

**ALBUQUERQUE DEVELOPMENT COMMISSION**  
**Local Economic Development Act Hearing**

**August 20, 2020**

Case #2020-7

**LEDA-20-5:** 3D Glass Solutions, Inc. Project

**REQUEST:** Approval of \$471,296.00 in Local Economic Development Act (LEDA) Zero Interest Loan funds is requested.

**NOTE:** The State of New Mexico's Economic Development Department (NMEDD) has developed a new program during the time of the COVID-19 pandemic to assist New Mexico businesses. They have reached out across the state, and asked local communities to partner with them through the Local Economic Development Act, as fiscal agents for a State 0% Loan Program to assist businesses for expenses relating to land, buildings, and infrastructure, as required by the State Act and local ordinances. Those expenses can include lease or mortgage payments, as the City has done with projects in the past.

It is very important to understand that the City, and this Commission, are not being asked to evaluate whether a loan should be given to a particular company, nor the terms of the loan. No City funds are involved in these transactions. The Administration and City Council have agreed to make changes in the City's LEDA enabling legislation and remove the requirement for a ten year company commitment to operate. The goal is to try and shore up existing businesses with a two-year 0% interest loan to help maintain and sustain jobs during this time of pandemic; it is less about job creation than job retention. Additional information on this program is attached and can be found at <https://gonm.biz/about-us/covid-19-response>.

Our department and the Commission are being asked to review and recommend these projects to the City Council, as to whether they comply with the City's LEDA plan, and then the City will be the fiscal agent for the State funds. The City is relying solely on the representations made by the companies participating in the State's 0% interest loan program, and the State's due diligence in reviewing and approving these projects; the companies and the State assume responsibility for the accuracy of the information. Also, the economic impact analysis is different from what we usually use on the City's projects. We agreed to accept the analysis of the state's economic consultant/model/staff, since only State funds were involved. A copy of the company's application to the state is attached.

We appreciate the State's Economic Development Department staff in working with us to assist Albuquerque companies in these uncertain times.

**PROJECT SUMMARY:**

3D Glass Solutions, Inc. ("3DGS") is an innovative radio frequency (RF) passive device design and manufacturing company that develops and builds high-frequency 3D components using its patented APEX Glass in its 33,000sf manufacturing facility located at 5601-B Balloon Fiesta Parkway NE, Albuquerque, NM 87113.

The COVID-19 crisis has slowed down their growth potential for the second half of 2020. 3DGS grew from 25 employees and quickly ramped up to 35 employees; a 40% increase in headcount in only 7 months. Without financial assistance, the company may need to implement a reduction program to conserve cash. Any reduction in headcount would be detrimental to their growth and could potentially create job uncertainty within 3DGS's office, thus negatively affecting their ability to retain current employees. They are working with NMEDD to help the company sustain their New Mexico employment with the 0% interest loan program. They are requesting a \$471,296.00 loan which would be used to pay their lease payments over the next two years. This much needed financial assistance will help 3DGS to maintain their current headcount and provide support for the continued growth of the business which will provide benefit to the Albuquerque MSA.

Founded in 2005, the technology was created by a researcher at Sandia National Labs. The researcher invented a technique that leveraged the unique properties of glass ceramics and an innovative manufacturing process to create precise, 3D RF passive components for the electronics industry.

3DGS utilizes semiconductor lithography techniques to pattern areas of substrates to become ceramic while other areas remain glass. The ceramic areas are chemically wet etched in dilute acids to create 3D microstructures within the substrate, while the glass area remains intact.

Inherently flexible and applicable across a wide range of end uses, 3DGS' technology overcomes the challenges of conventional approaches to device design. Telecom and aerospace applications benefit from 3DGS technology. The company's components can also be designed for satellites, military aircraft, and high-speed infrastructure.

As the COVID-19 nationwide concern escalated in late March, the company sent all non-essential/non-production personnel to work from homes. Management met daily to evaluate the impact of the pandemic on the business. The purpose of the meetings was to discuss the employee's health, production, and the financials and cash position. It was clear in April that there would be financial difficulties. The funding from the LEDA Zero Interest Loan will be used for building lease payments.

The lease agreement with MCT Development, Inc. was effective on December 1<sup>st</sup>, 2018 for the address at 5601 Balloon Fiesta Parkway, Suite 5601-B. The agreement was for a 15,967.17sf suite. The chart below outlines the lease payments per year. In addition to rent, the agreement also includes a Common Area Maintenance fee.

Base Rent for the Premises during the Initial Term shall be as follows:

Year 1 (5/1/2019- 4/30/2020)	Year 2 (5/1/2020- 4/30/2021)	Year 3 (5/1/2021- 4/30/2022)	Year 4 (5/1/2022- 4/30/2023)	Year 5 (5/1/2023- 4/30/2024)
\$5.50 per sq. ft./ \$87,819.44 annual	\$6.00 per sq. ft./ \$95,803.02 annual	\$6.75 per sq. ft./ \$107,778.40 annual	\$7.50 per sq. ft./ \$119,753.78 annual	\$8.00 per sq. ft./ \$127,737.36 annual
\$7,318.29 per month	\$7,983.59 per month	\$8,981.53 per month	\$9,979.48 per month	\$10,644.78 per month

A FIRST AMENDMENT TO LEASE, dated April 24, 2020 was signed by MCT Development and 3DGS. The agreement was to increase the square footage of the leased building from 15,967.17sf to 33,297.70sf. The lease payment amount was increased.

The rent for the 33,297.70 square feet shall be as follows:

Year 1	Year 2	Year 3	Year 4	Year 5
\$6.25 per sf \$208,110.63 annual	\$6.75 per sf \$224,759.48 annual	\$7.50 per sf \$249,732.75 annual	\$8.50 per sf \$283,030.45 annual	\$9.14 per sf \$304,340.98 annual
\$17,342.55 month	\$18,729.96 month	\$20,811.06 month	\$23,585.87 month	\$25,361.75 month
5/1/20-4/30/21	5/1/21-4/30/22	5/1/22-4/30/23	5/1/23-4/30/24	5/1/24-4/30/25

1

The LEDA Zero Interest Loan will help to insure a bridge past the coronavirus disaster. The majority of the current employees are specialized and technical in nature. The company offers a very competitive benefits package which includes: IRA, dental, and company paid life insurance. 3GDS contributes 95% the cost of the medical premium for employees and 50% cost of the medical premium for dependents.

The State of New Mexico and its local governments are empowered to offer discretionary incentives to companies that support economic development projects that foster, promote, and enhance local economic development efforts. Qualifying entities for these projects include:

**A corporation, limited liability company, partnership, joint venture, syndicate, association or other person that is one or a combination of two (2) or more of the following:**

- A. An industry for the manufacturing, processing, or assembling of any agricultural or manufactured products;**
- B. A business in which all or part of the activities of the business involves the supplying of services to the general public or to governmental agencies or to a specific industry or customer, but, other than as provided in paragraph E. of this subsection, not including businesses primarily engaged in the sale of goods or commodities at retail;**

Exhibit 2 delineates the required Project Participation Loan Agreement (“PPLA”) between 3DGS and the City. The PPLA is summarized in Section V.

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

The State is providing a loan in the amount of \$471,296.00 to assist the company with lease payments and maintain their employment in Albuquerque. In regard to the financial viability of the project, NMEDD has provided the following statement:

The New Mexico Economic Development Department staff has reviewed 3D Glass Solutions' financials and has found the following:

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

We note that there are definite strengths with this application:

1. Company demonstrates year over year growth in both sales' revenue and profit
2. Company has low long-term liabilities
3. Company is an established business in the field and will continue to be in demand after the pandemic

We noted no weaknesses with this application.

NMEDD staff has reviewed and 3DGS meets the standards for approval.

