

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

February 11, 2021

Case #2021-3

LEDA-21-2: Los Poblanos LLLP Inc. Project

REQUEST: Approval of \$25,000 in City Local Economic Development Act (LEDA) funds is requested.

PROJECT SUMMARY:

Los Poblanos is requesting \$25,000 in LEDA funds from the City of Albuquerque for help with the acquisition of a building and land for a new production facility for the Los Poblanos Historic Inn & Organic Farm. The expansion is intended to increase Los Poblanos' production of artisan lavender body products using essential oils from botanicals grown at Los Poblanos. The demand is higher than current supply, mainly due to limitations in production space, warehouse space, and equipment, as well as supply chain issues and fulfillment challenges. Los Poblanos also contracts some of its production and warehousing to third-party manufacturers, or "co-packers," which makes Los Poblanos less profitable and limits the company's control over its supply chain. Additionally, the project would enable the company to substantially expand its "Farm Foods." This line of value-added food products is developed by the Los Poblanos culinary team using produce organically grown primarily by farmers of New Mexico. The expansion project would include adding new manufacturing equipment for both production and packaging. Lastly, leveraging its experience with distilling essential oils and botanicals, Los Poblanos would add a crafts spirits manufacturing at this new location.

The property located at 1318 4th St. and 315-317 Kinley Ave. are owned by a third party and is under contract for purchase by applicant upon approval of New Mexico and City of Albuquerque LEDA funds. While the funds will be used for some building renovations, their primary use will be for building and land acquisition. (The company also is requesting assistance from the State for LEDA funds in the amount of \$250,000, for which the City would act as fiscal agent. That transaction is not under review as part of this process.)

Los Poblanos LLLP Inc. has committed to create 24 jobs over the next 5 years, and to occupy a building that is currently a wholesale retailer, Silverado Apparel + Home. The property is located on 4th between Kinley Avenue NW and Summer Avenue NW in downtown Albuquerque. The site is zoned as mixed-use medium intensity (MX-M). Since the property provides "a wide array of moderate-intensity retailer, commercial" and artisan manufacturing, the proposed use is ideal. The vacant land at 315-317 Kinley Ave. will be converted into a customer parking lot by adding asphalt and security fencing.

Los Poblanos distributes its branded products both locally and nationally to gift and lifestyle stores, high-end department stores (like Nordstrom), airport stores (formerly owned by Avila

Retail), and high-end grocers, like Whole Foods. A project of this magnitude would increase the number of jobs and amount of revenue for both Los Poblanos and for small local farms, while also promoting Los Poblanos' products on a national scale, with over 100 stores nationwide.

The majority of the 24 new positions are anticipated to range from production line workers, supervisors, and a quality control manager. The hourly wages are projected to range from \$14 to \$48. All will be considered full-time positions, with full employee benefits. Los Poblanos provides two medical plans. The High Deductible Health Plan (HDHP) is its base plan. Los Poblanos pays a portion of the premium based upon the employee's hourly rate. The lower the employee's rate, the higher the percentage Los Poblanos pays. The company's contribution ranges from 33% to 62% of the premium. Based upon options chosen by employee, this can exceed 50%. The HDHP comes with a health savings account option. Employees are also given the option to "buy up" to a second, more robust plan.

Dental and vision insurance is also available, and Los Poblanos pays 50% of the cost for single coverage. As with the medical, employees have a choice to "buy up" to a more comprehensive dental plan. Other benefits offered to employees include: 401k with 5% matching (when COVID is over), short-term disability life insurance, legal services, accident insurance, home and auto insurance discounts, and paid time off (more than mandated). The company also offers partial paid FMLA with additional maternity/paternity paid leave and employee discounts at its inn, restaurant, and Farm Shop.

The company is exploring providing training to all new employees through the State's Job Training Incentive Program.

The company expects to spend approximately \$1.6 million on construction and \$255,000 on equipment. It expects to work with the landlord to have the work conducted by local contractors. The company expects to continue to spend at least \$120,000 on local goods and services annually.

Last year, Los Poblanos donated over \$30,000 worth of hand sanitizer to local frontline health care workers and firefighters, and to at least three local pueblos. When employees or managers are involved with a local non-profit or charitable cause, it is Los Poblanos' policy to donate and/or in-kind use of lodging, dining, or event space.

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 manufacturing products.

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

Exhibit 2 delineates the required Project Participation Agreement (“PPA”) between Los Poblanos LLLP and the City. The PPA 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 derived from information the company provided. The analysis shows that the company will be making a substantive contribution to the community and that the City could realize net present value of over \$2 million in taxes from the direct and indirect spending associated with this project over the next 10 years.

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

FINDINGS:

1. LEDA 21-2 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. LEDA 21-2 would make positive substantive contributions to the local economy and community by creating 24 jobs; and
3. Subject to the development of acceptable security documents, LEDA 21-2 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives, including remaining in operation for 10 years; and
4. Subject to the development of acceptable security documents, LEDA 21-2 would adequately meet the evaluation criteria established by the City for Local Economic Development Act projects, including the requirement that the City recoup the value of its investment within 10 years.

PROJECT ANALYSIS: The project, as proposed in the project application, will be analyzed in accordance with the City’s LEDA 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 funding assistance. Los Poblanos LLLP Inc., 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 manufacturing products.

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. Los Poblanos LLLP 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:

(2) Private companies seeking to build, expand or relocate facilities;

(4) Projects in industry clusters listed above are particularly encouraged.

II. LAND USE, PLAN AND DESIGN ELEMENTS

1. PLAN & ZONING:

The proposed project is located at 1318 4th St. NW. The site is more particularly described as 001 005SOUTH2/3 of LOTS 1 THRU 6 PARIS ADD containing approximately .3099 acres. The land associated with this project is located at 317 Kinley Ave. The legal description of the land is 005 004PAIRS ADD L 5 & 6 STRIP 40X100FT S and 007 004PARIS ADD L 7 & 8 STRIP40 X 25 FT S containing approximately .332 acres combined.

The property is zoned MIXED USE – MEDIUM INTENSITY ZONE (MX – M); However, existing use of the building is grandfathered for light manufacturing. As MX-M “provides for a wide array of moderate-intensity retailer, commercial” and artisan manufacturing, the proposed use is ideal.

2. LAND USE:

The project includes 5,000 square feet of production space and 4,000 square feet of warehouse capacity for inventory, food storage, wholesale and retail sales, e-commerce, as well as administrative needs. Los Poblanos' products are 90 percent organic, and it purchases the majority of its agriculture from local farmers and growers.

The facility to be purchased is located on 4th street between Summer Avenue and Kinley Avenue, in the downtown area.

The construction will begin in the summer of 2021. This would include:

- Fire glass, sprinklers, doors, and walls for safety, and compliance for spirits distillation
- Installation of spirits still, boiler, and cooling units
- Walls and storage for bonded liquor storage
- Upgrades to electrical and plumbing for new manufacturing equipment
- Installation and cabling of low voltage security cameras, IT, telephones
- Possible re-roof of one section of the building

Solar installation is tentatively planned for fall or winter of 2021. The asphalt parking lot, striping, fencing, and electric gate will be completed by spring of 2022.

The post-construction impact on existing industry and commerce is anticipated to be favorable. Los Poblanos is a proven business in the community, supporting local farmers and promoting New Mexico culture. Los Poblanos has a partnership with the Albuquerque Convention and Visitors Bureau (ACVB), Albuquerque Economic Development (AED), Bernalillo County, the University of New Mexico (UNM), local schools, and agricultural organizations. Los Poblanos will make the building available for tours to help promote the downtown area.

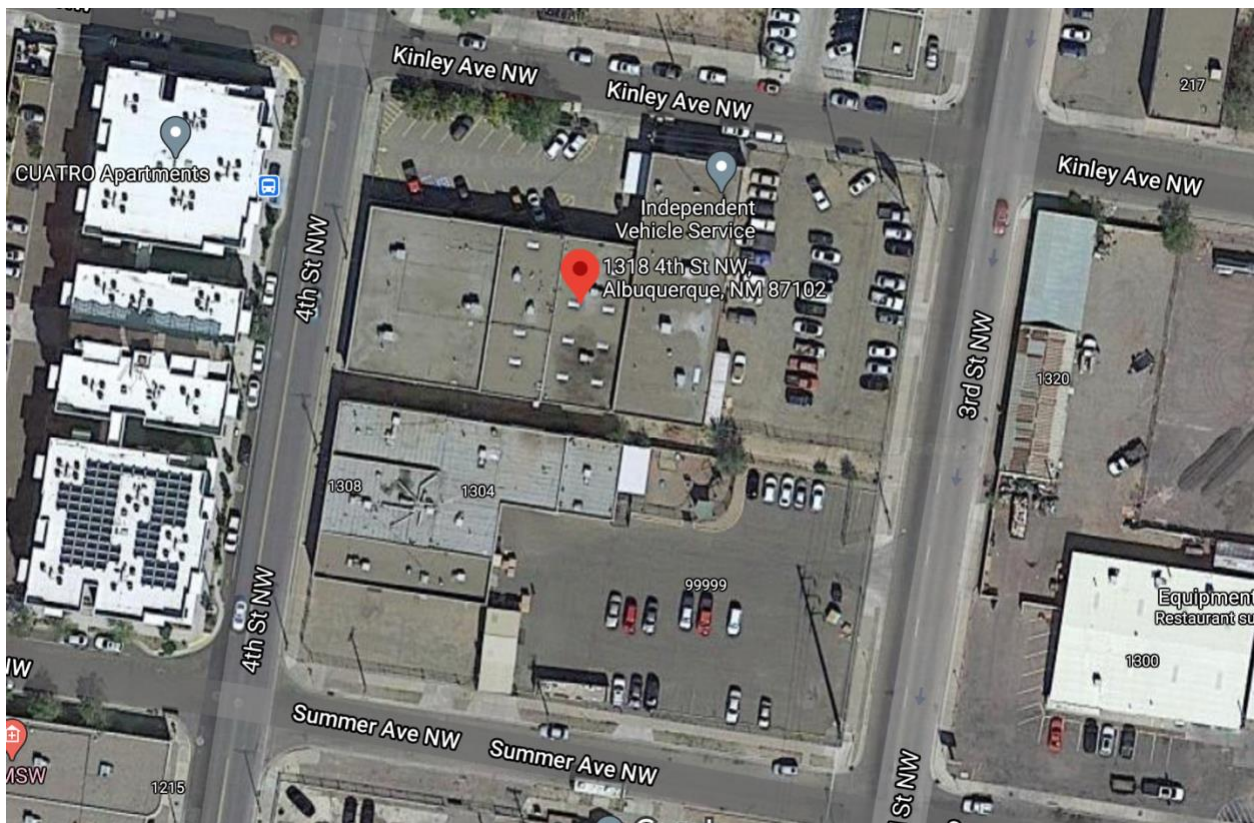
Since the facility was used previously for a manufacture and wholesale retail location, improvements to the building are to be modest. Approximately \$1.6 million will be spent on the building, and about \$254,500 will be used to purchase equipment. The project is expected to be undertaken by local construction companies, infusing capital into the local economy. More detail is provided in the fiscal impact analysis.

