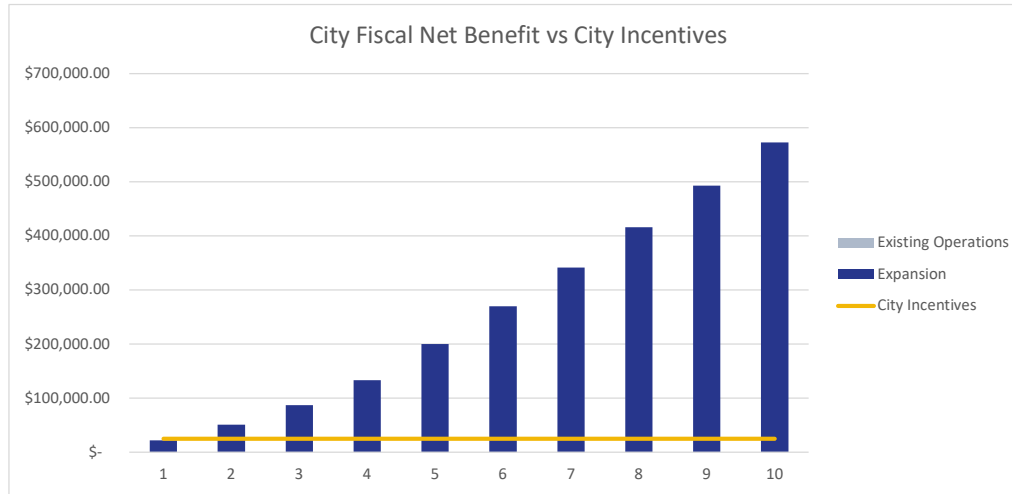
Costs	\$ 14,204
Subtotal of Costs	\$ 14,204

Net Benefits

Net Benefits	\$ 344,282
Present Value	\$ 264,413

City Impacts





Incentives

Total City Incentive:	\$ 25,000
City Incentive Per Job:	\$ 281

Combined Payback and Return

City Payback Period Combined:	1.11 Years
City Rate of Return Combined:	1667%

Expansion Only Payback and Return

City Payback Period Expansion:	1.11 Years
City Rate of Return Expansion:	1667%

City Net Benefits Of Current Operations

Year	Benefits		Costs		Net Benefits	Cumulative Net Benefits
1	\$	-	\$	-	\$	-
2	\$	-	\$	-	\$	-
3	\$	-	\$	-	\$	-
4	\$	-	\$	-	\$	-
5	\$	-	\$	-	\$	-
6	\$	-	\$	-	\$	-
7	\$	-	\$	-	\$	-
8	\$	-	\$	-	\$	-
9	\$	-	\$	-	\$	-
10	\$	-	\$	-	\$	-

City Net Benefits Of Expansion

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 23,128	\$ 1,291	\$ 21,837	\$ 21,837
2	\$ 33,414	\$ 4,041	\$ 29,373	\$ 51,210
3	\$ 41,584	\$ 6,129	\$ 35,454	\$ 86,665
4	\$ 56,741	\$ 10,083	\$ 46,658	\$ 133,323
5	\$ 83,486	\$ 16,489	\$ 66,997	\$ 200,320
6	\$ 86,234	\$ 16,856	\$ 69,379	\$ 269,698
7	\$ 89,077	\$ 17,230	\$ 71,847	\$ 341,546
8	\$ 92,019	\$ 17,613	\$ 74,406	\$ 415,951
9	\$ 95,062	\$ 18,004	\$ 77,058	\$ 493,009
10	\$ 98,211	\$ 18,404	\$ 79,808	\$ 572,817

City Combined Net Benefits

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 23,128	\$ 1,291	\$ 21,837	\$ 21,837
2	\$ 33,414	\$ 4,041	\$ 29,373	\$ 51,210
3	\$ 41,584	\$ 6,129	\$ 35,454	\$ 86,665
4	\$ 56,741	\$ 10,083	\$ 46,658	\$ 133,323
5	\$ 83,486	\$ 16,489	\$ 66,997	\$ 200,320
6	\$ 86,234	\$ 16,856	\$ 69,379	\$ 269,698
7	\$ 89,077	\$ 17,230	\$ 71,847	\$ 341,546
8	\$ 92,019	\$ 17,613	\$ 74,406	\$ 415,951
9	\$ 95,062	\$ 18,004	\$ 77,058	\$ 493,009
10	\$ 98,211	\$ 18,404	\$ 79,808	\$ 572,817

City Breakdown of Combined Benefits, Costs, and Net Benefits Over the Next 10 Years

Taxes and Revenue

Gross Receipt Taxes	\$ 649,513
Misc. Taxes and Revenue	\$ 40,973
Property Taxes	\$ 8,471
Subtotal of Benefits	\$ 698,957