#### **FINDINGS:**

1. LEDA 20-5 is a qualified project as defined by the State's Local Economic Development Act and the City enabling legislation (F/S O-04-10); and
2. 3DGS has a successful history of doing business and a bright future in Albuquerque; and
3. The City is willing to act as fiscal agent for the State's 0% interest loan program for 3DGS; and

4. LEDA 20-5 would make positive substantive contributions to the local economy and community by retaining 32 jobs; and
5. Subject to the development of acceptable Security documents, LEDA 20-5 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives, including payback of the full loan amount within 2 years; and
6. Subject to the development of acceptable Security documents, LEDA 20-5 would adequately meet the evaluation criteria established by the City for Local Economic Development Act projects.

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

## **I. PROJECT ELIGIBILITY**

### **1. QUALIFYING ENTITY**

City enabling legislation (F/S O-04-10), as well as the State Local Economic Development Act, establishes a definition for a “Qualifying Entity” eligible for LEDA Zero Interest Loan assistance. 3DGS qualifies under the Act and the Ordinance by meeting the following definition:

**As stated in the Summary, qualifying entities for these projects include**

**A corporation, limited liability company, partnership, joint venture, syndicate, association or other person that is one or a combination of two (2) or more of the following:**

- A. An industry for the manufacturing, processing, or assembling of any agricultural or manufactured products;**
- B. A business in which all or part of the activities of the business involves the supplying of services to the general public or to governmental agencies or to a specific industry or customer, but, other than as provided in paragraph E. of this subsection, not including businesses primarily engaged in the sale of goods or commodities at retail;**

## 2. ECONOMIC DEVELOPMENT POLICIES AND OBJECTIVES

The City's enabling legislation also states that applications for LEDA assistance, which meet the policies and objectives of the City's community economic development plans, shall receive priority. 3DGS qualifies as the type of project that meets the City's identified economic development priorities under (F/S O-04-10) in the following categories:

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

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

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

**3D Glass Solutions, Inc. was founded in 2005. The technical knowledge started with a researcher at Sandia National Laboratories. The technology can be leveraged to serve a variety of applications in consumer, commercial, military and aerospace markets. This loan program and LEDA project will help keep the technical expertise alive and working into the future for New Mexico.**

## II. LAND USE, PLAN AND DESIGN ELEMENTS

### 1. PLAN & ZONING:

Legal Description:

The project is located at 5601-B Balloon Fiesta Parkway NE, Albuquerque, NM 87113.

Tract C-2-A, as shown and designated on the plat entitled "Plats for Tracts B-1, C-1-A, C-2-A and C-2-B, North Gateway, within a portion of the Elena Gallegos Grant, Projected Section 12, Township 11 North, Range 3 East, NMPM, City of Albuquerque, Bernalillo County, New Mexico", filed in the office of the County Clerk of Bernalillo County, New Mexico on June 15, 2007, in Plat Book 2007C, Page 164, as Doc. No. 2007088254.

Present Assessed Value is for the full lot not just the section 3DGS occupies:

Tax Year	<b>2020</b>
Full Land Value	\$9,656,300.00
Agric. Land	\$0.00
Full Impv. Value	\$0.00
Full Total Value	\$9,656,300.00
Taxable (1/3 Full)	\$3,218,445.00

**Present and Proposed Zoning**

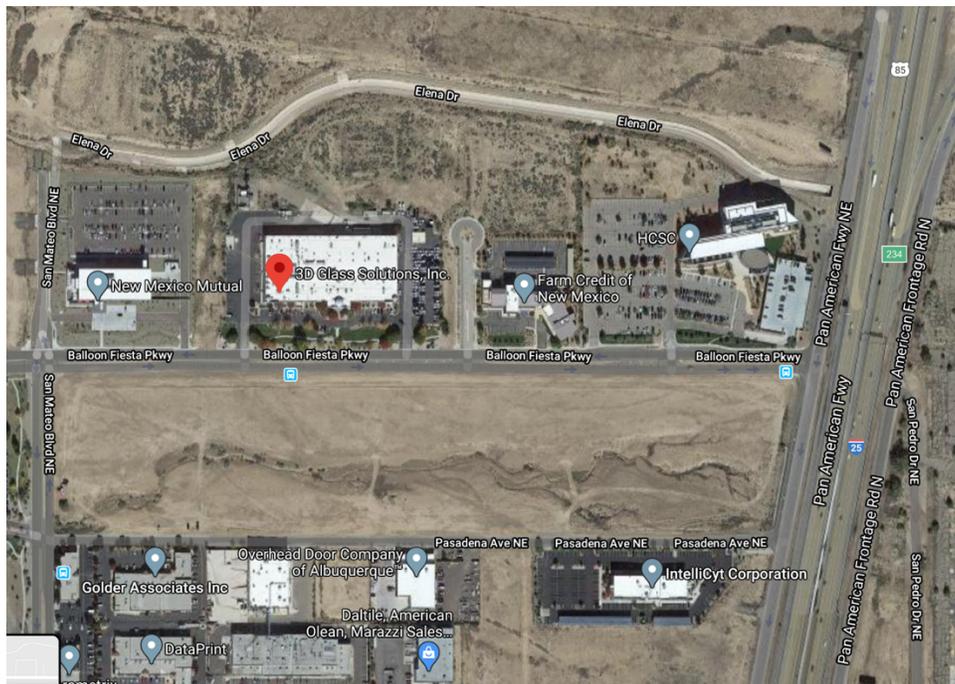
The site is currently zoned non-residential, light manufacturing zone district.

No changes will be required for the proposed use.

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

**2. LAND USE:**

The Project occupies a facility at 5601-B Balloon Fiesta Parkway NE, Albuquerque, NM 87113.



The building is owned by MCT Development; however, the company acquired the land through an Industrial Revenue Bond (IRB) with the City of Albuquerque and Bernalillo County.

The facility is leased under a five-year agreement representing a \$1.3 million total rent obligation for the Company. 3DGS has completed over \$2.3 million in tenant improvements over the past year and expect to incur an additional \$2.0 million in facility improvements over the next couple of years

3. INFILL:

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

4. DESIGN AND CONSERVATION:

The company is located off of I-25 and west of the Tramway exit. The offices and manufacturing space are all clean and in great condition. The existing building has been kept in excellent working condition by the company to maintain its appearance.

No historic properties are involved.

No individuals, families, or businesses will be displaced by the activities outlined in this plan. The project is located within an existing manufacturing facility.

5. RENEWABLE ENERGY:

The Company will not create or produce renewable energy from the facility.

**III. ECONOMIC BENEFITS**

6. COMPETITION:

The company has no direct competition in the same industry in Albuquerque.

7. JOBS: Current

<b>Employees</b>	<b>Payroll</b>	<b>Average Salary</b>
35	\$2,785,000	\$80,000

**COVID-19 headcount impact**

Reduce headcount by 10 employees  
Total payroll reduction of \$588,000

- Manufacturing: 5 employees; \$256,000 payroll reduction
- Product Development: 4 employees; \$293,000 payroll reduction
- Administration: 1 employee; \$39,000 payroll reduction

### **COVID-19 salary impact**

Reduce salary/hourly compensation on all remaining 25 employees

Total payroll reduction of \$402,000

- Sr. Mgmt.: salary reduced by 25%; 4 employees: \$206,000 payroll reduction
- Exempt: salary reduced by 15%; 16 employees: \$174,000 payroll reduction
- Non-exempt: salary reduced by 10%; 5 employees: \$22,000 payroll reduction

Pending approval of the LEDA Loan, the company has agreed to maintain a headcount of 32 and a monthly payroll of \$208,000.00.