With the exception of adding solar to the roof, there is no substantial construction or rehabilitation associated with this project, as the building is almost ideal as-is to meet Los Poblanos' needs. Los Poblanos has also secured a vacant lot across the street for overflow parking, as the building site has limited parking spaces. There are three areas of renovation and/or upgrades:

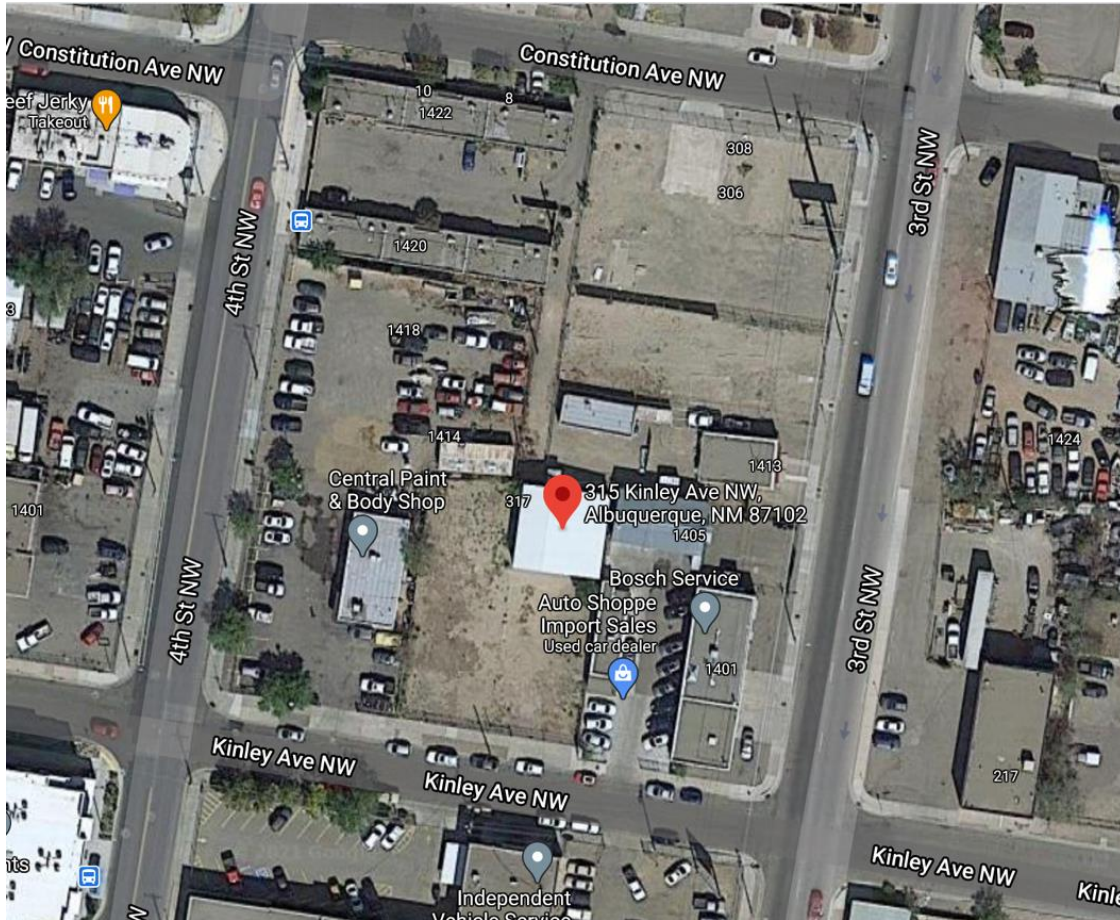
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For the building at 1318 4th St.: mechanical, electric, and plumbing upgrades for small-scale production equipment, including, but not limited to, floor drains, and relocation of electric outlets. Of the total 16,218 square feet, approximately 1,500 square feet will be allocated for distillation of craft spirits. This space will require appropriate safety and fire upgrades, including fire rated walls and glass, fire suppression, or sprinklers, as required per code.

Solar installation – Los Poblanos has a bid from Albuquerque-based Affordable Solar for \$80,000 to add solar panels on the roof to offset electrical costs and promote green energy, which is in line with the mission of Los Poblanos.



For the vacant land at 315-317 Kinley Ave.: Convert to parking lot by adding asphalt and security fencing.



The project would support: a) an economic development strategy for Albuquerque/Bernalillo County to attract, develop, and retain responsible and responsive businesses; nourish expansion of existing and new local businesses; and emphasize economic base companies; and b) the Comprehensive Plan’s economic development policies to: encourage expansion of export-based business to customers across the country that strengthen the economy; encourage prospective employers willing to hire local residents and able to diversify the employment base; develop local business enterprises as well as the recruit outside firms. The project also supports the economic development priorities and objectives of the City’s Local Economic Development Act.

The Los Poblanos LLLP project further supports the Economic Development Department’s criteria for the use of incentives by supporting focused and positive ROI projects and creating 24 jobs.

3. INFILL:

The project involves an existing building, which was previously operated as a manufacture and wholesale retail location. Infrastructure, parking, and utilities are already developed. A map of

the area is included. As mentioned above, no extension or relocation of utility or road systems is anticipated. There are adequate utilities and roads to the facility.

4. DESIGN AND CONSERVATION:

1318 4th St.:

The current use is Silverado Apparel + Home, which does light manufacturing, sells wholesale retail, and distributes handmade, luxury home furnishings and apparel.

There were improvements made decades ago, which included electrical upgrades, additions of storefront windows and accessible bathrooms, staircase renovations to meet code, , and other interior upgrades.

317d 319 Kinley Ave.

The location is a dirt lot with storage building measuring approximately 2,000 square feet, enclosed by chain link fence.

No historic properties are involved.

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

5. RENEWABLE ENERGY:

Los Poblanos is looking into a solar installation estimated at \$80,000 for its new facility.

III. ECONOMIC BENEFITS

6. COMPETITION:

Los Poblanos is engaged in a unique mix of industry activity, and does not believe there is competition in the same area. The primary use for this project is artisan manufacturing and fulfillment of both business-to-business and business-to-business sales.

7. JOBS:

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

The projected jobs are considered full-time positions, with employee benefits, including medical, dental, vision, life and disability, legal, accident insurance, and a 401k plan (when COVID is over). The company offers generous paid time off which incrementally increases each year worked at Los Poblanos and employee discounts on home and auto insurance.

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These employment classifications, salaries, and benefits are more fully detailed below in the application.

Job Title or Classification	No. of Employees	Average Hourly Wage	Benefits as a % of Salary
Production Line Worker	6	\$14.00-\$16.00	22%
Production Supervisor	1	\$20	22%
Quality Control Manager	1	\$25	30%
Lead Distiller	1	\$30	30%
Janitor/Bldg Custodian	1	\$20	22%
Warehouse Manager	1	\$23	22%
Sales/Tasting Rooms Staff	9	\$15	22%
Director of Retail Strategy/Operations	1	\$48	30%
Retail Manager	2	\$20	30%
E-Commerce Manager	1	\$30	30%

- 1) Los Poblanos LLLP estimates close to 100% of the new permanent jobs to be filled by current Albuquerque residents. No jobs will be relocated from another location.
- 2) As the majority of the anticipated new job wages range from \$14 – \$48/hr., there will be a significant benefit to low- and moderate-income residents.
- 3) Yes, the jobs will exceed the median wages for the industry within the community.
- 4) Los Poblanos LLLP’s new jobs will match the skills of current city residents.
- 5) All of Los Poblanos LLLP’s employees undergo training of approximately 3 – 6 months upon beginning of employment.
- 6) Los Poblanos LLLP provides extensive training to encourage employees to remain with their team and improve their skills. Los Poblanos LLLP offers production line workers the ability to transition into supervisors and managers.
- 7) Los Poblanos LLLP is exploring using the Job Training Incentive Program.
- 8) Yes, Los Poblanos LLLP offers several health insurance options to its employees. Coverage ranges from 33%-62% of the premiums for employees. Los Poblanos LLLP provides benefits valued at 22%-30% of an employee’s salary.

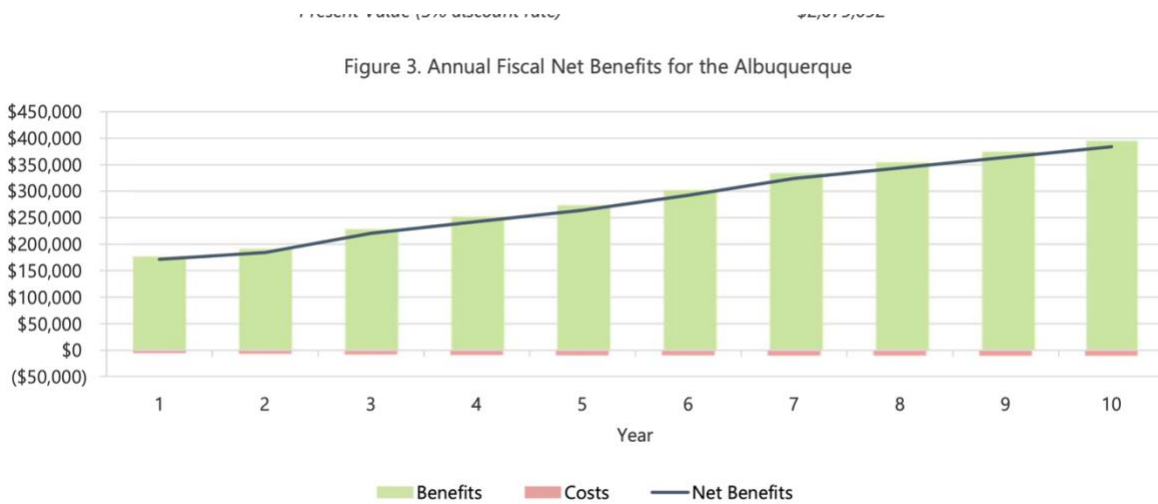
The company anticipates an annual payroll to increase to \$7 million after the expansion. In 2019, the annual payroll is under \$6 million.

8. LOCAL PURCHASES

Los Poblanos is a wholesale manufacturer; cost of goods sold (COGs) for product sold wholesale are not subject to gross receipts tax. But for local service providers and vendors of supplies (cardboard, fuel, packaging materials, cleaning supplies, tools), Los Poblanos spends approximately \$120,000 per year. The company predicts it growing at 15%-20% per year from the current expenditures.

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

	Amount
Gross Receipts Taxes	\$2,696,640
Real Property Taxes - Project	\$81,322
FF&E Property Taxes - Project	\$7,091
Property Taxes - New Residential	\$0
Utility Revenue	\$40,514
Utility Franchise Fees	\$4,047
Building Permits and Fees	\$12,000
Lodgers Taxes	\$0
Miscellaneous Taxes & User Fees	\$42,037
<u>Subtotal Benefits</u>	<u>\$2,883,651</u>
Cost of Providing Municipal Services	(\$48,627)
Cost of Providing Utility Services	(\$43,755)
<u>Subtotal Costs</u>	<u>(\$92,382)</u>
Net Benefits	\$2,791,269
<i>Present Value (5% discount rate)</i>	<i>\$2,079,092</i>



The project will include an initial period of construction lasting 2 year(s), where \$1.8 million will be spent to construct new buildings and other real property improvements. The temporary construction activity will support temporary economic impacts in the community in the form of temporary construction employment and sales for local construction firms.

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Table 6. Temporary Economic Impact of Project-Related Construction Activity

	Direct	Indirect & Induced	Total
Number of temporary direct, indirect, and induced job years to be supported*	16.4	11.1	27.5
Salaries to be paid to direct, indirect, and induced workers	\$900,000	\$441,450	\$1,341,450
Revenues or sales for businesses related to construction	\$1,800,000	\$1,496,520	\$3,296,520

* A job year is defined as full employment for one person for 2080 hours in a 12-month span.

Gross receipt tax calculations related to construction activity are presented in the following table. The gross receipts tax revenue generated from construction-period taxable spending is included in the fiscal impact for affected districts.

Table 7. Construction-Related Taxable Spending

	Estimate
Expenditure for Materials	\$900,000
Percent of Materials subject to local gross receipts tax	75.0%
Subtotal Taxable Materials	\$675,000
Expenditure for Labor / Paid to construction workers	\$900,000
Percent of gross earnings spent on taxable goods and services	24.0%
Percent of taxable spending done locally	25.0%
Subtotal Taxable Construction Worker Spending	\$54,000
Expenditure for Furniture, Fixtures, & Equipment (FF&E)	\$304,500
Percent of FF&E subject to local gross receipts tax	25.0%
Subtotal Taxable FF&E Purchases	\$76,125
Total Construction-Related Taxable Spending	\$805,125

The above construction analysis focuses on the impact resulting from the Project's initial construction investments over the first 2 year(s).

IV. PROJECT FEASIBILITY

9. COST/ FEASIBILITY/ FINANCING:

The total cost of the project is \$2 million, which includes the building acquisition, land acquisition, renovations, furniture, fixtures and equipment (FF&E), solar installation, and soft costs. Los Poblanos is requesting \$25,000 from the City of Albuquerque and has been conditionally approved for \$250,000 from the State of New Mexico. The company is pursuing conventional financing with a down payment of approximately \$400,000.

Upon completion of the project, the estimated appraised value of the facility is anticipated to be approximately \$2.4 million.

