



LOS ALAMOS

County of Los Alamos

Council Meeting Staff Report

May 28, 2019

Los Alamos, NM 87544
www.losalamosnm.us

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| Agenda No.: | B. |
| Indexes (Council Goals): | * 2019 Council Goal - Enhancing Support and Opportunities for the Local Business Environment |
| Presenters: | Joanie Ahlers |
| Legislative File: | OR0855-19 |

Title

Incorporated County of Los Alamos Ordinance No. 694 AUTHORIZING THE ISSUANCE AND SALE OF INCORPORATED COUNTY OF LOS ALAMOS, NEW MEXICO INDUSTRIAL REVENUE BONDS (PEBBLE LABS U.S.A., INC. PROJECT), IN ONE OR MORE TAXABLE OR TAX- EXEMPT SERIES IN AN AMOUNT NOT TO EXCEED SIXTY MILLION DOLLARS (\$60,000,000) (THE "BONDS") FOR THE BENEFIT OF PEBBLE LABS U.S.A., INC. (THE "COMPANY") FOR THE PURPOSE OF ACQUIRING, LAND, BUILDINGS, EQUIPMENT AND INFRASTRUCTURE LOCATED IN LOS ALAMOS COUNTY, NEW MEXICO (THE "COUNTY"); PROVIDING FOR THE PAYMENT OF THE BONDS FROM LEASE PAYMENTS TO BE RECEIVED BY THE COUNTY PURSUANT A LEASE AGREEMENT BETWEEN THE COUNTY AND PEBBLE LABS U.S.A, INC.; APPROVING FORMS OF A LEASE AGREEMENT, INDENTURE, BOND PURCHASE AGREEMENT AND OTHER PROJECT DOCUMENTS RELATING TO THE BONDS; AND PROVIDING THAT THE COUNTY SHALL NOT BE PLEDGING ITS FAITH AND CREDIT TO THE PAYMENT OF THE BONDS; PROVIDING THAT THE COMPANY SHALL MAKE CERTAIN PAYMENTS IN LIEU OF TAXES TO THE COUNTY; APPROVING AND RATIFYING ACTION PREVIOUSLY TAKEN IN CONNECTION THEREWITH.

Recommended Action

I introduce, without prejudice, Incorporated County of Los Alamos Ordinance No. 694; Authorizing the Issuance of up to \$60 million in Industrial Revenue Bonds for the benefit of Pebble Labs, and ask staff to assure that it is published as provided in the County Charter.

County Manager's Recommendation

The County Manager recommends that Council introduce this Ordinance.

Body

Industrial Revenue Bonds (IRB) are an economic development tool available to counties and municipalities in New Mexico established by State statute. IRBs incentivize development of projects within a county, providing job growth, capital investment and increased economic activity.

IRBs provide tax abatements to companies for eligible projects. Without the tax abatements the projects are often not feasible. In this instance Pebble Labs USA is seeking to issue IRBs to finance a ten-year buildout of a corporate campus at Entrada Business Park in Los Alamos. This project is also subject to a LEDA application with Los Alamos County, which consideration is also scheduled for this evening's meeting.

Fiscal and Staff Impact/Unplanned Item

The IRB issuance will not exceed \$60 million with a 20-year term. The project will have a property tax abatement on it for the entire term of the bonds. Pebble Labs has agreed to a Payment in Lieu of Taxes (PILT) of approximately 50.5% of the tax rate to corresponding to the property taxes that LAPS and UNM-LA would otherwise receive.

Attachments

A-Ordinance 694 Industrial Revenue Bond Ordinance for Pebble Labs

B- Notice of Intent to Adopt IRB Ordinance Pebble Labs

C- Pebble Labs Lease Agreement with LAC
D- Pebble Labs Bond Purchase Agreement
E- Pebble Labs Indenture