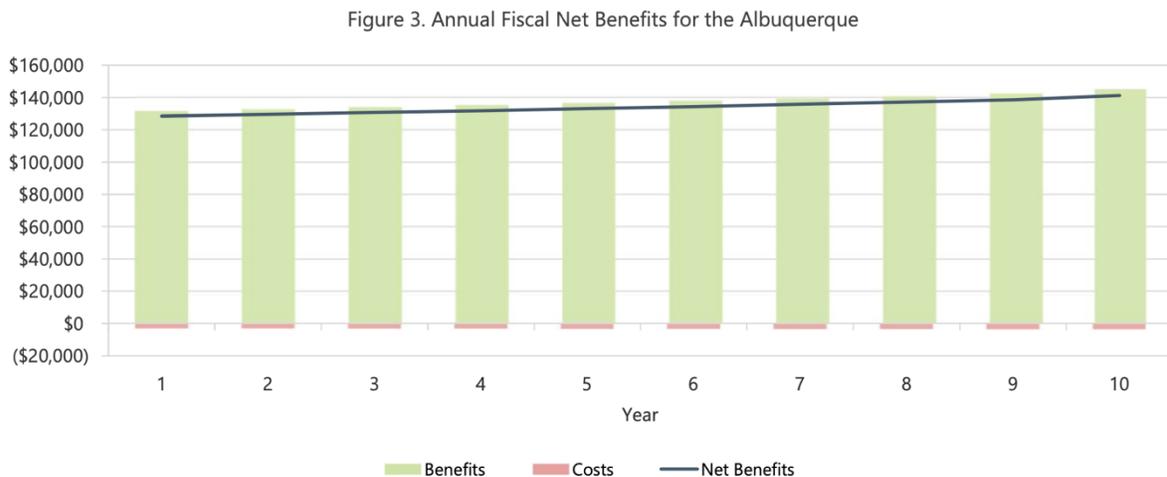
### Local Benefit

As shown in the table below, according to the economic impact model provided by the New Mexico Economic Development Department, the City would see a net present value of approximately \$1.0 million with the retention and potential growth of the business over the next 10 years.

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

	Amount
Gross Receipts Taxes	\$1,233,295
Real Property Taxes - Project	\$29,139
FF&E Property Taxes - Project	\$68,813
Property Taxes - New Residential	\$0
Utility Revenue	\$32,523
Utility Franchise Fees	\$11,975
Building Permits and Fees	\$0
Lodgers Taxes	\$0
Miscellaneous Taxes & User Fees	\$0
<u>Subtotal Benefits</u>	<u>\$1,375,744</u>
Cost of Providing Municipal Services	\$0
Cost of Providing Utility Services	(\$35,125)
<u>Subtotal Costs</u>	<u>(\$35,125)</u>
Net Benefits	\$1,340,619
<i>Present Value (5% discount rate)</i>	<i>\$1,031,020</i>

Figure 3. Annual Fiscal Net Benefits for the Albuquerque



On average 3DGS spends approximately \$0.8 million annually on goods and services locally purchased in New Mexico and subject to gross receipts tax.

### Conservation

The company uses approximately 105,000 gallons per month of water; 3,500 galloon per day. 3DGS is focused on conserving water in their manufacturing operations.

#### IV. PROJECT FEASIBILITY

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

The company provided their financials to the State of New Mexico for review and approval. 3DGS plans to raise additional funding in 2021 under a series C equity financing to support future expansion.

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

3DGS manufactures integrated passive devices (IPDs), mmWave filters, WiFi couplers, RF inductors and capacitors that deliver superior performance compared to other devices of similar size and footprint. Collaborating with customers on unique designs, 3DGS manufactures components for power amplifier devices, precision laser diodes, fiber aligners and couplers that are being used in high-speed data centers and servers.

In 2019, Lockheed Martin invested in 3DGS's technology in a Series B funding.

Additional information is available on <https://3dgsinc.com/3d-glass-news>.

##### 11. EQUITY:

Based on financial information provided, the Company appears capable of managing and repaying the loan.

##### 12. MANAGEMENT:

###### Management Team:

- Mark Popovich, President & CEO
- Jeb Flemming, Company Founder & CTO
- Adam Gushard, Treasurer & CFO
- Phil Ferguson, Corporate Secretary & Business Services Manager

###### Board of Directors:

- Stuart Schoenmann, Chairman, Series A/A1 investor
- Hideyuki Suzuki, Nagase & Co., Series B investor
- Lee Rand, Sun Mountain Capital, Series B investor
- Mark Popovich, President & CEO
- Jeb Flemming, Company Founder & CTO

Advisory Board:

- Jeffery Cunningham, Lockheed Martin Ventures, Series B investor
- Rod Novak, pSemi – a Murata Company, Series B investor
- Jeff Bullington, MVP, Series A/A1 investor
- Anastasia Canavan, MVP, Series A/A1 investor

For more information about the management team and board members, please visit their website:  
<https://3dgsinc.com/about-us/management>

### 13. FISCAL IMPACT ANALYSIS

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

## V. PROJECT PARTICIPATION AGREEMENT

Pursuant to the Local Economic Development Act, Sections 5-10-1 to 5-10-13 NMSA 1978 ("LEDA"), the City adopted Ordinance No. F/S 04-10 (the "LEDA Ordinance"), approving an economic development plan for the City and authorizing the City to consider applications for economic development assistance. The Ordinance calls for the preparation and approval of a Project Participation Loan Agreement (PPLA), which is the formal document, which states the contributions and obligations of all parties in the LEDA project. The agreement must clearly state the following items:

- (1) The economic development goals of the project;**
- (2) The contributions of the City and the qualifying entity;**
- (3) The specific measurable objectives upon which the performance review will be based;**
- (4) A schedule for project development and goal attainment;**
- (5) The security being offered for the City's investment;**
- (6) The procedures by which a project may be terminated and the City's investment recovered; and,**
- (7) The time period for which the City shall retain an interest in the project. Each project agreement shall have a "sunset" clause after which the City shall relinquish interest in and oversight of the project.**

**B. Each Project Participation Loan Agreement shall be adopted as an ordinance and adopted by the Council at a public hearing.**

The primary terms of the 3DGS Project Participation Loan Agreement are summarized and attached as an Exhibit.

1. COMPANY CONTRIBUTION

1. Goals and Objectives. The objective is to create and support an economic development project that fosters, promotes and enhances local economic development efforts. The goal is that the project will provide jobs and career opportunities that will benefit the community and contribute to its long-term economic growth and sustainability.
2. The Company Contribution. The Company agrees for its contribution to this economic development project to maintain thirty-two (32) full-time positions and a minimum of two hundred and eight thousand dollars (\$208,000) in monthly payroll. A position will represent an employment position for a person for at least one pay period consisting of at least 32 hours of work per week. Positions filled by contract, part-time and temporary workers will not be considered positions.
3. The State Contribution; Procedure for Disbursement of the State Contribution. The State of New Mexico Economic Development Department has agreed to loan to the Company the funds for a period not to exceed two years from the date hereof to be used for lease payments at 5601-B Balloon Fiesta Parkway NE, Albuquerque, NM 87113. The City anticipates that the State Contribution of four hundred and seventy-one thousand two hundred and ninety-six dollars (\$471,296.00) will be delivered to the City for subsequent disbursement to the Company, following enactment of the related LEDA ordinance and execution of this Agreement and an intergovernmental agreement between the State and the City. Disbursements shall be made in eight quarterly disbursements to the Company fifty-eight thousand nine hundred and twelve dollars (\$58,912.00). The second and subsequent disbursements shall be contingent on proof satisfactory to the City that Company's lease is current and to reimburse appropriate lease payments. The City will submit an invoice to the State to request transfer of the State funds. Upon receipt, the City will place the State Contribution into a separate account established in connection with the Project, as required by law. If, and only if, the City receives the State Contribution, the City will disburse the State Contribution to the Company in the manner described above.
4. Interest. Said loan shall be without interest, provided the terms of Section 2 are met, and will be repaid in whole at the end of this two (2) year agreement. However, if payroll as defined in Section 2 falls below 90%, the loan interest rate will escalate to 3% from the date of execution. If payroll falls below 80%, interest on the loan will be 6% from the date of execution. If payroll falls below 70%, the loan will become immediately due and payable with accrued interest.