1318 4th St. NW, Albuquerque, NM 87102 * 001 005PARIS ADD N 1/3 L 1 TO 6 **PARCEL NUMBER:** 101405825338022109 **Assessed Value:**

A1AM TAX DISTRICT

PROPERTY	CODE	VALUE
ASSESSED VALUE LAND		53,000
ASSESSED VALUE IMPROVEMENTS		9,700
ASSESSED VALUE PERS PROP		0
TAXABLE VALUE LAND		17,665
TAXABLE VALUE IMPROVEMENTS		3,233
TAXABLE VALUE PERS PROP		0
TOTAL VALUATION		20,898
STATUTORY EXEMPTION		0
VETERAN EXEMPTION		0
NET TAXABLE VALUE		
		20,898

1318 4TH ST NW
 001 005SOUTH 2/3 OF LOTS 1 THRU 6 PARIS ADD **PARCEL NUMBER:**
 101405825237322110
Assessed Value:

PROPERTY	CODE	VALUE
ASSESSED VALUE LAND		91,800
ASSESSED VALUE IMPROVEMENTS		460,000
ASSESSED VALUE PERS PROP		0
TAXABLE VALUE LAND		30,597
TAXABLE VALUE IMPROVEMENTS		153,318
TAXABLE VALUE PERS PROP		0
TOTAL VALUATION		183,915
STATUTORY EXEMPTION		0
VETERAN EXEMPTION		0
NET TAXABLE VALUE		
		183,915

Los Poblanos has been in operation for 20 years and its production business has experienced healthy growth over the last 10 years. While the hospitality side of the business struggled during 2020 due to the pandemic, the manufacturing business grew and exceeded its pre-pandemic forecasted revenues. This occurred despite stores that sell its products being closed entirely or

limited to 25% capacity, and despite its largest customer experiencing a decline of over 80% of its annual revenue at its airport stores. The success seen in 2020 proved the resiliency of the Los Poblanos brand and that the company has a strong, growing customer base.

10. DEVELOPER'S RECORD:

Three generations of the Rembe family have owned and helped operate Los Poblanos. In 1976, Penny and Armin Rembe purchased one half of the property that is now known as Los Poblanos. In 1999, the second half of the current property, which included La Quinta Cultural Center, came up for sale. Together with their four children, they decided to reunite the properties and undertake a preservation plan to maintain the architecture, gardens, and open farmland in perpetuity. Their son, Matthew Rembe, became executive director and continues to develop all areas of the business.

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

11. EQUITY:

The \$25,000 in City funds will be dispensed upon Los Poblanos obtaining an occupancy permit for the facility and hiring seven full-time employees by December 31, 2021, bringing total employment to 227.

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

12. MANAGEMENT:

Los Poblanos LLLP will develop its management team internally for the site. After the completion of the project, the most notable managers located onsite will be Teresa Curl, former CEO of Avila Retail, and Karen Converse, Director of Operations. Ms. Karen Converse earned an engineering degree at New Mexico Institute of Mining and Technology. She previously worked at Manufacturing Extension Partnership, and is acting Board Chair for Southwest Creations Collaborative, currently located adjacent to the proposed site.

The company included a description of the management team and Teresa Curl's resume at the end of their application.

The company's executive director is Matthew Rembe. According to the Los Poblanos website:

“Matt grew up at Los Poblanos and now oversees all aspects of the business on behalf of the Rembe Family. He worked as Director of Mary-Anne Martin/Fine Art in New York City, where he became a specialist in the field of 20th Century Latin American Masters. Matt attended Syracuse University, where he obtained a BA in Spanish and received his MBA from the prestigious Thunderbird School of Global Management. His wife Teresa, and sons Mateo and

Max have had a significant influence on Los Poblanos' dedication to quality food and can often be found enjoying the myriad sights, sounds and tastes of the Inn and Organic Farm.”

Biographies of other company senior management/family are attached in the application.

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

13. FISCAL IMPACT ANALYSIS

This project includes an 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 derived from the 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 Agreement (PPA), 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 agreement shall be adopted as an ordinance and adopted by the Council at a public hearing.

The primary terms of the Los Poblanos LLLP Project Participation Agreement are summarized and attached as an Exhibit.

1. Company Contribution. Los Poblanos will acquire and renovate the Property; will fully occupy and operate the Facility and, commencing on or about August 1st, 2021 will use the Property as a production facility for artisan lavender body products, and the distilling of craft spirits and related tasting rooms, and customer parking lot; and will hire and retain employees as contemplated by this Agreement all in accordance with the schedule and other terms and conditions set forth in this Agreement. Los Poblanos will maintain the Project's operations in Albuquerque for a minimum of ten (10) years. Los Poblanos will comply with all applicable laws in connection with the operation of the Project and will timely pay all personal property taxes with respect thereto.

2. The State Contributions; Procedure for Disbursement of the State Contributions. The City anticipates that the State Contribution of up to \$250,000 will be delivered to the City for subsequent disbursement to Los Poblanos, following enactment of the Los Poblanos LEDA ordinance and execution of this Agreement and an intergovernmental agreement between the State and the City. The City will submit an invoice to the State and 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 Los Poblanos in the manner as follows:

- 1) \$150,000 upon obtaining an Occupancy Permit for the Facility and hiring seven additional full-time employees by December 31, 2021, bringing total employment to 198.
- 2) \$100,000 after hiring an additional seven full-time employees by December 31, 2022 for a total employment of 205.

3. The City Contribution. Pursuant to the Project Ordinance and the LEDA Ordinance, the City has committed the amount of \$25,000 for use in connection with the Project. As required by the LEDA Ordinance, the City will deposit the proceeds of the City Contribution into a clearly identified separate account, which account will be subject to an annual independent audit. City funds will be dispensed upon Los Poblanos obtaining an Occupancy Permit for the Facility and hiring seven additional full-time employees by December 31, 2021, bringing total employment to 198.

4. Time Commitment. Los Poblanos intends to invest approximately \$2,300,000 for the acquisition, renovation, FF&E and improvement of the Property and its branded product business. Operations at the Facility are expected to begin following completion of improvements and renovations or as soon thereafter as possible. Los Poblanos will continue to occupy the Facility and diligently conduct operations in the Facility in the manner contemplated by this Agreement at least through December 31, 2030.

5. Use of Public Contributions. Los Poblanos will be eligible for reimbursement of up to \$275,000 for costs of the acquisition and renovation costs actually incurred after the date hereof and paid for, subject to the receipt by the City of the State Contribution. The City will make payment to Los Poblanos following submission to the City of documentation reasonably satisfactory to the City evidencing receipt of the Occupancy Permit with respect to the Project, and meeting the occupancy operations, and job creation targets.

No Project funds will be used to reimburse expenses from any individuals or a company that has a financial interest in Los Poblanos or its employees.

6. Job Commitment and Clawbacks.

A. Number of Jobs. Los Poblanos will increase employment, above the current level of 220 full-time employees, by (i) at least seven full-time employees as measured as of close of business on December 31, 2021 for a total employment of 198, (ii) at least seven full-time additional employees as measured as of close of business on December 31, 2022 for a total employment of 205, (iii) at least four full-time employees as measured as of close of business on December 31, 2023 for a total employment of 209, (iv) at least four full-time employees as measured as of close of business on December 31, 2024 for a total employment of 213, and (v) at least two full-time employees as measured as of close of business on December 31, 2025 for a total employment of 215, with an increase in employee payroll of approximately \$1,050,000 by December 31, 2025. Thereafter, Los Poblanos will maintain at least 215 total full-time jobs through December 31, 2030 as measured on average for the preceding calendar (January 1-December 31) year on an annual basis beginning December 31, 2025 (the “Jobs”). A Job will represent an employment position for a person for at least one pay period consisting of at least 32 hours of work per week and offering the employee the full range of benefits offered to other similarly situated Los Poblanos employees from time to time. Positions filled by contract, part-time and temporary workers will not be considered Jobs. All references herein to “employees” mean employees in Jobs as contemplated by this Section 7.A.

B. Wages and Benefits. Los Poblanos anticipates that the Jobs will fall within the wage ranges and will come with the benefits shown on Exhibit B. However, failure to meet the wage and benefit projections shown on Exhibit B or the total estimated increase set forth in Section 7.A. shall not constitute an Event of Default (defined below) or form the basis for any clawback payment.

C. Performance Clawbacks. B. It is Los Poblanos’ intent to create and sustain the number of Jobs at the Facility set forth in the table below under the column captioned “Annual Full Time Job Creation Target” at the end of each of the Job Determination Periods as set forth below (a “Job Target”). If Los Poblanos does not achieve the Minimum Full-Time Job Creation set forth in the table below on or before the conclusion of each of the specified Job Determination Periods (or the required average for years 6-10) described below (and after expiration of the applicable Cure Period (as defined below)), then Los Poblanos shall be required to pay a Clawback

Penalty (as defined below) to the City which will be applied in the percentage set forth in the table below:

<i>Job Creation Commitment and Schedule</i>						
<i>Year</i>	<i>Annual Full Time Job Creation Target</i>	<i>Minimum Full-Time Job Creation</i>	<i>Cumulative Payroll for New Jobs</i>	<i>Job Determination Period</i>		<i>%- Clawback</i>
1	191 + 7 = 198	198	\$283,500	Jan 1, 2021	Dec 31, 2021	100%
2	198 + 7 = 205	205	\$578,340	Jan 1, 2022	Dec 31, 2022	100%
3	205 + 4 = 209	209	\$758,448	Jan 1, 2023	Dec 31, 2023	100%
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5	213 + 2 = 215	215	\$1,052,136	Jan 1, 2025	Dec 31, 2025	100%
6	Maintain 215	215	\$1,052,136	Jan 1, 2026	Dec 31, 2026	75%
7	Maintain 215	215	\$1,052,136	Jan 1, 2027	Dec 31, 2027	75%
8	Maintain 215	215	\$1,052,136	Jan 1, 2028	Dec 31, 2028	50%
9	Maintain 215	215	\$1,052,136	Jan 1, 2029	Dec 31, 2029	25%
10	Maintain 215	215	\$1,052,136	Jan 1, 2030	Dec 31, 2030	25%
<i>Total</i>	191 + 24 = 215					
Add'l Notes: Starting Headcount 191 as of 12/31/2020 as defined by ES903A or its						
equivalent shown as Exhibit B						

For the purposes of this table:

(i) The “Clawback Penalty” is a penalty that Los Poblanos will be required to pay to the City upon Los Poblanos’s failure to meet the Job Target on or before the conclusion of the applicable Job Determination Period, if such Job Target is not otherwise reached by Los Poblanos during the Cure Period. The Clawback Penalty shall be equal to the product of the Percentage Hiring Shortfall (as defined herein), multiplied by the total amount of funds paid under this Agreement to Los Poblanos as of that time. For purposes of this subsection, the “Percentage Hiring Shortfall” shall be the quotient of (i) the Minimum Full-Time Job Creation for the applicable Job Determination Period, minus the actual number of jobs Los Poblanos maintains at the Facility at that time, divided by (ii) the Minimum Full-Time Job Creation for the applicable Job

Determination Period. See Exhibit D hereto for examples of Clawback Penalty Calculations. Notwithstanding anything herein to the contrary, in no event shall the aggregate Clawback Penalty paid by Los Poblanos exceed the total amount of funds paid under this Agreement.

(ii) “Cure Period” is the period of 180 days after the end of each Job Determination Period during which time Los Poblanos shall have the opportunity to cure any shortfall in meeting the Minimum Full-Time Job Creation. For the avoidance of doubt, if Los Poblanos meets the Minimum Full-Time Job Creation at any time during the Cure Period, Los Poblanos shall have no obligation to pay a Clawback Penalty corresponding to the applicable Job Determination Period. If Los Poblanos fails to reach the Job Target during the Cure Period, then Los Poblanos shall pay the City a Clawback Penalty determined in accordance with the table set forth above.

(iii) A “Job” means a permanent, full-time employment position (at least 32 hours per week) offering the employee the full range of benefits offered to other full-time employees of Los Poblanos, each with a minimum average salary determined for each annual period as follows:

Notwithstanding the foregoing, if Los Poblanos fails to employ the required full-time employees as identified in Section 7.A herein, and believes Business Climate Changes were the cause for its failure to meet such requirements, Los Poblanos will so advise the City in writing describing the Business Climate Changes in detail. “Business Climate Changes” mean substantial changes outside of the control of Los Poblanos, in the segment of the manufacturing industry in which Los Poblanos operates, that cause a significant decrease in the amount of sales Los Poblanos is able to achieve. The shifting of Los Poblanos’s operations to another Project, whether within or outside of Albuquerque, will not constitute a Business Climate Change.

If the City determine that Business Climate Changes affect Los Poblanos’s ability to maintain employment levels, it may waive or modify the Performance Clawback, but only related to the City Contribution and the City shall consult with the State EDD as to any potential waiver of the Performance Clawback or a portion thereof related to the State Contribution. Any Performance Clawback due will be paid within 30 days after the City notifies Los Poblanos of its decision or the decision of the State EDD. If Los Poblanos does not attribute the failure to meet employment requirements to Business Climate Changes, the payment of any Performance Clawback due will be submitted to the City within ten (10) days after the due date of the annual report reflecting the failure to maintain the required employment level.