Costs

Costs	\$ 126,140
Subtotal of Costs	\$ 126,140

Net Benefits

Net Benefits	\$ 572,817
Present Value	\$ 441,846

Special Taxing District and Public Schools



Special Taxing District

Special Taxing District Net Benefits of Current Operations

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ -	\$ -	\$ -	\$ -
2	\$ -	\$ -	\$ -	\$ -
3	\$ -	\$ -	\$ -	\$ -
4	\$ -	\$ -	\$ -	\$ -
5	\$ -	\$ -	\$ -	\$ -
6	\$ -	\$ -	\$ -	\$ -
7	\$ -	\$ -	\$ -	\$ -
8	\$ -	\$ -	\$ -	\$ -
9	\$ -	\$ -	\$ -	\$ -
10	\$ -	\$ -	\$ -	\$ -

Special District Net Benefits of Expansion

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 263	\$ -	\$ 263	\$ 263
2	\$ 446	\$ -	\$ 446	\$ 710
3	\$ 600	\$ -	\$ 600	\$ 1,309
4	\$ 779	\$ -	\$ 779	\$ 2,089
5	\$ 992	\$ -	\$ 992	\$ 3,081
6	\$ 1,132	\$ -	\$ 1,132	\$ 4,213
7	\$ 1,274	\$ -	\$ 1,274	\$ 5,487
8	\$ 1,419	\$ -	\$ 1,419	\$ 6,906
9	\$ 1,568	\$ -	\$ 1,568	\$ 8,474
10	\$ 1,719	\$ -	\$ 1,719	\$ 10,193

Special District Combined Net Benefits

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 263	\$ -	\$ 263	\$ 263
2	\$ 446	\$ -	\$ 446	\$ 710
3	\$ 600	\$ -	\$ 600	\$ 1,309
4	\$ 779	\$ -	\$ 779	\$ 2,089
5	\$ 992	\$ -	\$ 992	\$ 3,081
6	\$ 1,132	\$ -	\$ 1,132	\$ 4,213
7	\$ 1,274	\$ -	\$ 1,274	\$ 5,487
8	\$ 1,419	\$ -	\$ 1,419	\$ 6,906
9	\$ 1,568	\$ -	\$ 1,568	\$ 8,474
10	\$ 1,719	\$ -	\$ 1,719	\$ 10,193

Public Schools

Public Schools Net Benefits of Current Operations

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ -	\$ -	\$ -	\$ -
2	\$ -	\$ -	\$ -	\$ -
3	\$ -	\$ -	\$ -	\$ -
4	\$ -	\$ -	\$ -	\$ -
5	\$ -	\$ -	\$ -	\$ -
6	\$ -	\$ -	\$ -	\$ -
7	\$ -	\$ -	\$ -	\$ -
8	\$ -	\$ -	\$ -	\$ -
9	\$ -	\$ -	\$ -	\$ -
10	\$ -	\$ -	\$ -	\$ -

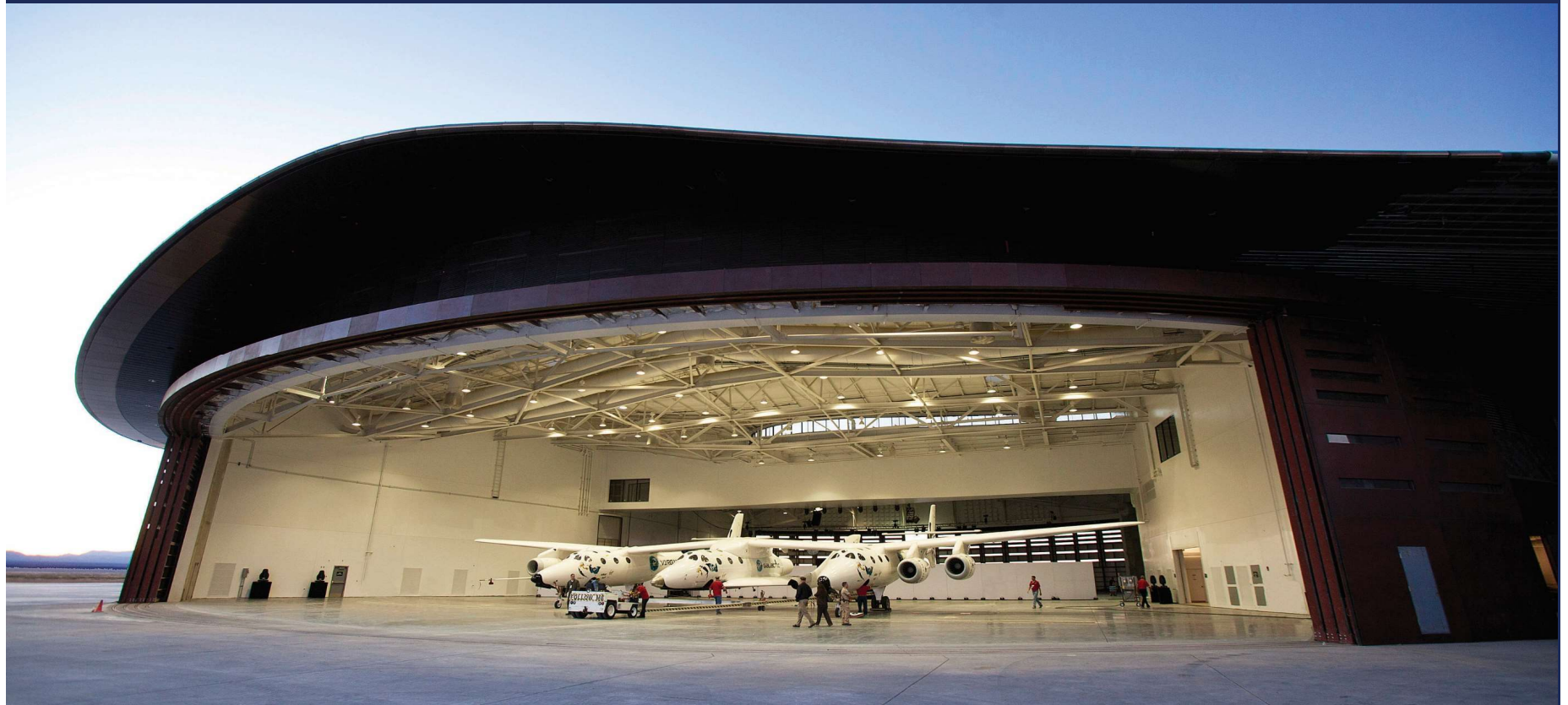
Public Schools Net Benefits of Expansion