5. Security. As security for the faithful performance and payment of all of Company's obligations under this Agreement, the Company shall furnish to the City a Corporate Guaranty attached hereto as Exhibit C. The Corporate Guaranty will remain in effect until the loan is repaid in full.

**FINDINGS:**

1. LEDA 20-5 is a qualified project as defined by the State's Local Economic Development Act and the City enabling legislation (F/S O-04-10); and
2. 3DGS has a successful history of doing business and a bright future in Albuquerque; and
3. The City is willing to act as fiscal agent for the State's 0% interest loan program for 3DGS; and
4. LEDA 20-5 would make positive substantive contributions to the local economy and community by retaining 32 jobs; and
5. Subject to the development of acceptable Security documents, LEDA 20-5 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives, including payback of the full loan amount within 2 years; and
6. Subject to the development of acceptable Security documents, LEDA 20-5 would adequately meet the evaluation criteria established by the City for Local Economic Development Act projects.

**STAFF RECOMMENDATION:**

Based on the above findings, staff recommends approval of LEDA 20-5 as proposed in the project plan application.

Economic Development Department

Fiscal Impact Overview

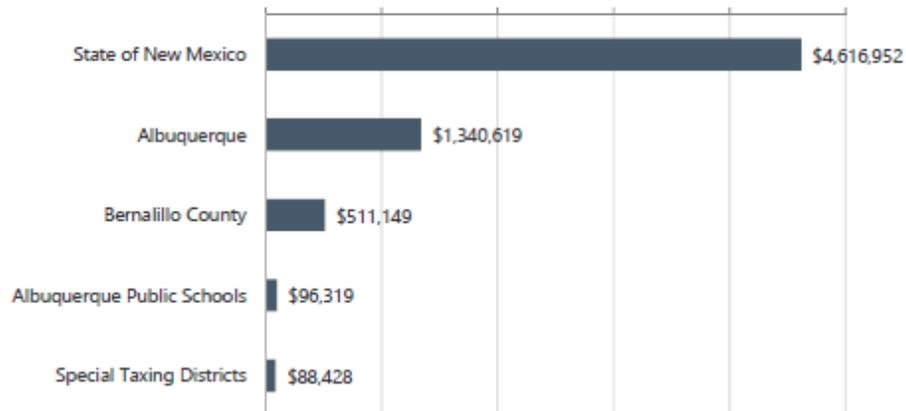
The Project will generate additional benefits and costs for local taxing districts, a summary of which is provided below. The source of specific benefits and costs are provided in greater detail for each taxing district on subsequent pages. Overall, the City will receive approximately \$1,340,600 in net benefits over the 10-year period and the Project will generate \$6,653,500 in total for all local taxing districts.

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

	Benefits	Costs	Net Benefits	Present Value of Net Benefits*
State of New Mexico	\$5,634,649	(\$1,017,697)	\$4,616,952	\$3,537,379
Albuquerque	\$1,375,744	(\$35,125)	\$1,340,619	\$1,031,020
Bernalillo County	\$511,149	\$0	\$511,149	\$395,845
Albuquerque Public Schools	\$96,319	\$0	\$96,319	\$77,749
Special Taxing Districts	\$88,428	\$0	\$88,428	\$0
Total	\$7,706,288	(\$1,052,822)	\$6,653,466	\$5,113,374

\* 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.

Figure 1. Net Benefits Over the Next 10 Years for the State and Local Taxing Districts



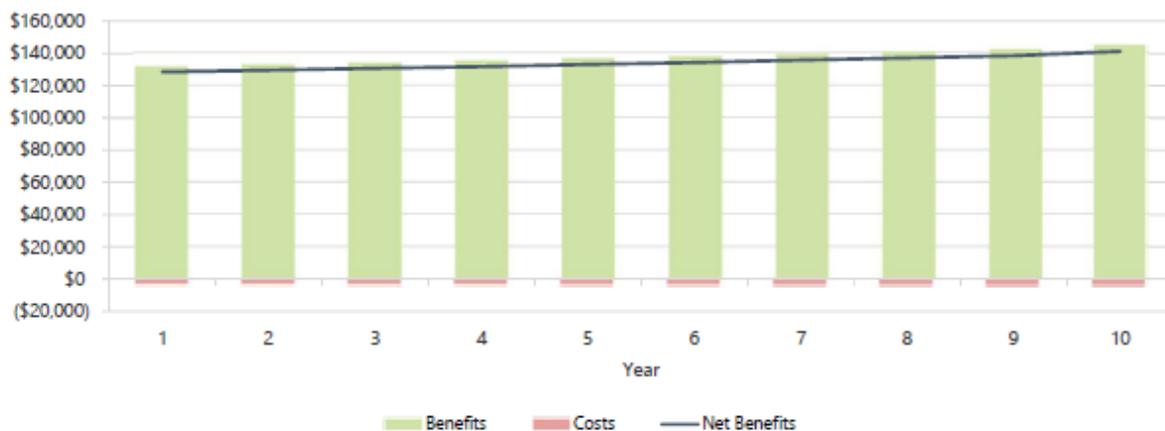
Albuquerque

The table below displays the estimated additional benefits, costs, and net benefits to be received by the City over the next 10 years of the Project. Appendix C contains the year-by-year calculations.

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

	Amount
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Miscellaneous Taxes & User Fees	\$0
<b>Subtotal Benefits</b>	<b><u>\$1,375,744</u></b>
Cost of Providing Municipal Services	\$0
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Net Benefits	\$1,340,619
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Figure 3. Annual Fiscal Net Benefits for the Albuquerque



**LOCAL ECONOMIC DEVELOPMENT PROJECT PARTICIPATION LOAN  
AGREEMENT**

**CITY OF ALBUQUERQUE AND 3D GLASS SOLUTIONS, INC.**

**LOCAL ECONOMIC DEVELOPMENT PROJECT 20-5**

**THIS LOCAL ECONOMIC DEVELOPMENT PROJECT PARTICIPATION LOAN AGREEMENT** (the “Agreement”) is entered into as of \_\_\_\_\_, 2020, by and between the CITY OF ALBUQUERQUE (the “City”), a political subdivision of the State of New Mexico (the “State”), and 3D Glass Solutions, Inc., a Nevada corporation (the “Company”). Together the City and the Company are called the “Parties,” and individually each a “Party.”

**WHEREAS**, the City provides public support of economic development projects to foster, promote and enhance local economic development efforts within the City pursuant to the Local Economic Development Act, Sections 5-10-1 17 through 5-10-13 NMSA 1978, as amended (the “Act”), and the City’s Local Economic Development Act Plan adopted pursuant to Ordinance No. F/S O-04-10 19 (the “LEDA Plan”), codified in the City’s Code of Ordinances at Sections 2-14-1-1 through 2-14-1-13; and,

**WHEREAS**, the City is permitted under the Act to serve as fiscal agent for the State of New Mexico (the “State”) to oversee and administer State local economic development funds committed to qualified entities located within the corporate limits of the City; and,

**WHEREAS**, in response to the COVID-19 pandemic, the State Economic Development Department created a zero-interest loan program (the “Loan Program”) for qualified entities that meet the requirements of the Act; and,

**WHEREAS**, the State’s Loan Program is intended to provide short-term financing for qualified entities with repayment of the loan due within two years and with the loan amount being fully securitized for the protection of the State and public funds; and,

**WHEREAS**, the City is not providing any City funds to the Company pursuant to the State’s Loan Program and is solely serving as the State’s fiscal agent consistent with the requirements of the Act; and,