D. Project Closure Clawback. Should Los Poblanos cease operation, or notify the City of its intent to cease operation, of the Project (i.e., cease to conduct operations at the Project) before December 31, 2030, Los Poblanos shall, within ninety (90) days of the cessation of operations, pay to the City, in cash, an amount equal to a specified percentage of the amount of the City Contribution and State Contribution paid pursuant to this Agreement, with the specific percentage based on the date of cessation of operations in accordance with the following table (each percentage inclusive of any Performance Clawback already paid by Los Poblanos):

Date of Cessation of Operations	Percent of Public Contributions to be Repaid
On or before December 31, 2025	100%
From January 1, 2026 through December 31, 2028	60%
From January 1, 2029 through December 31, 2030	25%

Winding down of the Company’s operations at the Project in preparation for a cessation of operations may be considered a cessation of operations, and any such determination will be made by the City in its sole reasonable discretion.

E. Maximum Clawback; Unpaid Payments. Notwithstanding anything herein to the contrary, the maximum aggregate clawback and reimbursement payable hereunder will be \$275,000, not including interest. Any clawbacks not paid when due shall bear interest at the Prime Rate plus 2% per annum from the due date until paid. “Prime Rate” means the U.S. prime rate as reported from time to time in *The Wall Street Journal* in its Bonds, Rates and Yields table, or successor table.

7. Security. To secure the performance of its obligations under this Agreement, prior to the payment of any portion of the State Contribution or the City Contribution to Los Poblanos, Los Poblanos shall provide the City an acceptable form of security in favor of the City in the form of (i) an annually renewable surety bond/letter of credit; and/or (ii) UCC financing statement in a form and with collateral of a type and of a value reasonably acceptable to the City. If Los Poblanos chooses to provide an annually renewable surety bond/letter of credit, non-renewal from the surety company/bank does not constitute a claim under the surety bond or letter of credit, as applicable. The amount of the security posted will be equal to the amount of funds provided by the State and the City or the liability of the clawbacks as provided in Section 7.D, herein, whichever is less.

8. Events of Default and Remedies.

A. Failure to Comply With Obligations. Failure by Los Poblanos to comply with any obligation under this Agreement, including without limitation, the failure to make timely payment of any clawback payment due hereunder, shall be an Event of Default. Notwithstanding the foregoing, failure to meet employment projections or failure to meet wage and benefit projections shall not be considered an Event of Default; however, the failure to make timely payment of any clawback payment due as a result thereof shall be an Event of Default.

B. Notice of Event of Default. If any Event of Default occurs, the City shall notify Los Poblanos in writing, and Los Poblanos shall have thirty (30) days in which to cure such Event of Default. If the Event of Default is not cured within such thirty-day period, the City shall have and may exercise any remedies available at law or in equity.

9. Fees. Los Poblanos will promptly pay or reimburse the City for all reasonable third-party expenses incurred by the City in connection with this Agreement and the Project, provided, however, that Los Poblanos shall not be liable for costs incurred by the City that are the responsibility of the City in the ordinary course of business. If so determined by the City, in its sole discretion, such third-party expenses may be offset against or reimbursed from the City Contribution or the State Contribution. Although the City does not anticipate incurring significant third party expenses during the term of this Agreement, such expenses could include, without limitation, expenses associated with performance reviews or audits with respect to the Project and legal fees for outside counsel in the event of any proposed amendment to this Agreement or any necessary enforcement action with respect to this Agreement.

10. Reporting Requirement, Performance Review and Termination. Quarterly, on or before each January 31, April 30, July 31 and October 31, Los Poblanos will provide to the City and to State EDD the company's 903A or its equivalent filed with New Mexico's Department of Workforce Solutions for the previous quarter regarding its workforce and such other information necessary for the City or its independent contractor to determine whether Los Poblanos has met its obligations under this Agreement. As required by the LEDA Ordinance, the Project will be subject to an annual performance review conducted by City staff, which will evaluate whether the Project is attaining the requirements of this Agreement. This review shall be presented to the City administration and the City Council. If the requirements of this Agreement are not being satisfied, the City Council at a public hearing may cause the enforcement of this Agreement, including the right of the City to any Performance Clawbacks and other remedies set forth herein. In addition, pursuant to LEDA, if Los Poblanos has ceased operations and paid all amounts due to the City as provided herein, the City may enact an ordinance terminating the LEDA Ordinance.

FINDINGS:

1. LEDA 21-2 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. LEDA 21-2 would make positive substantive contributions to the local economy and community by creating 24 jobs; and
3. Subject to the development of acceptable security documents, LEDA 21-2 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives, including remaining in operation for 10 years; and
4. Subject to the development of acceptable security documents, LEDA 21-2 would adequately meet the evaluation criteria established by the City for Local Economic Development Act projects, including the requirement that the City recoup the value of its investment within 10 years.

STAFF RECOMMENDATION:

LEDA 21-2: Los Poblanos LLLP Project

Based on the above findings, staff recommends approval of LEDA 21-2 as proposed in the project plan application.

Economic Development Department

Fiscal Impact Overview

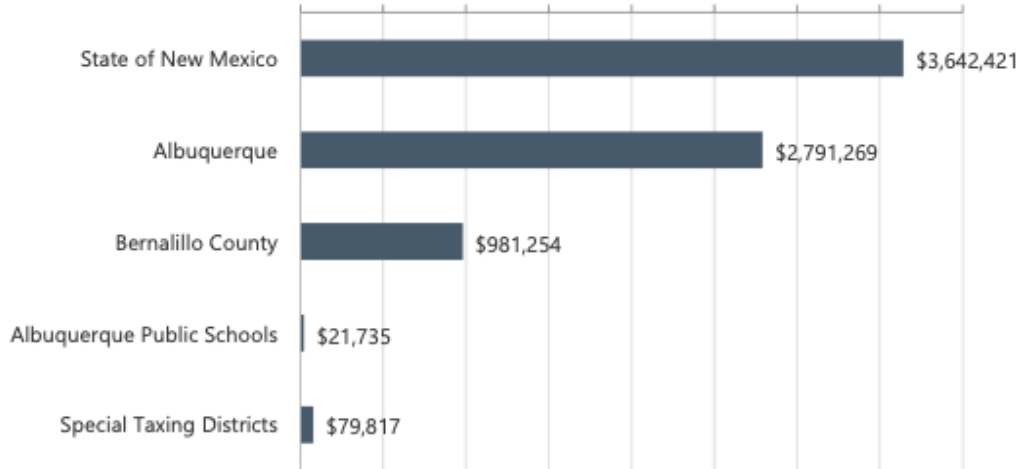
The Project will generate additional benefits and costs for local taxing districts, a summary of which is provided below. The source of specific benefits and costs are provided in greater detail for each taxing district on subsequent pages. Overall, the City will receive approximately \$2,791,300 in net benefits over the 10-year period and the Project will generate \$7,516,500 in total for all local taxing districts.

Table 8. 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	\$4,263,575	(\$621,154)	\$3,642,421	\$2,719,476
Albuquerque	\$2,883,651	(\$92,382)	\$2,791,269	\$2,079,092
Bernalillo County	\$1,003,295	(\$22,041)	\$981,254	\$731,524
Albuquerque Public Schools	\$21,735	\$0	\$21,735	\$16,669
Special Taxing Districts	\$79,817	\$0	\$79,817	\$61,212
Total	\$8,252,073	(\$735,577)	\$7,516,496	\$5,607,973

* 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



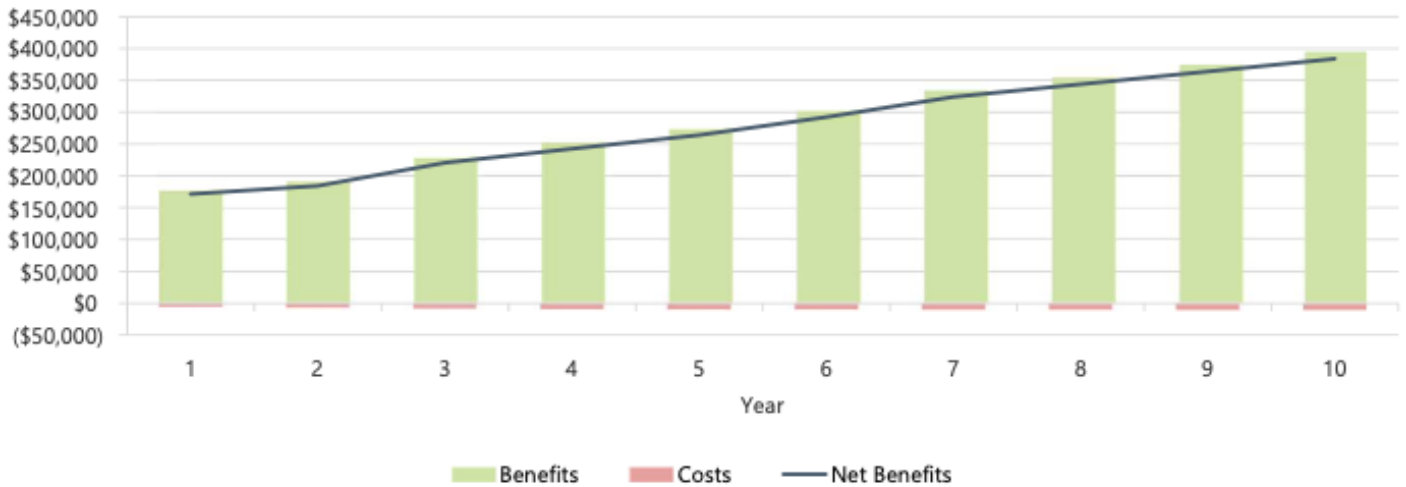
Albuquerque

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

	Amount
Gross Receipts Taxes	\$2,696,640
Real Property Taxes - Project	\$81,322
FF&E Property Taxes - Project	\$7,091
Property Taxes - New Residential	\$0
Utility Revenue	\$40,514
Utility Franchise Fees	\$4,047
Building Permits and Fees	\$12,000
Lodgers Taxes	\$0
Miscellaneous Taxes & User Fees	\$42,037
Subtotal Benefits	\$2,883,651
Cost of Providing Municipal Services	(\$48,627)
Cost of Providing Utility Services	(\$43,755)
Subtotal Costs	(\$92,382)
Net Benefits	\$2,791,269
<i>Present Value (5% discount rate)</i>	<i>\$2,079,092</i>

Figure 3. Annual Fiscal Net Benefits for the Albuquerque



Project Participation Agreement
City of Albuquerque and Los Poblanos LLLP
Local Economic Development Act Project 21-2

This Project Participation Agreement is made as of this ____ day of March, 2021 by and between the CITY OF ALBUQUERQUE, NEW MEXICO (the “City”), and Los Poblanos LLLP, a New Mexico limited liability limited partnership with a place of business at 4803 Rio Grande Blvd. NW, Albuquerque, New Mexico 87107 (“Los Poblanos”).

WHEREAS, it is the policy of the City to aid and encourage the location of desirable business enterprises in the City and to facilitate a favorable governmental atmosphere for enriching the lives of its citizens by supporting the development of a healthy economy; and

WHEREAS, pursuant to the Local Economic Development Act, Sections 5-10-1 to 5-10-13 NMSA 1978 (“LEDA”), the City has adopted Ordinance No. F/S O-04-10 (the “LEDA Ordinance”), approving an economic development plan for the City and authorizing the City to consider applications for economic development assistance; and

WHEREAS, Los Poblanos has submitted to the City an application in the form attached to this Agreement as Exhibit A (the “Los Poblanos Application”) proposing that, in exchange for certain LEDA assistance described below, Los Poblanos will undertake and complete a certain project, which is defined to include the following elements (the “Project”):

Los Poblanos, shall acquire and renovate the property at 1318 4th Street NW, inclusive of a 16,218 square foot building, in Albuquerque, New Mexico as a production facility for artisan lavender body products, and the distilling of craft spirits and related tasting rooms (the “Facility”);

Los Poblanos, shall acquire 0.332 acres of vacant land at 315-317 Kinley Avenue NW in Albuquerque, New Mexico and convert to a customer parking lot through installation of asphalt and security fencing (the “Parking Lot” and together with the Facility, the “Property”);

Commitment to operate the Facility for a minimum of ten (10) years;

Employment: as measured as of the close of business on (i) December 31, 2021, Los Poblanos shall have an increase of at least seven full-time employees above the initial employment of 191 employees; (ii) December 31, 2022, Los Poblanos shall have an increase of at least seven full-time employees for a total employment of 198 employees; (iii) December 31, 2023, Los Poblanos shall have

LEDA 21-2: Los Poblanos LLLP Project

an increase of at least four full-time employees for a total employment of 205 employees; (iv) December 31, 2024, Los Poblanos shall have an increase of four full-time employees for a total employment of 209 employees; and (v) December 31, 2025, Los Poblanos shall have an increase of two full-time employees for a total employment of 213 employees with a total increase of payroll by December 31, 2025 of approximately \$1,050,000, plus benefits, and Los Poblanos shall maintain at least 215 employees through December 31, 2030; and