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 651	\$ -	\$ 651	\$ 651
2	\$ 1,104	\$ -	\$ 1,104	\$ 1,755
3	\$ 1,485	\$ -	\$ 1,485	\$ 3,240
4	\$ 1,932	\$ -	\$ 1,932	\$ 5,172
5	\$ 2,466	\$ -	\$ 2,466	\$ 7,638
6	\$ 2,810	\$ -	\$ 2,810	\$ 10,448
7	\$ 3,161	\$ -	\$ 3,161	\$ 13,609
8	\$ 3,519	\$ -	\$ 3,519	\$ 17,128
9	\$ 3,885	\$ -	\$ 3,885	\$ 21,012
10	\$ 4,258	\$ -	\$ 4,258	\$ 25,270

Public Schools Combined Net Benefits

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 651	\$ -	\$ 651	\$ 651
2	\$ 1,104	\$ -	\$ 1,104	\$ 1,755
3	\$ 1,485	\$ -	\$ 1,485	\$ 3,240
4	\$ 1,932	\$ -	\$ 1,932	\$ 5,172
5	\$ 2,466	\$ -	\$ 2,466	\$ 7,638
6	\$ 2,810	\$ -	\$ 2,810	\$ 10,448
7	\$ 3,161	\$ -	\$ 3,161	\$ 13,609
8	\$ 3,519	\$ -	\$ 3,519	\$ 17,128
9	\$ 3,885	\$ -	\$ 3,885	\$ 21,012
10	\$ 4,258	\$ -	\$ 4,258	\$ 25,270

Property Tax Exemptions and Industrial Revenue Bonds



Property Tax Exemptions and Industrial Revenue Bonds

The City and/or the County is considering abating taxes on the Project's property. Below is a table that identifies the types of property that are under consideration for property tax abatement:

Land:	No
Building and Property Improvements:	No
Furniture, Fixtures and Equipment:	No

Property Tax Percentage Exemptions On Land and Building

County	City	Schools	Special Taxing District
0%	0%	0%	0%

Property Tax Percentage Exemptions On Furniture, Fixtures and Equipment

County	City	Schools	Special Taxing District
0%	0%	0%	0%

Value of Exemption Through 10 Years:	\$ -	\$ -	\$ -
*Value of Payment in Lieu of Taxes Through 10 Years:	\$ -	\$ -	\$ -

*The model assumes that the payment in lieu of taxes will be administered to the either the county or city, and the local government will disperse the amounts to the appropriate districts.

Percentage of Gross Receipt Taxes Foregone on Newly Purchased Furniture, Fixtures and Equipment Over 10 Years

Year	State	County	City
1	0%	0%	0%
2	0%	0%	0%
3	0%	0%	0%
4	0%	0%	0%
5	0%	0%	0%
6	0%	0%	0%
7	0%	0%	0%
8	0%	0%	0%
9	0%	0%	0%
10	0%	0%	0%
Value of Exemption Through 10 Years:	\$ -	\$ -	\$ -