**WHEREAS**, pursuant to City Ordinance No. O-20-15, adopted on June 1, 2020, the City temporarily suspended the requirements under the LEDA Plan requiring a qualified entity to remain in operations in the City for a minimum of ten years as related solely to those projects receiving funding under the State’s Loan Program; and,

**WHEREAS**, pursuant to the Act, the LEDA Plan and the Loan Program, the Company has submitted to the Council and the Albuquerque Development Commission (the "Commission") an application (the "Application"), attached hereto as Exhibit A, requesting certain economic assistance to help sustain business operations and the retention of 32 employees at a minimum monthly payroll of \$208,000 (the "Project"), and a corresponding table of wages and benefits for those employees, attached hereto as Exhibit B; and,

**WHEREAS**, the City anticipates that the State will transfer to it, for subsequent transfer to or on behalf of the Company pursuant to an intergovernmental agreement between the City and the State, certain funds of the State that are available for the Project; and,

**WHEREAS**, after having considered the Application and the Agreement, the City Council has concluded that the economic and other benefits of the Project to the City will be material, and that it is desirable and necessary at this time to authorize the City to enter into the Agreement; and,

**WHEREAS**, the City passed implementing legislation **O-20-XX on XX, 2020**, authorizing the execution of this Agreement and other documents in connection with the Project,

**NOW THEREFORE**, the Parties agree as follows:

6. Goals and Objectives. The objective is to create and support an economic development project that fosters, promotes and enhances local economic development efforts. The goal is that the project will provide jobs and career opportunities that will benefit the community and contribute to its long-term economic growth and sustainability.
7. The Company Contribution. The Company agrees for its contribution to this economic development project to maintain thirty-two (32) full-time positions and a minimum of two hundred and eight thousand dollars (\$208,000) in monthly payroll. A position will represent an employment position for a person for at least one pay period consisting of at least 32 hours of work per week. Positions filled by contract, part-time and temporary workers will not be considered positions.
8. The State Contribution; Procedure for Disbursement of the State Contribution. The State of New Mexico Economic Development Department has agreed to loan to the Company the funds for a period not to exceed two years from the date hereof to be used for lease payments at 5601-B Balloon Fiesta Parkway NE, Albuquerque, NM 87113. The City anticipates that the State Contribution of four hundred and seventy-one thousand two hundred and ninety-six dollars (\$471,296.00) will be delivered to the City for subsequent disbursement to the Company, following enactment of the related LEDA ordinance and execution of this Agreement and an intergovernmental agreement between the State and the City. Disbursements shall be made in eight quarterly disbursements to the Company fifty-eight thousand nine hundred and twelve dollars (\$58,912.00). The second and subsequent disbursements shall be contingent on proof satisfactory to the City that Company's lease is current and to reimburse appropriate lease payments. The City will submit an invoice to the State to request transfer of the State funds. Upon receipt, the City will place the State Contribution into a separate account established in

connection with the Project, as required by law. If, and only if, the City receives the State Contribution, the City will disburse the State Contribution to the Company in the manner described above.

9. Interest. Said loan shall be without interest, provided the terms of Section 2 are met, and will be repaid in whole at the end of this two (2) year agreement. However, if payroll as defined in Section 2 falls below 90%, the loan interest rate will escalate to 3% from the date of execution. If payroll falls below 80%, interest on the loan will be 6% from the date of execution. If payroll falls below 70%, the loan will become immediately due and payable with accrued interest.
10. Security. As security for the faithful performance and payment of all of Company's obligations under this Agreement, the Company shall furnish to the City a Corporate Guaranty attached hereto as Exhibit C. The Corporate Guaranty will remain in effect until the loan is repaid in full.
11. Fees. Each party shall bear its own costs and expenses in connection with the negotiation, execution and delivery of this Agreement or any amendment of this Agreement.
12. Quarterly Requirements. The Company is required to submit to the City of Albuquerque Economic Development Department copies of its unemployment insurance reports on a quarterly basis (January 1, April 1, July 1, and October 1).
13. Effective Date and Termination. This Agreement will be effective as of execution and shall terminate no later than two years from that date.
14. Assignment by the Company. Should 3D Glass Solutions, Inc. move, sell, lease or transfer its ownership or operation duties in the Project before the expiration of this Agreement, the City retains the right to deny any and all assignments, sales, leases or transfers of any interest in the Project until adequate assurances are made that the transferee, assignee or lessee is a qualifying entity and that the terms of this Agreement shall be satisfied by the transferee, assignee or lessee. At its discretion, and in consultation with the State, the City may choose to deny said assignment, lease or transfer or may negotiate a new agreement with the new operator.
15. Miscellaneous. This Agreement binds and inures to the benefit of the City and 3D Glass Solutions, Inc. and their respective successors and permitted assigns. This Agreement, together with the Corporate Guaranty and the Intergovernmental Agreement, represent the entire agreement of the parties on the subject hereof and superseded all prior agreements or understandings between the parties, whether written or verbal. This Agreement may be executed in any number of counterparts, each of which is an original and all of which taken together constitute one instrument.
16. Liability. No party shall be responsible for liability incurred as a result of the other party's acts or omissions. Nothing herein shall operate or be deemed to alter or expand any liabilities or obligations under the applicable provisions of the New Mexico Tort Claims Act (NMSA 1978

§§ 41-4-1 *et seq.*, as amended), or to waive any immunities, limitations or required procedures thereunder. Nothing in this Agreement constitutes a waiver of any party's right to seek judicial relief.

17. Notice. All notices or other written communications, including requests for disbursement, that are required or permitted to be given pursuant to this Agreement must be in writing and delivered personally, by a recognized courier service, by recognized overnight delivery service, by electronic mail, or by registered or certified mail, postage prepaid, to the parties at the addresses shown below. If notice is mailed, it will be deemed received on the earlier or actual receipt or on the third business day following the date of mailing. If a notice is hand-delivered or sent by overnight delivery service, it will be deemed received upon actual delivery. A party may change its notice address by written notice to the other party to this Agreement.

City of Albuquerque  
Attn: Economic Development Dept. Director  
One Civic Plaza NW  
Albuquerque, NM 87109  
Tel: (505) 768-3270  
Email: [synthiaj@cabq.gov](mailto:synthiaj@cabq.gov)

3D Glass Solutions, Inc.  
Attn: Chief Financial Officer (CFO)  
5601-B Balloon Fiesta Parkway NE  
Albuquerque, NM 87113  
Tel: (505)916-5592  
Email: [Adam.Gushard@3DGSinc.com](mailto:Adam.Gushard@3DGSinc.com)

With a copy to:  
City Attorney  
P.O. Box 2248  
Albuquerque, NM 87103  
(Tel): 505-768-4500  
Email: [eaj@cabq.gov](mailto:eaj@cabq.gov)

18. Amendments. This Agreement shall not be altered, changed or amended, except by instrument in writing executed by all of the Parties hereto.
19. Governing Law. This Agreement shall be governed by the laws of the State of New Mexico.
20. Jurisdiction and Venue. Any legal proceeding arising out of the subject matter of this Contract, whether based in contract, tort, statute, other category of law or in equity, shall be brought before the Second Judicial District Court, Bernalillo County, State of New Mexico. Parties hereby agree that such court shall have jurisdiction over them and that venue shall be proper in such court.

**IN WITNESS WHEREOF**, the Parties have executed this Agreement effective as of the last date of signature below. The Parties agree that this Agreement may be electronically signed and that the electronic signatures appearing on the agreement are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.