WHEREAS, the LEDA Project was approved on March __, 2021 and the acquisition of the Property on _____, 2021; and

WHEREAS, Los Poblanos estimates a total investment of approximately \$2,300,000 for the acquisition, renovation and manufacturing equipment (FF&E) of the Property and branded product business; and

WHEREAS, the Los Poblanos Application proposes that in exchange for Los Poblanos undertaking and completing the Project, the City funds obtained from the State Economic Development Department (the “State EDD”), pursuant to LEDA, in addition to local City LEDA funds, will be used to reimburse a portion of Los Poblanos’s acquisition and renovation expenses related to the Project, on the terms set forth herein; and

WHEREAS, the City has determined that the cost benefit analysis with respect to the Project, based on assessments obtained by the City on the basis of information provided to the City by Los Poblanos, shows that the City will recoup the value of its contribution within ten (10) years; and

WHEREAS, the Los Poblanos Application clearly demonstrates that Los Poblanos, by completing the Project, will be making a substantive contribution to the community, as required by the LEDA Ordinance; and

WHEREAS, the total amount of public money expended and the value of credit pledged in each fiscal year in which that money is expended by the City for economic development projects pursuant to LEDA does not and will not exceed ten percent of the general fund expenditures of the City in that fiscal year; and

WHEREAS, the City anticipates receiving an appropriation of funds allocated from the State EDD with the direction of the State EDD to convey these funds to the benefit of Los Poblanos via LEDA; and

WHEREAS, LEDA and the LEDA Ordinance require the parties to enter into a Project Participation Agreement meeting the requirements of LEDA and the LEDA Ordinance; and

WHEREAS, the City adopted Ordinance No. O-21-_____ on March __, 2021 (the “Project Ordinance”) (i) finding that Los Poblanos is a qualifying entity as defined in Section 5-10-3(G)

NMSA, (ii) approving the Los Poblanos Application for assistance with the Project pursuant to the LEDA Ordinance, which Application proposed that the City direct up to \$250,000 in funds to be received from the State EDD (the “State Contribution”) and \$25,000 in funds to be committed by the City (the “City Contribution”), all to finance certain statutorily eligible expenses of the Project consisting of reimbursement of acquisition and renovation of the Property, and (iii) approving this Agreement;

NOW, THEREFORE, in consideration of these premises and the agreements by the parties set forth herein, Los Poblanos and the City further agree as follows:

11. Goals and Objectives. The goals and objectives of the Project are 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 job growth and career opportunities for Albuquerque-area residents and otherwise make a substantive contribution to the community as set forth in this Agreement and in the Los Poblanos Application.

12. Company Contribution. Los Poblanos will acquire and renovate the Property; will fully occupy and operate the Facility and, commencing on or about August 1st, 2021 will use the Property as a production facility for artisan lavender body products, and the distilling of craft spirits and related tasting rooms, and customer parking lot; and will hire and retain employees as contemplated by this Agreement all in accordance with the schedule and other terms and conditions set forth in this Agreement. Los Poblanos will maintain the Project’s operations in Albuquerque for a minimum of ten (10) years. Los Poblanos will comply with all applicable laws in connection with the operation of the Project and will timely pay all personal property taxes with respect thereto.

13. The State Contributions; Procedure for Disbursement of the State Contributions. The City anticipates that the State Contribution of up to \$250,000 will be delivered to the City for subsequent disbursement to Los Poblanos, following enactment of the Los Poblanos LEDA ordinance and execution of this Agreement and an intergovernmental agreement between the State and the City. The City will submit an invoice to the State and 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 Los Poblanos in the manner as follows:

- 3) \$150,000 upon obtaining an Occupancy Permit for the Facility and hiring seven additional full-time employees by December 31, 2021, bringing total employment to 198.
- 4) \$100,000 after hiring an additional seven full-time employees by December 31, 2022 for a total employment of 205.

14. The City Contribution. Pursuant to the Project Ordinance and the LEDA Ordinance, the City has committed the amount of \$25,000 for use in connection with the Project. As required by the LEDA Ordinance, the City will deposit the proceeds of the City Contribution

into a clearly identified separate account, which account will be subject to an annual independent audit. City funds will be dispensed upon Los Poblanos obtaining an Occupancy Permit for the Facility and hiring seven additional full-time employees by December 31, 2021, bringing total employment to 198.

15. Time Commitment. Los Poblanos intends to invest approximately \$2,300,000 for the acquisition, renovation, FF&E and improvement of the Property and its branded product business. Operations at the Facility are expected to begin following completion of improvements and renovations or as soon thereafter as possible. Los Poblanos will continue to occupy the Facility and diligently conduct operations in the Facility in the manner contemplated by this Agreement at least through December 31, 2030.

16. Use of Public Contributions. Los Poblanos will be eligible for reimbursement of up to \$275,000 for costs of the acquisition and renovation costs actually incurred after the date hereof and paid for, subject to the receipt by the City of the State Contribution. The City will make payment to Los Poblanos following submission to the City of documentation reasonably satisfactory to the City evidencing receipt of the Occupancy Permit with respect to the Project, and meeting the occupancy operations, and job creation targets.

No Project funds will be used to reimburse expenses from any individuals or a company that has a financial interest in Los Poblanos or its employees.

17. Job Commitment and Clawbacks.

A. Number of Jobs. Los Poblanos will increase employment, above the current level of 220 full-time employees, by (i) at least seven full-time employees as measured as of close of business on December 31, 2021 for a total employment of 198, (ii) at least seven full-time additional employees as measured as of close of business on December 31, 2022 for a total employment of 205, (iii) at least four full-time employees as measured as of close of business on December 31, 2023 for a total employment of 209, (iv) at least four full-time employees as measured as of close of business on December 31, 2024 for a total employment of 213, and (v) at least two full-time employees as measured as of close of business on December 31, 2025 for a total employment of 215, with an increase in employee payroll of approximately \$1,050,000 by December 31, 2025. Thereafter, Los Poblanos will maintain at least 215 total full-time jobs through December 31, 2030 as measured on average for the preceding calendar (January 1-December 31) year on an annual basis beginning December 31, 2025 (the “Jobs”). A Job will represent an employment position for a person for at least one pay period consisting of at least 32 hours of work per week and offering the employee the full range of benefits offered to other similarly situated Los Poblanos employees from time to time. Positions filled by contract, part-time and temporary workers will not be considered Jobs. All references herein to “employees” mean employees in Jobs as contemplated by this Section 7.A.

B. Wages and Benefits. Los Poblanos anticipates that the Jobs will fall within the wage ranges and will come with the benefits shown on Exhibit B. However, failure to meet the wage and benefit

LEDA 21-2: Los Poblanos LLLP Project

projections shown on Exhibit B or the total estimated increase set forth in Section 7.A. shall not constitute an Event of Default (defined below) or form the basis for any clawback payment.

C. Performance Clawbacks. B. It is Los Poblanos’ intent to create and sustain the number of Jobs at the Facility set forth in the table below under the column captioned “Annual Full Time Job Creation Target” at the end of each of the Job Determination Periods as set forth below (a “Job Target”). If Los Poblanos does not achieve the Minimum Full-Time Job Creation set forth in the table below on or before the conclusion of each of the specified Job Determination Periods (or the required average for years 6-10) described below (and after expiration of the applicable Cure Period (as defined below)), then Los Poblanos shall be required to pay a Clawback Penalty (as defined below) to the City which will be applied in the percentage set forth in the table below:

<i>Job Creation Commitment and Schedule</i>						
<i>Year</i>	<i>Annual Full Time Job Creation Target</i>	<i>Minimum Full-Time Job Creation</i>	<i>Cumulative Payroll for New Jobs</i>	<i>Job Determination Period</i>		<i>%- Clawback</i>
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<i>Total</i>	191 + 24 = 215					
Add'l Notes: Starting Headcount 191 as of 12/31/2020 as defined by ES903A or its						
equivalent shown as Exhibit B						

For the purposes of this table:

(i) The “Clawback Penalty” is a penalty that Los Poblanos will be required to pay to the City upon Los Poblanos’s failure to meet the Job Target on or before the conclusion of the applicable Job Determination Period, if such Job Target is not otherwise reached by Los Poblanos during the Cure Period.

The Clawback Penalty shall be equal to the product of the Percentage Hiring Shortfall (as defined herein), multiplied by the total amount of funds paid under this Agreement to Los Poblanos as of that time. For purposes of this subsection, the “Percentage Hiring Shortfall” shall be the quotient of (i) the Minimum Full-Time Job Creation for the applicable Job Determination Period, minus the actual number of jobs Los Poblanos maintains at the Facility at that time, divided by (ii) the Minimum Full-Time Job Creation for the applicable Job Determination Period. See Exhibit D hereto for examples of Clawback Penalty Calculations. Notwithstanding anything herein to the contrary, in no event shall the aggregate Clawback Penalty paid by Los Poblanos exceed the total amount of funds paid under this Agreement.

(ii) “Cure Period” is the period of 180 days after the end of each Job Determination Period during which time Los Poblanos shall have the opportunity to cure any shortfall in meeting the Minimum Full-Time Job Creation. For the avoidance of doubt, if Los Poblanos meets the Minimum Full-Time Job Creation at any time during the Cure Period, Los Poblanos shall have no obligation to pay a Clawback Penalty corresponding to the applicable Job Determination Period. If Los Poblanos fails to reach the Job Target during the Cure Period, the Los Poblanos shall pay the City a Clawback Penalty determined in accordance with the table set forth above.

(iii) A “Job” means a permanent, full-time employment position (at least 32 hours per week) offering the employee the full range of benefits offered to other full-time employees of Los Poblanos, each with a minimum average salary determined for each annual period as follows:

Notwithstanding the foregoing, if Los Poblanos fails to employ the required full-time employees as identified in Section 7.A herein, and believes Business Climate Changes were the cause for its failure to meet such requirements, Los Poblanos will so advise the City in writing describing the Business Climate Changes in detail. “Business Climate Changes” mean substantial changes outside of the control of Los Poblanos, in the segment of the manufacturing industry in which Los Poblanos operates, that cause a significant decrease in the amount of sales Los Poblanos is able to achieve. The shifting of Los Poblanos’s operations to another Project, whether within or outside of Albuquerque, will not constitute a Business Climate Change.

If the City determine that Business Climate Changes affect Los Poblanos’s ability to maintain employment levels, it may waive or modify the Performance Clawback, but only related to the City Contribution and the City shall consult with the State EDD as to any potential waiver of the Performance Clawback or a portion thereof related to the State Contribution. Any Performance Clawback due will be paid within 30 days after the City notifies Los Poblanos of its decision or the decision of the State EDD. If Los Poblanos does not attribute the failure to meet employment requirements to Business Climate Changes, the payment of any Performance Clawback due will be submitted to the City within ten (10) days after the due date of the annual report reflecting the failure to maintain the required employment level.

D. Project Closure Clawback. Should Los Poblanos cease operation, or notify the City of its intent to cease operation, of the Project (i.e., cease to conduct operations at the Project) before December 31, 2030, Los Poblanos shall, within ninety (90) days of the cessation of operations, pay to the City, in cash, an amount equal to a specified percentage of the amount of the City Contribution and State Contribution paid pursuant to this Agreement, with the specific percentage based on the date of cessation of operations in accordance with the following table (each percentage inclusive of any Performance Clawback already paid by Los Poblanos):

Date of Cessation of Operations	Percent of Public Contributions to be Repaid
On or before December 31, 2025	100%
From January 1, 2026 through December 31, 2028	60%
From January 1, 2029 through December 31, 2030	25%

Winding down of the Company's operations at the Project in preparation for a cessation of operations may be considered a cessation of operations, and any such determination will be made by the City in its sole reasonable discretion.

E. Maximum Clawback; Unpaid Payments. Notwithstanding anything herein to the contrary, the maximum aggregate clawback and reimbursement payable hereunder will be \$275,000, not including interest. Any clawbacks not paid when due shall bear interest at the Prime Rate plus 2% per annum from the due date until paid. "Prime Rate" means the U.S. prime rate as reported from time to time in *The Wall Street Journal* in its Bonds, Rates and Yields table, or successor table.

18. Security. To secure the performance of its obligations under this Agreement, prior to the payment of any portion of the State Contribution or the City Contribution to Los Poblanos, Los Poblanos shall provide the City an acceptable form of security in favor of the City in the form of (i) an annually renewable surety bond/letter of credit; and/or (ii) UCC financing statement in a form and with collateral of a type and of a value reasonably acceptable to the City. If Los Poblanos chooses to provide an annually renewable surety bond/letter of credit, non-renewal from the surety company/bank does not constitute a claim under the surety bond or letter of credit, as applicable. The amount of the security posted will be equal to the amount of funds provided by the State and the City or the liability of the clawbacks as provided in Section 7.D, herein, whichever is less.

19. Events of Default and Remedies.

C. Failure to Comply With Obligations. Failure by Los Poblanos to comply with any obligation under this Agreement, including without limitation, the failure to make timely payment of any clawback payment due hereunder, shall be an Event of Default. Notwithstanding the foregoing, failure to meet employment projections or failure to meet wage and benefit projections shall not be considered an Event of Default; however, the failure to make timely payment of any clawback payment due as a result thereof shall be an Event of Default.

D. Notice of Event of Default. If any Event of Default occurs, the City shall notify Los Poblanos in writing, and Los Poblanos shall have thirty (30) days in which to cure such Event of Default. If the Event of Default is not cured within such thirty-day period, the City shall have and may exercise any remedies available at law or in equity.

20. Fees. Los Poblanos will promptly pay or reimburse the City for all reasonable third-party expenses incurred by the City in connection with this Agreement and the Project, provided, however, that Los Poblanos shall not be liable for costs incurred by the City that are the responsibility of the City in the ordinary course of business. If so determined by the City, in its sole discretion, such third-party expenses may be offset against or reimbursed from the City Contribution or the State Contribution. Although the City does not anticipate incurring significant third-party expenses during the term of this Agreement, such expenses could include, without limitation, expenses associated with performance reviews or audits with respect to the Project and legal fees for outside counsel in the event of any proposed amendment to this Agreement or any necessary enforcement action with respect to this Agreement.

21. Reporting Requirement, Performance Review and Termination. Quarterly, on or before each January 31, April 30, July 31 and October 31, Los Poblanos will provide to the City and to State EDD the company's 903A or its equivalent filed with New Mexico's Department of Workforce Solutions for the previous quarter regarding its workforce and such other information necessary for the City or its independent contractor to determine whether Los Poblanos has met its obligations under this Agreement. As required by the LEDA Ordinance, the Project will be subject to an annual performance review conducted by City staff, which will evaluate whether the Project is attaining the requirements of this Agreement. This review shall be presented to the City administration and the City Council. If the requirements of this Agreement are not being satisfied, the City Council at a public hearing may cause the enforcement of this Agreement, including the right of the City to any Performance Clawbacks and other remedies set forth herein. In addition, pursuant to LEDA, if Los Poblanos has ceased operations and paid all amounts due to the City as provided herein, the City may enact an ordinance terminating the LEDA Ordinance.

22. Dispute Resolution. The parties will work in good faith to resolve any disputes that arise hereunder. In the event of a dispute between the parties, the Chief Executive Officer of Los Poblanos, or his/her designee, and the Director or Deputy Director of the City's Economic Development Department shall meet and attempt in good faith to resolve the dispute. If they are unable to resolve the dispute, the Chief Executive Officer of Los Poblanos and the City's Chief Administrative Officer shall meet and attempt in good faith to resolve the dispute. Nothing contained in this Agreement constitutes a waiver of any party's right to seek judicial relief.

23. Force Majeure. Neither party shall be liable to the other party for any failure to perform any provisions or obligations of this Agreement if such failure to perform is caused by or results directly or indirectly from Force Majeure. "Force Majeure" means any cause beyond the reasonable control of a party affected, including but not limited to, any acts of God, fire, flood, storm, strike, riot or civil disturbance, war, earthquake, lightning, epidemic, pandemic, labor disturbance, sabotage, or restraint by court or public authority, or any other cause beyond the reasonable control of a party affected whether similar or dissimilar to the ones listed, which makes it impossible or unreasonably difficult for a party to perform its obligations under this Agreement. Nothing contained in this paragraph shall be construed to require either party to prevent or settle a strike against its will. The party unable to perform its obligations due to Force Majeure will provide notice to the other party within fifteen (15) days of its becoming aware of the Force Majeure of its inability to perform and its expectations as to when, if ever, it will be able to resume its obligations.

24. 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 a recognized overnight delivery service, by fax, by electronic mail, or by registered or certified mail, postage prepaid, to the parties at the addresses shown in the signature block of this Agreement. If notice is mailed, it will be deemed received on the earlier of 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. If any written notice is sent by facsimile or electronic mail, it will be deemed received upon printed or written confirmation of the transmission. A party may change its notice address by written notice to the other party to this Agreement.

25. Assignment by the Company. Should Los Poblanos move, sell, lease or transfer its leasehold or operation duties in the Project before the expiration of this Agreement and desire to transfer its right hereunder to such assignee, the City retains the right to deny any and all assignments, sales, leases or transfers of any interests 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 or Los Poblanos terminates this Agreement and pays any Clawback or reimbursement amounts due hereunder as of such date. At its discretion, the City may choose to deny said assignment, lease or transfer or may negotiate a new agreement with the new operator.

26. Miscellaneous. This Agreement, together with the Letter or Credit, represents the entire agreement of the parties on the subject hereof and supersedes all prior agreements or understandings between the parties, whether written or verbal. This Agreement may be amended or modified, and the performance by any party of its obligations under this Agreement may be waived, only in a written instrument duly executed by both parties. 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. This Agreement is governed by and is to be construed in accordance with the laws of New Mexico applicable to agreements made and to be performed in New Mexico.

27. Effective Date. This Agreement will be effective on March __, 2021 (the “Effective Date”).

[Signature Page Follows]

LEDA 21-2: Los Poblanos LLLP Project

CITY OF ALBUQUERQUE,
NEW MEXICO

LOS POBLANOS LLLP, a New Mexico Limited
Liability Limited Partnership

By _____

Name: Sarita Nair, JD, MCRP

Title: Chief Administrative Officer

Date: _____

By _____

Name:

Title:

Date: _____

Address for notice:

One Civic Plaza NW

Albuquerque, NM 87102

Attention: Economic Development Director

Tel: (505)768-3000

Email: synthiaj@cabq.gov

Address for notice:

Attention: Matthew Rembe

Los Poblanos LLLP

4803 Rio Grande Blvd NW

Albuquerque, New Mexico 87107

Tel: (505) 938-2185

Email: mrembe@lospoblanos.com

With a copy to:

City Attorney

One Civic Plaza NW

Albuquerque, NM 87102

Tel: (505)768-3000

Email: eaj@cabq.gov

Mailing Address:

P.O. Box 1293

Albuquerque, NM 87103

Exhibits

Exhibit A Application for LEDA Assistance

Exhibit B Wages and Benefits

Exhibit C Security

Exhibit D Clawback Example

APPLICATION

for

LOCAL ECONOMIC DEVELOPMENT ACT (LEDA)

Project Approval

Name of Project: **LOS POBLANOS PRODUCTION FACILITY**

Location of Project: 1318 4th Street NW, Albuquerque NM, 87102

Company Name: Los Poblanos LLLP

Contact Person: Matthew Rembe

Address: Los Poblanos Historic Inn & Organic Farm

4803 Rio Grande Blvd. NW

Los Ranchos de Albuquerque, NM 87107

Telephone: (505) 938-2185

Email: mrembe@lospoblanos.com

Counsel: Chris Pacheco

Address: 333 Rio Rancho Drive, Ste 401

Rio Rancho, NM 87124

Telephone: 505-892-3607

Amount Requested: \$25,000 Fee Submitted: _____

FOR STAFF USE

Staff Assigned: _____

Case Number: _____

Fee Received: \$ _____

ADC Hearing Date: _____

Council Dates (Tentative): Introduction _____

Committee _____ Council Hearing _____

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 O-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 O-04-10 and conforms with and compliments 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

Los Poblanos is requesting \$25,000 of LEDA funds from the city of Albuquerque for help with the acquisition of building and land for a new production facility for the Los Poblanos Historic Inn& Organic Farm. With the economic support from the State of New Mexico, there is an exciting opportunity to ramp up our current manufacturing of artisan lavender body products using essential oils from botanicals grown at Los Poblanos. Additionally, we can substantially expand our “Farm Foods” a line of value-added food products and developed by our culinary team using produce organically grown primarily by farmers of New Mexico. This will include adding new manufacturing equipment for both production and packaging. Lastly, utilizing our experience with distilling essential oils and botanicals, we would add a crafts spirits manufacturing at this location.

Currently, our demand is higher than our supply, mainly due to limitations on production space, warehouse space, equipment, supply chain issues and fulfillment challenges. Los Poblanos also contracts some of its production and warehousing to third party manufacturers or “co-packers,” which makes it less profitable and in less control of its supply chain. Los Poblanos currently distributes its branded products both locally and nationally to gift and lifestyle stores, high-end department stores (like Nordstrom’s), airport stores (formerly owned by Avila Retail), and high-end grocers, like Whole Foods. A project of this magnitude would create a triple benefit – growth of jobs and revenue for Los Poblanos, growth of jobs and revenue for small farms and sustainable food initiatives in our community, and finally, the promotion of the unique culture and stories of the Rio Grande River Valley and the State of New Mexico. We are extremely proud of the increased visibility we have

generated for the state of New Mexico and this project would allow us to build on that success in an impactful way.

As a substantial amount of our cash was used to sustain our hospitality losses during COVID, namely with lodging and restaurant operations, our planned investment to grow our production for value-added products and a craft distillery business, has been seriously hindered. Increased production capacity would also allow us to leverage retail outlets throughout New Mexico, further driving more growth in manufacturing. Craft Spirits Distillation operations would also be located at this location, including filling, packaging, supplies, bonded storage, and raw ingredient storage from local farmers.

We are also in the beginning of a partnership with Richard Schnieders, former CEO of Sysco Foods and now founder of Southwest Grain Collaborative, to see how we can assist with packaging and distribution of heritage grains for local and national distribution. This aligns well with our shared goal of revitalizing New Mexico agriculture that was once a key contributor to the culture and economy of the Southwest.

II. SITE AND EXISTING CONDITIONS

Legal Description

There are two properties associated for this project, one with a building that will be utilized for production and the other for customer parking related to our proposed use of retail and a tasting room.

1. The property with a building associated with this project is located at 1318 4th St:

Bernalillo County Parcels ×

UPC: 101405825338022109
Owner: SPENCE WILLIAM (BILL) & SYLVIA
Owner Address: 743 CHAVEZ RD NW ALBUQUERQUE NM 87107
Situs Address: 1318 4TH ST NW ALBUQUERQUE NM 87102 1417
Legal Description: * 001 005PARIS ADD N 1/3 L 1 TO 6
Acres: 0.1791
Tax Year: 2020

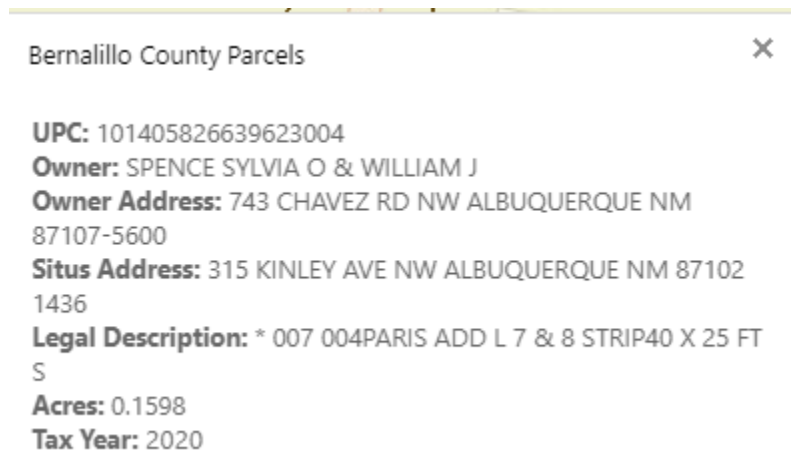
Bernalillo County Parcels ×

UPC: 101405825237322110
Owner: SPENCE WILLIAM (BILL) & SYLVIA
Owner Address: 743 CHAVEZ RD NW ALBUQUERQUE NM 87107
Situs Address: 1318 4TH ST NW ALBUQUERQUE NM 87102 1417
Legal Description: * 001 005SOUTH2/3 OF LOTS 1 THRU 6 PARIS ADD
Acres: 0.3099
Tax Year: 2020

2. The land associated with this project located at 317 Kinley Ave:

Bernalillo County Parcels ×

UPC: 101405826039623002
Owner: SPENCE SYLVIA O & WILLIAM J
Owner Address: 743 CHAVEZ RD NW ALBUQUERQUE NM 87107-5600
Situs Address: 317 KINLEY AVE NW ALBUQUERQUE NM 87102 1436
Legal Description: * 005 004PARIS ADD L 5 & 6 STRIP 40X100 FT S
Acres: 0.1722
Tax Year: 2020