**CITY OF ALBUQUERQUE**

**COMPANY NAME**

\_\_\_\_\_  
Name: Sarita Nair, JD, MCRP  
Title: Chief Administrative Officer

\_\_\_\_\_  
Name: Adam Gushard  
Title: Chief Financial Officer

Date: \_\_\_\_\_

Date: \_\_\_\_\_

*Approved by:*

\_\_\_\_\_  
Synthia Jaramillo  
Director, Dept. of Economic Development

Date: \_\_\_\_\_

\_\_\_\_\_  
Esteban A. Aguilar, Jr.  
City Attorney

Date: \_\_\_\_\_

*Exhibits*

**Exhibit A      Application for LEDA Assistance**

**Exhibit B      Wages and Benefits**

**Exhibit C      Corporate Guaranty**

**CITY OF ALBUQUERQUE APPLICATION**  
**for**  
**LOCAL ECONOMIC DEVELOPMENT ACT (LEDA)**  
**Project Approval**

Name of Project: **3DGS LEDA LOAN**  
Location of Project: **NE Albuquerque**  
Company Name: **3D Glass Solutions, Inc.**  
Contact Person: **Adam Gushard, Treasurer**

**& CFO**

Address: **5601-B Balloon Fiesta  
Parkway NE  
Albuquerque, NM 87113**

Telephone: **(505) 916-5592**

Email:  
**Adam.Gushard@3DGSinc.com**

Counsel: **Eduardo A. Duffy**

Address: **Post Office Box 1945  
Albuquerque, NM 87103-**

**1945**

Telephone: **(505) 883-3376**

Amount Requested: **\$500,000.00** Fee Submitted:

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**FOR STAFF USE**

Staff Assigned:  
Case Number:



Fee Received: \$ \_\_\_\_\_  
ADC Hearing Date: \_\_\_\_\_  
Council Dates (Tentative): Introduction \_\_\_\_\_ Council Hearing \_\_\_\_\_  
Committee \_\_\_\_\_

## PREFACE

This Application is being submitted to the Development Commission of the City of Albuquerque for review prior to consideration by the City Council of an Ordinance for the Local Economic Development Act in accordance with Council Ordinance 0-04-10. Pursuant to those Council actions this is the first step towards the issuance of an ordinance pursuant to: the Local Economic Development Act (5-10-1 to 5-10-13 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 Ordinance 0-04-10 and conforms with and complements the policies established for the local Economic Development Act pursuant to that Council action.

The purpose of the Application is to identify the project area and to present the plan and the uses to which the LEDA proceeds will be put if issued. This Application 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 LEDA 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 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 LEDA funds if approved.

**3D Glass Solutions (3DGS) is an innovative RF (radio frequency) passive device design and manufacturing company that develops and builds novel, high-frequency 3D components using its patented APEX Glass in its 33,000 sq. ft. manufacturing facility located in Albuquerque, NM. For more information on our company, please visit our website: <https://3dgsinc.com/>**

**The COVID-19 crisis has slowed down our growth potential for the second half of 2020. We started the year strong, with 25 employees and quickly ramped up to 35 employees; a 40% increase in headcount in only 7 months. Without financial assistance, we may need to implement a reduction in-force program to conserve cash. Any reduction in headcount would be detrimental to our growth and could potentially accelerate job uncertainty within our office, thus negatively affecting our ability to retain remaining**

employees which would adversely impact our community.

We are requesting a \$500,000 loan which would be used to pay our fixed facility rent commitments over the next two years. This much needed financial assistance will help us to maintain our current headcount and provide support for the continued growth of the business which should provide benefit to the overall local Albuquerque community.

**II. SITE AND EXISTING CONDITIONS**

**A. Legal Description**

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

**The project is located at 5601-B Balloon Fiesta Parkway NE, Albuquerque, NM 87113.**

**The site is more particularly described as Tract C-2-A, as shown and designated on the plat entitled “Plats for Tracts B-1, C-1-A, C-2-A and C-2-B, North Gateway, within a portion of the Elena Gallegos Grant, Projected Section 12, Township 11 North, Range 3 East, NMPM, City of Albuquerque, Bernalillo County, New Mexico”, filed in the office of the County Clerk of Bernalillo County, New Mexico on June 15, 2007, in Plat Book 2007C, Page 164, as Doc. No. 2007088254.**

**B. Prevailing Site Conditions**

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

**Our facility is leased under a five-year agreement representing a fixed \$1.3M total rent obligation for the Company. We have completed over \$2.3M in tenant improvements over the past year and expect to incur an additional \$2.0M in facility improvements over the next couple of years.**

**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.

**Not applicable; leased facility.**

**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.

**Not applicable. No changes to current zoning are planned.**

E. Renewable Energy

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

**Not applicable.**

**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 principals, or other information which will bear on the experience and credibility of the development entity.

**Our management team:**

- **Mark Popovich, President & CEO**
- **Jeb Flemming, Company Founder & CTO**
- **Adam Gushard, Treasurer & CFO**
- **Phil Ferguson, Corporate Secretary & Business Services Manager**

**Our Board of Directors:**

- **Stuart Schoenmann, Chairman, Series A/A1 investor**
- **Hideyuki Suzuki, Nagase & Co., Series B investor**
- **Lee Rand, Sun Mountain Capital, Series B investor**
- **Mark Popovich, President & CEO**
- **Jeb Flemming, Company Founder & CTO**

**Advisory Board:**

- **Jeffery Cunningham, Lockheed Martin Ventures, Series B investor**
- **Rod Novak, pSemi – a Murata Company, Series B investor**
- **Jeff Bullington, MVP, Series A/A1 investor**
- **Anastasia Canavan, MVP, Series A/A1 investor**

**For more information about our management team, please visit our website:**

**<https://3dgsinc.com/about-us/management>**

B. Tax Issues

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

The Company does not have any known outstanding substantive federal, state, or local tax issues.

C. Information Concerning Products and Process

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

**3DGS manufactures integrated passive devices (IPDs), mmWave filters, WiFi couplers, RF inductors and capacitors that deliver superior performance compared to other devices of similar size and footprint. Collaborating with customers on unique designs, 3DGS manufactures components for power amplifier devices, precision laser diodes, fiber aligners and couplers that are being used in high-speed data centers and servers. Telecom and aerospace applications also benefit from 3DGS technology, where co-development is delivering high gain broadband antennas, substrate integrated waveguides and low loss antenna feed networks designed for satellites, military aircraft, and high-speed infrastructure. For more information about our products, please visit our website: <https://3dgsinc.com/product-lines>**

**The proposed development will not generate air, noise, or waste pollution or traffic congestion.**

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 public funds available for projects with local competition, this statement is very important.

**We do not have any direct competition in the same area of commerce or industry existing in the Albuquerque community.**

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.

**We have had construction crews working on facility expansion projects over the past 12 months and expect the construction of additional multiple-phase facility improvements projects to continue over the next couple of years. Our headcount has increased 200% over the past two years. Current headcount is 35 employees and our NM LEDA grant target headcount by 12/31/2024 is 154 employees. 2019 revenues totaled \$1.4M; 2020 revenues are expected to exceed \$2.0M; and we are forecasting \$8M in revenue for 2021.**

F. Property Acquisition

Indicate if LEDA proceeds will be used to acquire real property (land and/or buildings),

and whether the real property is presently owned by the applicant, or is under option.

**Not applicable. The proceeds from the LEDA loan will be used to pay our fixed facility rent commitments over the next two years.**

G. Description of Proposed Development

Describe any 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). If project involves an existing facility, describe the facility.

**Not applicable.**

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?

**Not applicable.**

I. Area Enhancement

Describe how project design and placement will enhance the area.

**Not applicable.**

J. Local Purchasing

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

**On average, we spend approximately \$0.8M annually on goods and services locally procured that may be subject to the New Mexico gross receipts tax. We expect as our headcount and revenues increase, so will our demand for local goods and services, which is estimated to increase at least 5% per year.**

K. Water Conservation

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

**Our current monthly water consumption is approximately 105,000 gallons per month; 3,500 galloon per day. We are extremely focused on water conservation.**

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 businesses will be displaced by the activities outlined in this plan.**

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.