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

Prevailing Site Conditions

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

Present Assessed Value

1318 4th St NW, Albuquerque, NM 87102 *

001 005PARIS ADD N 1/3 L 1 TO 6

PARCEL NUMBER: 101405825338022109

Assessed Value:

A1AM TAX DISTRICT

PROPERTY	CODE	VALUE
ASSESSED VALUE LAND		53,000
ASSESSED VALUE IMPROVEMENTS		9,700
ASSESSED VALUE PERS PROP		0
TAXABLE VALUE LAND		17,665
TAXABLE VALUE IMPROVEMENTS		3,233
TAXABLE VALUE PERS PROP		0
TOTAL VALUATION		20,898
STATUTORY EXEMPTION		0
VETERAN EXEMPTION		0
NET TAXABLE VALUE		
		20,898

1318 4TH ST NW

001 005SOUTH 2/3 OF LOTS 1 THRU 6 PARIS ADD

PARCEL NUMBER: 101405825237322110

Assessed Value:

PROPERTY	CODE	VALUE
ASSESSED VALUE LAND		91,800
ASSESSED VALUE IMPROVEMENTS		460,000
ASSESSED VALUE PERS PROP		0
TAXABLE VALUE LAND		30,597
TAXABLE VALUE IMPROVEMENTS		153,318
TAXABLE VALUE PERS PROP		0
TOTAL VALUATION		183,915
STATUTORY EXEMPTION		0
VETERAN EXEMPTION		0
NET TAXABLE VALUE		
		183,915

Present and Proposed Zoning

Current Zone: MIXED USE – MEDIUM INTENSITY ZONE (MX – M); However, existing use of building is grandfathered for light manufacturing. As MX-M “provides for a wide array of moderate-intensity retailer, commercial” and artisan manufacturing, the proposed use is ideal.

Renewable Energy

Likely to include solar installation estimated at \$80,000.

III. PROJECT PLAN

A. Information Concerning Applicant

Los Poblanos LLLP is owned 100% by members of the Rembe Family, with partner Matthew Rembe as its acting as its CEO/Executive Director since 2005 overseeing operations and development of all aspects of the business. His brother Jay Rembe, principal of Rembe Enterprises, an infill development company with many live/work projects in downtown Albuquerque, is also a partner and will handle all issues related to financing, real estate, zoning and entitlements. See attached resumes for more information.

B. Tax Issues

There are no outstanding substantive federal, state or local tax issues.

C. Information Concerning Products and Process

All the proposed processes are considered light manufacturing with no noise or air pollution – production of artisan soap and salves; jams, jellies and hot sauce using steam kettles, craft spirits using an artisan copper still, and packing and shipping of these products for local and national distribution using companies like UPS, USPS and Fedex. Daily pick-ups from these carriers will not create any disruption or traffic congestion. All cardboard will be recycled.

D. Competition

We do not feel there is competition in the same area, as the primary use for this project is artisan manufacturing and fulfillment of both B2B and B2C sales. As far as the distilled craft spirits component of this business, we hope to eventually open a tasting room and, with the proper approvals from the city, provide package sales of New Mexico spirits only. There are two other craft spirits distilleries within ten blocks – Hollow Spirits Distillery located at 1324 1st Street and Still Spirits Distillery located at 120 Marble Ave. Together with at least three breweries in the area, we feel creating a dynamic district for craft breweries and distilleries will attract more people, tourism, and business to the area and generate more revenue for all of the aforementioned businesses, similar to what Denver has achieved with its River North Art District (RiNo).

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

Apart from the installation of 25 kW solar system on the roof which might create 5-10 jobs for install, the renovations to the building are fairly limited. However, we estimate 15-25 construction related jobs being created for a limited of time (i.e. installing new floor drains, upgrading electric, paving vacant lot, installing new fencing, and adding required safety upgrades for distillation operations. This production department of our business currently employs 20 employees and we have made commitments for the NM LEDA to add a minimum 20 jobs over ten years. However, as the Crafts Spirits license allows up to three additional tasting rooms, we anticipate that being much higher and driving retail sales of all LP branded products as well as generating tourism in New Mexico from the national press we receive from our national product sales. Furthermore, the plan is designed to generate more revenue and jobs for organic farmers in New Mexico.

F. Property Acquisition

The property located at 1318 4th Street and 315-317 Kinley Ave are owned by a third party and is currently under contract for purchase by applicant upon approval of New Mexico and City of Albuquerque LEDA funds. The funds will be used for some building renovations, but primarily for building and land acquisition.

G. Description of Proposed Development

With the exception of adding solar to the roof, there is no substantial construction or rehabilitation with this project as the building is almost set up perfectly to handle our needs. To accommodate the future use of a tasting room, we have also secured a vacant lot across the street for overflow parking as the building site has limited parking spaces. There are three areas of renovation and/or upgrades:

1. For the building at 1318 4th Street: mechanical, electric, and plumbing upgrades for small scale production equipment including, but not limited to, floor drains, relocation of electric outlets, and 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. Of the total 16,218 square feet, approximately 1,500 square feet will be allocated for distillation of craft spirits. This space will require appropriate safety and fire upgrades, including fire rates walls and glass, fire suppression or sprinklers, as per required code.
2. Solar Installation – we have a bid from Affordable Solar for \$80,000 to add solar panel installation on the roof to offset electrical costs and promote green energy, which is in line with the mission of Los Poblanos.
3. For the vacant land at located at 315-317 Kinley: convert to customer parking lot by adding asphalt and security fencing.

H. Infrastructure

Not of aware of any needs now.

I. Area Enhancement

As described above, we feel creating a dynamic district for craft breweries and distilleries will attract more people businesses to the area and generate more revenue for all of the aforementioned businesses, similar to what Denver has achieved with its River North Art District (RiNo). Los Poblanos is a proven business in our community in regard to storytelling, supporting local farmers, promoting New Mexico culture and raising awareness for what sets our city and state apart from others. Visiting customers to the tasting room portion of the business will be able to see the process of not just making the spirits, but also our artisan body care and artisan food production. As we are good partners with

the ACVB, AED, Bernalillo County, UNM, local schools and agricultural organizations, we will make the building available for tours as we do with Los Poblanos to help promote economic development.

J. Local Purchasing

As we are a wholesale manufacturer, COGs for product sold wholesale not subject to taxes. But for local service providers and vendors of supplies, we spend approximately \$120,000 per year which we see growing at 15-20% per year.

K. Water Conservation

Our current production utilization – less than 200 gallons/month.

FUTURE USE WITH FOOD MANUFACTURING & CRAFTS SPIRITS DISTILLATION - approximately 1000 gallons/month

L. Relocation of Individuals or Businesses

Not applicable.

M. Number and Types of Jobs Created

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

Job Title or Classification	No of Employees	Average Hourly Wage	Benefits as % of Salary
Production Line Worker	6	\$14.00-\$16.00	22%
Production Supervisor	1	\$20	22%
Quality Control Manager	1	\$25	30%

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Lead Distiller	1	\$30	30%
Janitor/Bldg Custodian	1	\$20	22%
Warehouse Manager	1	\$23	22%
Sales/Tasting Rooms Staff	9	\$15	22%
Director of Retail Strategy/Operations	1	\$48	30%
Retail Manager	2	\$20	30%
E-Commerce Manager	1	\$30	30%

- 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? 100%
- 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? Production line workers can become supervisors and managers.
- 7) Will "Job Training Incentive Program" or other job training programs be used? We are exploring JTIP Now.

8) Will at least 50% of health insurance premiums be covered for employees? If you combine all our benefits, we exceed this value. But to explain:

Health Insurance

LP provides two different medical plans. The High Deductible Health Plan is our base plan. LP pays a portion of the premium based on the employee's hourly rate. The lower the employee's rate, the higher percentage LP pays. We pay from 33% to 62% of the premium and the average across the pay ranges is 47%. Based on options chosen by employee, this can exceed 50%. This HDHP plan comes with a Health Savings Account Option. Employees are also given the option to "buy up" to a more robust plan if they choose. As we plan to remain one legal entity, we need to offer the same plan at this location as we would in our Los Ranchos location where we have approximately 200 employees.

Dental and vision insurance is available, and LP pays 50% of the cost for single coverage. As with the medical, employees have a choice to "buy up" to a more comprehensive dental plan.

Other benefits offered to LP employees include:

- 401k with 5% matching (when COVID is over)
- Short Term Disability
- Life Insurance
- Legal Services
- Accident Insurance
- Home & Auto Insurance Discounts
- Generous Paid Time Off (more than mandated)
- Partial paid FMLA with additional Maternity/Paternity paid leave
- Employee Discounts at the Inn, Restaurant, and Farm Shop

N. Corporate Citizenship Policy/Plan

Last year, Los Poblanos donated over \$30,000 of value of hand sanitizer to front line workers in health care and firefighters and to at least three local pueblos. If an LP employee or manager is engaged with local non-profit or cause, it is our policy's policy to make a donation and/or commitment to that organization on some level. We also donate a substantial amount of time and space for local organizations in line with our mission, which are primarily agriculture and food driven initiatives, education, arts and culture, and historic preservation. For instance, we have a strong partnership to support the Albuquerque Museum and its foundations to provide in-kind donations in the form of free lodging for artists, curators, and important stakeholders associated with exhibitions.

O. Positive Contributions

- See General Description
- Solar Installation – we have a bid from Affordable Solar for \$80,000 to add solar panel installation on the roof to offset electrical costs and promote green energy, which is in line with the mission of Los Poblanos.
- Improve and activate vacant land at located at 315-317 Kinley: convert to customer parking lot by adding asphalt and security fencing.
- Will attract and engage customers more than existing use with potentially up to 100 visitors per day, especially on weekends. While we will be open as a tasting room, all Los Poblanos food and body care products will also be sold in a marketplace retail experience, further revitalizing the neighborhood.
- Overview of Enhancement & Revitalization
As previously described, we feel creating a dynamic district for craft breweries and distilleries will attract more people businesses to the area and generate more revenue for all of the aforementioned businesses, similar to what Denver has achieved with its River North Art District (RiNo). Los Poblanos is a proven business in our community in regard to storytelling, supporting local farmers, promoting New Mexico culture and raising awareness for what sets our city and state apart from others. Visiting customers to the tasting room portion of the business will be able to see the

process of not just making the spirits, but also our artisan body care and artisan food production. As we are good partners with the ACVB, AED, Bernalillo County, UNM, local schools and agricultural organizations, we will make the building available for tours as we do with Los Poblanos to help promote economic development.

P. Management

The project will be managed by the Rembe Family as well as senior managers from Los Poblanos, who are proven leaders in the business community and have substantial experience in their fields. When the project is complete, the most notable managers located onsite will be Teresa Curl, former CEO of Avila Retail, and Karen Converse, our Director of Operations, who has an engineering degree New Mexico Tech, worked at Manufacturing Extension Partnership, and is acting Board Chair for Southwest Creations Collaborative, currently located adjacent to the proposed site.

IV. PROJECT FINANCING

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

The total cost of the project is \$2 million, which includes the building acquisition, land acquisition, renovations, FF&E, solar, and soft costs. We are requesting \$25,000 from the City of Albuquerque and have been conditionally approved for \$250,000 from the State of New Mexico. We are pursuing conventional financing with a down payment of approximately \$400,000. (term sheet attached).

B. Estimated Value After Completion

\$2.4 million

C. Feasibility

Los Poblanos has been in operation for 20 years and its product business, both retail and wholesale, has experienced healthy growth over the last ten years. While the hospitality side of the business struggled during 2020 due to the pandemic, the product business grew and exceeded its pre-pandemic forecasted revenues. This was despite that retail stores were either closed entirely or

limited to 25% capacity and that its largest customer, Stellar (formerly Avila Retail) experienced a decline of over 80% of its annual revenue at its airport stores. It proved the resiliency of the Los Poblanos brand and that there is strong growing customer base. 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.