**No new jobs are expected to be funded by the LEDA loan. Instead, the LEDA loan will help ensure the retention of our highly-trained staff during this COVID-19 crisis.**

The following questions must also be answered:

- 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? **>90%**
- 2) Will jobs benefit low and moderate income residents? **Yes**
- 3) Will the jobs meet or exceed median wages for the industry within the community? **Yes**
- 4) Will the jobs match skills of current city residents? **Yes**
- 5) Will new employees be trained to fill the positions? **Yes**
- 6) What stated advancement opportunities are there? **Yes**
- 7) Will "Job Training Incentive Program" or other job training programs be used? **Yes**
- 8) Will at least 50% of health insurance premiums be covered for employees? **Yes**

N. Corporate Citizenship Policy/Plan

List any company policies/plans regarding community charitable and civic donations and volunteerism policy.

**Currently, we do not have sufficient cash to support financial-based donations to community & charitable organizations. We do participate in local & civic organizations and provide support when needed. We do encourage our employees to volunteer and support local community programs.**

O. Positive Contributions

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

**In 2019, we moved into a facility that had been vacant for several years and recently doubled our leased space to prepare for an increased in headcount.**

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?

**Adam Gushard, Treasurer and CFO**

**IV. PROJECT FINANCING**

**A. Cost of Project, LEDA Funding Amount and Private Financing**

Provide the total cost of the project and the amount of LEDA funds 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 and sources of private financing (equity or conventional financing) involved in this project; this may include the value of land and existing facilities, if relevant.

**We are requesting a \$500,000 loan which would be used to pay our fixed facility rent commitments over the next two years.**

**B. Estimated Value After Completion**

Indicate the estimated appraised value of the project after completion.

**Not applicable.**

**C. Feasibility**

Present information to show that the project can reasonably be expected to remain viable, including sufficient revenue to liquidate any related debt, and/or maintain operations for ten (10) years. 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 third party commitment to provide financing for the project will be considered sufficient evidence of feasibility, and no pro forma will be needed in such cases.

**I have attached a copy of our 2020/2021 financial forecast. We also plan to raise additional funds in late 2021 under a round C equity financing to support projected business expansion.**

**D. Construction Schedule**

Give the date of anticipated beginning and completion of construction, if applicable.

**Not applicable.**

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.

**Not applicable.**

## STATE OF NEW MEXICO LEDA APPLICATION

### LEDA COVID-19 Application

---

Applicant	Adam Gushard
Applicant ID	APP-013531
Company Name	3D Glass Solutions, Inc.
Phone	(866) 559-8982
Email	adam.gushard@3dglassolutions.com
Status	Submitted

### Contact Information

---

**Question:** Legal Company Name

3D Glass Solutions, Inc.

**Question:** Trade Name (dba)

n/a

**Question:** Project Name

n/a

**Question:** Company Street Address

5601-B Balloon Fiesta Parkway, NE

**Question:** Company City

Albuquerque

**Question:** Company State

NM

**Question:** Company Zip

87113

**Question:** Phone

(505) 916-5590

**Question:** Fax

n/a

**Question:** Primary Contact Person First Name

Adam

**Question:** Primary Contact Person Last Name

Gushard

**Question:** Federal Tax ID #

20-4940418

**Question:** NM State Tax and Revenue (CRS) #

03-075041005

**Question:** City/County Business License #

FA0071806

**Question:** NAICS Code(s)

334413, 334419

**Question:** DUNS #

008616322

**Question:** This Business is organized as a:

- C-Corporation
- S-Corporation
- LLC
- Partnership

## Project Information

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Please include detailed information such as:

- Executive Summary; Business description and history

**Question:** Description of the emergency situation that requires funding.

As a result of the COVID-19 crisis, we believe our company (3DGS) would qualify for this much needed financial assistance from NM EDD.

As the COVID-19 nationwide concern escalated in late March, we sent all non-essential / non-production personnel to work from home. Management met daily, reviewing the impact of COVID-19 on our business. At these meetings, we discussed specific employee health situations, impact to production, and the unfavorable impact to our financials and cash position. It was clear from early April that we suddenly started to see financial uncertainty regarding our cash-burn vs. revenue plans.

Reasons for applying for LEDA loan assistance:

a) As the COVID-19 issue became apparent, we faced unexpected uncertainty of orders from our customers. Our customers' employees were also ordered to stop work, work from home, etc., causing many of our projects to go into a holding pattern. This has caused us to consider tough choices relative to keeping existing, highly-trained employees as well as holding back on our previously planned hiring plan for our mid- to long-term growth.

b) While 3DGS continues to work on orders received prior to the COVID-19 crisis, we have yet to make a profit. We are still a (late stage) start-up relying on funding from strategic and private investors, but their future investment is never a guarantee. We also have a limited ability to access credit markets because we are a 'Start-Up' company without a history of established credit. This means our only control of cash burn is based on controlling headcount (employee salary) and capital equipment purchases.

c) To conserve cash, we have currently placed a hold on future capital equipment purchases. This will have an impact on our ability to grow as fast as we had planned.

d) We have significant cash commitments (i.e. payment of fixed costs such as rent, utilities, etc.). Over the next two years, our facility rent obligation alone totals approximately \$0.5 million.

e) Management is working very hard to keep our highly-trained employees on the payroll. Our operations will be seriously impacted if we lay-off or furlough employees since the training and skill-set required is highly specialized for our technology.

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

We are requesting a \$500,000 loan which will be used to pay our fixed facility rent commitments over the next two years. I have uploaded two files; (1) facility rent commitment schedule, and (2) a copy of our facility lease agreement (first amendment) that provides support for this rent payment commitment.

**Question:** Supporting Documentation

[3DGS Employee Benefit Summary \(Nov 2019\).pdf](#) (7/21/2020 1:56 PM)

[Cap Table - as of 06-30-20.pdf](#) (7/21/2020 1:44 PM) [3DGS Org](#)  
[Chart - as of 06-30-20.pdf](#) (7/21/2020 1:42 PM)  
[3DGS - First Amendment to Facility Lease.pdf](#) (7/21/2020 11:56 AM)  
[3DGS - \\$0.5M Facility Lease Obligation.pdf](#) (7/21/2020 11:55 AM)

## Financial Information

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

[3DGS - 2020 Q1 Quarterly Financial Statements.pdf](#) (7/21/2020 12:21 PM) [3DGS - 3yr Annual Financial Statements \(2017-2019\).pdf](#) (7/21/2020 12:15 PM)

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

- Security Interest/Lien
- Letter of Credit
- Mortgage Security
- Security Agreement/Escrow
- Security Agreement/Lien
- Security Interest/Equipment

**Question:** What is the method of appraisal for stated security?

Our preference is to have the loan secured by a 100% Corporate Guarantee.

**Question:** What is the equity investment from the applicant?

\$500,000.00

**Question:** External Equity Investment Sources

n/a

**Question:** External Equity Investment Amount

\$0.00

**Question:** Bank Loan Source (financial institution names), type (commercial, USDA, SBA 504,

etc.), and stage (applied or approved)

n/a

**Question:** Bank Loans Amount Total

\$0.00

**Question:** Other Loans Source

n/a

**Question:** Other Loans Amount

\$0.00

**Question:** Other Sources

n/a

**Question:** Other Sources Amount

\$0.00

**Question:** Total Loan Requested

\$500,000.00

**Question:** Requested Loan Duration (Months)

24.00

## Company History and Background

---

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

14 years. Incorporated on April 21, 2006

**Question:** At the time of this application, how many full-time employees do you currently employ?  
Please provide the most recent Department of Workforce Solutions report below. If no employees,  
disregard report. Enter 0.

34.00

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

- Nagase & Company, Ltd. owns 25% of the company. No other investors have more than a 20% ownership in the company.