D. Construction Schedule

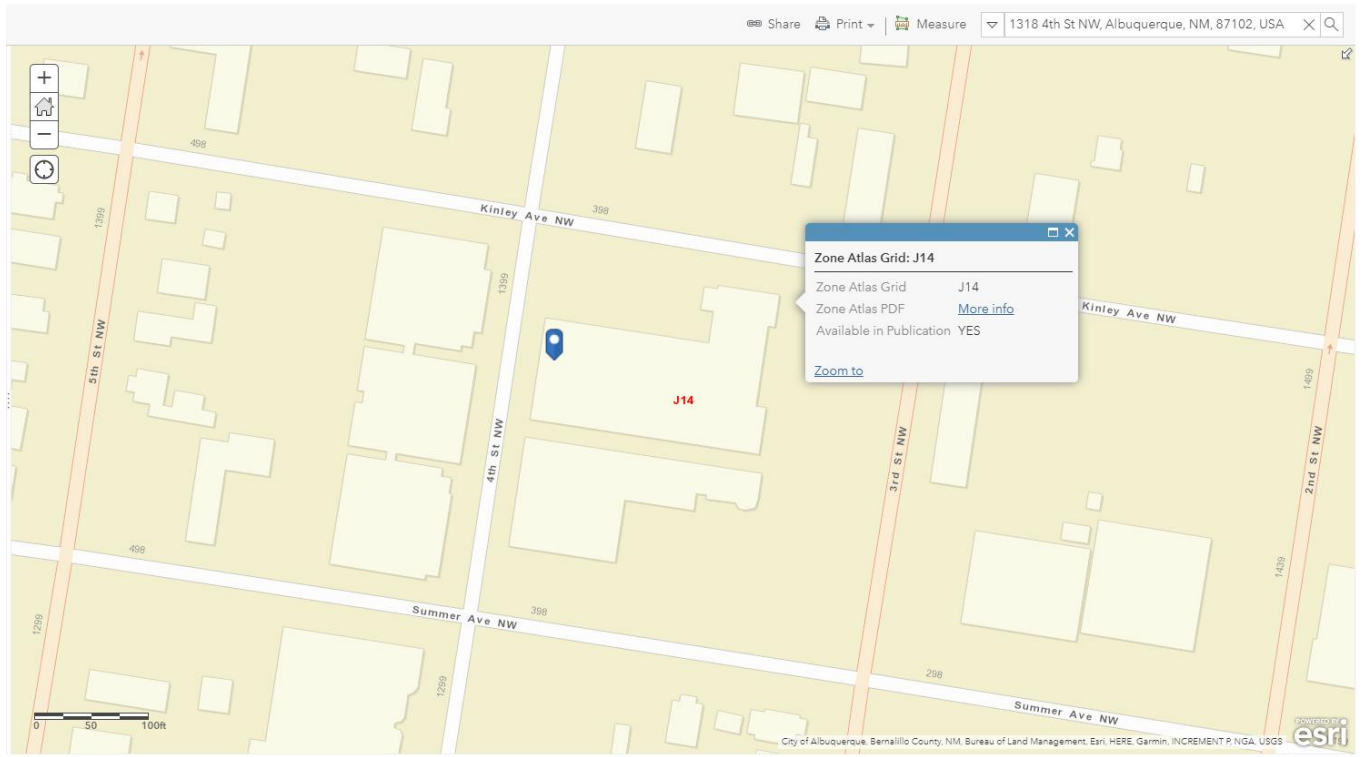
Summer 2021:

- Fire glass, sprinklers, doors, and walls for safety and compliance on spirits distillation
- Installation of spirits still, boiler and cooling units
- Walls and storage for bonded liquor storage
- Upgrades to electrical and plumbing for new manufacturing equipment
- Installation and cabling of low voltage security cameras, IT, telephones
- Possible re-roof of one section of building

Fall Winter 2021 – Solar Installation on roof

Spring 2022 – Asphalt parking lot, striping, fencing and electric gate

LEDA 21-2: Los Poblanos LLLP Project



General Partners

Matthew Rembe

LOS POBLANOS HISTORIC INN & FARM, CEO/EXECUTIVE DIRECTOR, 2005-PRESENT

A native New Mexican, Matt has over 25 year of business experience in the fields of art, design, and hospitality. Since taking over operations of Los Poblanos in 2005, Matt has overseen development of all areas of his family's business which has grown from 6 to 150 employees. From 1992-1997, he served as Director of Mary-Anne Martin/Fine Art in New York, a pioneering gallery in the field of 20th Century Latin American Art, becoming a specialist in the works of Diego River and José Clemente Orozco. He subsequently founded a design manufacturing company and licensing agency and collaborated with companies like Herman Miller, Vitra, Kate Spade, Design within Reach, Uniqlo and Urban Outfitters.

EDUCATION

BA, Syracuse University, New York

Masters of Business Administration, Thunderbird International Business School, Phoenix, AZ

Jay Rembe

rembe urban design + development, ceo and founder

A native New Mexican, Jay Rembe has over 25 years of experience in the New Mexico commercial and residential real estate industry. He began his career as a commercial real estate broker with CB Commercial in 1993 where he specialized in retail brokerage. In 1997, he joined Maestas and Ward Commercial Real Estate as a partner, where he continued to specialize in tenant/landlord representation and investment opportunities. In 2001, he created Infill Solutions Urban Design and Development which in 2012 merged into rembe urban design & development.

As a founding board member of the Urban Land Institute's New Mexico chapter, Jay helped promote the organization's goals of education, sustainability and best practices in land use and development in New Mexico.

Jay graduated from the College of Wooster (Ohio) with a degree in Spanish. Fluent in Spanish, he lived in Cordoba, Spain as a student in 1989, and in Quepos, Costa Rica in 1991, where he managed a sport fishing company. Jay is married to Jolene Brunacini Rembe and has a son Jack, 18, and a daughter Claire, 15. In his free time, Jay and his wife Jolene enjoy watching and traveling to their children's competitive soccer matches.

LEDA 21-2: Los Poblanos LLLP Project

Jay's affiliations include:

- Founding board member, ULI New Mexico
- Board chairman of Los Poblanos Inn and Cultural Center
- Qualifying broker at Rembe Properties
- Co-President for West Downtown Business District
- Committee board member for DPM Executive Committee for City of Albuquerque
- Albuquerque Railyard Advisory Board member
- Member of the selection committee for Albuquerque downtown grocery store RFP
- Member of the selection committee for the El Vado Motel on Central Avenue
- Former trustee at Bosque School

Emily Rembe Benak

Armin Rembe III

Limited Partners (not listed above)

Armin Rembe

Teresa Rembe

Jolene Rembe

Mark Benak

Shawnie Rembe

Karen Converse

LEDA 21-2: Los Poblanos LLLP Project

LOS POBLANOS HISTORIC INN & FARM, DIRECTOR OF PRODUCTION AND WHOLESALE OPERATIONS

A native New Mexican with over 15 years of experience in project management, strategic planning, and process improvement, Karen was instrumental at setting up production facilities for New Mexico manufacturers.

- Innovation Director, New Mexico Manufacturing Extension Partnership (MEP), Albuquerque, NM
- Operations Manager, Technology Integration Group, Albuquerque, NM

Masters in Engineering Management, NM Institute of Mining, Socorro, NM

BA, Science and Industrial Engineering, NM State

TERESA CURL

6544 Blue Quail Rd NE
Rio Rancho, NM 87144
Cell Phone 505-975-2200
E-mails teresa.curl@outlook.com

Executive Summary

Entrepreneurial leader passionate about retailer strategy, collaborative teams, curating successful product assortments, and reflecting cultural relevance. Driven and goal oriented with significant experience in, growing sales revenues, producing sound financial results, and building vendor partnerships.

Strategic Planning
Business Development
Talent Scout - Hiring

Strong Partnerships/Relationships
Research/Analytical Skills
Leader/Mentor
Creating Store Concepts

Retail Store Design and Display
Product Strategy and Sourcing

Selected Accomplishments

- Led a homegrown NM company's successful response to requests for proposals (RFPs) winning multiple contracts in major US airports, competing against international industry giants.
- Grew a small retail business from 1 store in Old Town Albuquerque with annual revenues of \$700k to 25 stores in the Albuquerque, Denver, Phoenix, and San Francisco Airports with revenues of \$38mil. This growth was produced through the building of a strong executive team and talented staff at all levels.
- Created a diverse portfolio of award-winning specialty retail concepts ranging from regional gift stores to art galleries to newsstands.
- Brought the "Best of New Mexico" products to the travelling public through partnerships with artists, manufacturers, and gourmet food producers. Established annual NM True events at the ABQ Int'l Support.
- Led plan for Avila Retail for acquisition

PROFESSIONAL EXPERIENCE

TERESA CURL LLC - RETAIL CONSULTANT

JULY 2019- PRESENT

- Consulting with small retail businesses across New Mexico to analyze needs and lead projects to improve sales performance.
- Product sourcing – finding authentic local goods and creating new product programs.
- Supply chain management – optimizing inventory turn
- Management coaching and development
- Proposal writing
- Remodel and leasehold improvement plans.

Tienda Mosaica - Owner

July 2019- present

- Antiques and collectibles specializing in Folk Art, early Mexican sterling silver jewelry, and southwest/NM collectibles. Spaces in Antique Specialty Mall (ABQ) and Roughriders (Las Vegas, NM). Etsy store.
- Mosaic artwork from Italian glass, stained glass, ceramic and found objects (represented in the Tome Gallery (Tome, NM) and El Zocalo (Las Vegas NM).

Stellar Partners / VP of Business Development and Strategic Alliances – western region

Sept 2018- May 2019

STELLAR PARTNERS ACQUIRED AVILA RETAIL SEPT 1ST, 2018. STELLAR IS AN AIRPORT RETAILER BASED IN TAMPA FLORIDA.

LEDA 21-2: Los Poblanos LLLP Project

- Led the successful integration of Avila Retail into Stellar Partners retaining 252 of the 260 staff members.
- Provided due diligence materials to new company, contracts, leases, insurance, licenses.
- Facilitated the Avila side of store inventories, software transitions, and human resource logistics.
- Handed off the concepts and store buildouts, purchasing, operations systems to the new counterparts.
- Headed the Business Development team to lead expansion into airports in the western US.

AVILA RETAIL DEVELOPMENT & MANAGEMENT, ALBUQUERQUE / CEO

2009-2018

AVILA RETAIL WAS AN ALBUQUERQUE BASED SPECIALTY RETAIL COMPANY WITH 25 LOCATIONS IN 4 AIRPORTS IN THE UNITED STATES.

- Created a positive company culture, set the strategic vision, and drove the creation of service standards for 260 staff members.
- Developed sales strategies and bonus programs for staff at all levels.
- Engaged staff members in creating a company culture committed to service, creativity, fun, and stewardship.
- Sourced the 'best of local' merchandise for every store. Handcrafted, manufactured, or locally designed products including everything from dog collars and gourmet gift foods, to folk art and jewelry.
- Created distinctive concept brands and store designs: Indigenous (Native American jewelry and crafts), Earth Spirit (Folk Art and Crafts), Mosaic (contemporary museum store style gallery), Greetings from...New Mexico, Colorado, San Francisco (regional gifts), Sonora (SW lifestyle- apparel, accent furniture, home décor, and accessories), Connections (news and convenience).
- Led the store design and construction projects for all new stores, collaborating with architects, cabinet makers, and contractors. Led the lease-hold improvement work.
- Vetted new opportunities, created business proformas, produced responses to RFPs.

AVILA RETAIL DEVELOPMENT & MANAGEMENT, ALBUQUERQUE / VP OF OPERATIONS

2001-2009

- Strategic oversight and support of managers for the operation of 12 stores in 3 airports.
- Prepared annual sales forecasts and stretch goals for each store, delineated key performance indicators – average sales, units per transaction, sales by hour, sales by associate, etc.).
- Facilitated the creation of a strong company culture with a team of employees that worked across all levels and jobs.
- Oversight of the Buying Team, store product vision, and visual merchandising.
- Led the production of proposals in response to airport requests for proposals and developed store concepts specifically called out by individual airports. Led oral presentations for store concepts to airports' selection committees.
- Prepared annual sales budgets and implemented a sales bonus program that grew sales and benefited frontline sales staff
- Led annual and quarterly staff meetings and participated in support of monthly store manager meetings.
- Created key relationships with airport management teams and led Avila commitment to being city ambassadors at the airport.
- Grew merchandise team adding a category of buyers, Native American jewelry and crafts, souvenirs, apparel, arts and crafts, toys, books & paper goods, and gifts. Developed internal staff for roles and created merchandise manager role.

Community Involvement

NM Museum of Natural History – Past board member

Red Cross in NM – Past board member

Denver Airport Concessionaires Association – Past board member

Ghost Ranch, Abiquiu NM – Service Corp volunteer - Retail store

NM True – Coordinated annual 'Celebration of Local' events in ABQ Sunport stores with city of ABQ and NM Tourism Dept.

Rio Rancho Mayor's COVID Economic Recovery Task Force – Current Committee member

FOFA Board – Friends of the Folk Art Museum, MOIFA, Santa Fe – Current Board Member

Education/Certification

Anderson School of Business Management certification program

University of Phoenix night program

College of Santa Fe

Albuquerque High School graduate