- Directors: S. Schoenmann, H. Suzuki, L. Rand, M. Popovich, J. Flemming
- Officers: M. Popovich, J. Flemming, A. Gushard, P. Ferguson

**Question:** Are owners and/or officers current with financial obligations/payments to the State of New Mexico or any other Federal or State entity? If no, please explain.

Yes, to the best of our knowledge.

**Question:** Does the applicant have any loans or other financial obligations on which payments are not current?

No

**Question:** Please identify any financially affiliated/associated companies in which any of the applicant's owners have a 20% stake.

n/a

## Community Aspects

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

The COVID-19 crisis has surely slowed down our growth potential for the second half of 2020. We started the year strong, with 25 employees and quickly ramped up to 34 employees; up 36% in only 6 months. Any loss of employees will be detrimental to our growth and could potentially accelerate job uncertainty within our office, thus negatively affecting our ability to keep remaining employees which would adversely impact our community.

## Job Retention / Performance

---

Please download the job retention worksheet to work up the required information for this section.

- [Job Retention Worksheet](#)

**Question:** Outline the number and types of jobs to be retained.

We currently have 34 full-time employees; Management (5), Administration (2), Product Development/Engineering (16), Manufacturing (8), Facility/Safety (3). I attached our org chart as of June 30, 2020.

**Question:** Outline the existing pay scale and payroll.

Annual payroll currently totals \$2.7M with an average salary of \$80k.

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

We offer medical, dental, life and other insurance and a simple IRA retirement plan. I attached a summary of company benefits.

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

34.00

## Attachments

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Please download the authorization for examination and release of information template and the example employer quarterly wage and contribution report.

- [Authorization for examination and release of information form](#)
- [Employer quarterly wage and contribution report example](#)

Please download the LEDA Application Affirmation Template here:

[LEDA Application Affirmation Template](#)

[Click here](#) to view a filled out sample.

**Question:** New Mexico Economic Development Department authorization for examination and release of information.

[Authorization for examination and release of information - signed.pdf](#) (7/21/2020 1:39 PM)

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

[2020\\_Q1\\_New\\_Mexico\\_UI\\_Quarterly\\_Tax\\_Return.pdf](#) (7/21/2020 1:31 PM)

**Question:** Officer Application Affirmation Attestation

[2019 LEDA Application Affirmation - signed.pdf](#) (7/21/2020 1:40 PM)



Michelle Lujan Grisham • Governor  
Alicia J. Keyes • Cabinet Secretary

## **LEDA Loan Program**

### **Purpose**

In response to the Covid-19 pandemic and the negative impacts that it was having on the business community and the economy of New Mexico the State of New Mexico Economic Development Department has developed a short term loan program within the State of New Mexico LEDA fund to allow for short term loans (up to two years) to help maintain and sustain jobs during this time of pandemic.

### **LEDA Loan Uses**

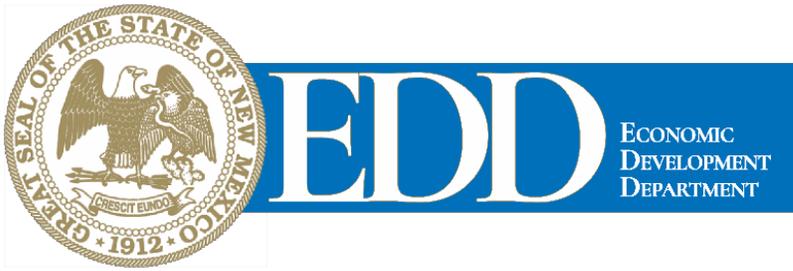
In order to stay in compliance with the LEDA statute the proceeds from a LEDA loan can only be available to a qualified entity as established in the LEDA statute and must be used for land, building and infrastructure. The State of New Mexico understands that in this time of pandemic that new land acquisition, building purchases of expansions and new infrastructure are unlikely, therefore the State Economic Development Department will work with qualified entities under the LEDA statute in determining what costs associated with their operations can be qualified as land, building or infrastructure. In most cases we anticipate that this will be costs associated with mortgage and/or lease payments, but all costs will be evaluated.

### **Loan Rates and Requirements**

The LEDA loan will be 0 % interest for up to 2 years. The State of New Mexico Economic Development Department will work with the qualifying entity to determine their base full-time headcount and monthly payroll to be utilized for the purpose of the loan agreement. This baseline will be used to ensure that the company is maintaining their payroll and full-time positions during the terms of the loan. There will be penalties for not maintaining those levels as part of the loan agreement. Those penalties are as follows:

1. If the qualified entities payroll falls below 90% of the monthly payroll interest rate will increase to 3% from inception
2. If the qualified entities payroll falls below 80% of the monthly payroll interest rate will increase to 6% from inception
3. If the qualified entities payroll falls below 70% of the monthly payroll the loan will immediately come due and payable.

As required for all LEDA projects these loans will require security equal to the total amount of the loan and will be held by the State of New Mexico Economic Development Department's designated Fiscal Agent until the loan is satisfied.



Michelle Lujan Grisham • Governor  
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Valued New Mexico Business,

Thank you for looking into this loan program especially designed to help New Mexico e-based businesses weather these uncertain economic times of the Covid-19 pandemic.

We strive to make the application process as user-friendly, efficient, and transparent as possible given the statutory parameters under which these funds are administrated.

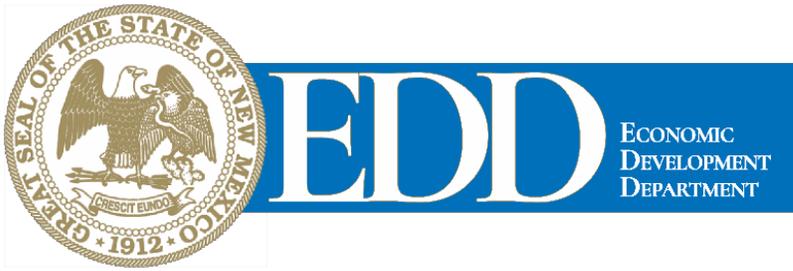
Here is a quick summary explaining how the LEDA loan can be utilized and the process of applying for this loan:

LEDA is a fund administered by the New Mexico Economic Development Department; it is a discretionary fund that can be used to offset the costs associated with land, building, and infrastructure for economic based businesses. ***Economic based business is defined as a business that manufactures or a non-retail service provider that derives over 50% of their revenue from outside of New Mexico.*** This loan can also be used for lease abatement and mortgage assistance.

The process to determine your loan eligibility and the size of the loan is fairly simple and our team at EDD will work with you and gather the information necessary to make the determination. In essence, you will be asked to respond to the following:

- What do you do?
- How long has the company been in business?
- What is the company's NAICS Code?
- How many jobs will be saved by these funds?
- What is the anticipated payroll of these jobs?
- What was the company's 2019 annual revenues?
- What are the company's projected 2020 revenues?

After we gather this information, it will be summarized and given to the Cabinet Secretary and the Governor for review. Once they determine if we can support you, an amount of the loan will be established and we will open a formal application. This application is an online portal and can be completed entirely online. We will require a financial review (3 years) of the business as part of the formal application. Simultaneously, with the completion of the application, we will also work with the local fiscal agent (City or County) who will administer this loan.



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The public process will include:

- Introduction of an Ordinance
- Public Hearing
- Approval of the Ordinance

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Fiscal Agent may add additional committee hearings

Included in the ordinance will be 3 key documents:

Project Participation Agreement (PPA) – This is the contract between the company and the fiscal agent stating the amount and terms of the loan;

Intergovernmental Agreement (IGA) – This document mirrors the PPA and also lays out how the State of New Mexico will provide the funds to the fiscal agent and how we expect them to handle our money.

Security (Collateral) – We are statutorily bound to hold security equal to the amount of the loan. This can be a first lien on property, letter of credit, surety bond or other agreed upon security.

Thank you for your commitment to New Mexico.