## INCORPORATED COUNTY OF LOS ALAMOS ORDINANCE NO. 760

## AN ORDINANCE ADOPTING A LOCAL ECONOMIC DEVELOPMENT PROJECT FOR PUBLIC SUPPORT OF VE HOLDINGS NM LLC, A DOMESTIC LIMITED LIABILITY COMPANY QUALIFIED TO CONDUCT BUSINESS IN THE STATE OF NEW MEXICO

**Section 1.** The governing body of the Incorporated County of Los Alamos ("County") adopted Code Ordinance 02-304 on May 5, 2020, and Code Ordinance 02-315 on July 27, 2021, together establishing an Economic Development Plan, which was enacted pursuant to the express authority conferred upon municipalities by the Local Economic Development Act (§§ 5-10-1 to 5-10-17, NMSA 1978) to allow the public support of economic development to foster, promote, and enhance local economic development efforts through the use of project participation agreements with qualifying entities while continuing to protect against the unauthorized use of public money and other public resources.

**Section 2.** VE Holdings NM LLC, ("VE Holdings") a domestic limited liability company, is qualified to conduct business in the State of New Mexico and proposes to renovate and convert the real properties located at 116 State Road 4, White Rock, New Mexico 87547 and 118 State Road 4, White Rock, New Mexico 87547 (the "Properties") into a multi-service space as more particularly described in the Project Participation Agreement included in **Exhibit A** to this Ordinance ("Project").

**Section 3.** VE Holdings has submitted an application to County pursuant to NMSA 1978 § 5-10-9, and has established itself as a qualifying entity and has addressed the following criteria:

a) The Project is anticipated to meet the objective of economic diversification initially by providing construction jobs and, after completion of construction, job-creation and commercial activity relating to its mixed commercial and other uses.

b) VE Holdings has demonstrated a commitment to invest private capital in the proposed project. The applicant identifies approximately FOUR HUNDRED NINTY-FIVE THOUSAND THREE HUNDRED FIVE DOLLARS ($495,305.00) together with approximately ONE MILLION TWO HUNDRED THOUSAND DOLLARS ($1,200,000.00) in financing, and approximately NINETY-EIGHT THOUSAND FOUR HUNDRED SEVENTY DOLLARS ($98,470.00) in grant funding for equipment purchases, including capital on hand, USDA grant funding, and bridge loan financing. These sources indicate that the applicant is raising and leveraging private and institutional financing to complete the redevelopment of the properties located at 116 State Road 4, and 118 State Road 4, in White Rock, New Mexico.

c) VE Holdings' economic activity meets the objective of the White Rock Town Center Master Plan and the White Rock MRA Plan needs by creating a multi-service space featuring a laundromat, sports bar, yogurt shop, electric vehicle charging stations, market space, and food truck pads (the "Project") for which there is no competing third space community benefit in White Rock, New Mexico, with the prospect of generating ONE MILLION TWO HUNDRED SIXTY THOUSAND DOLLARS ($1,260,000.00) in revenue annually from local and out of state prospective customers. VE Holdings anticipates annual revenues of more than THREE MILLION ONE HUNDRED THOUSAND DOLLARS ($3,100,000.00) by 2031, following the stabilization of operations.

d) VE Holdings' economic activity meets the objective of expansion of the tax base by generating increased taxes from the new Gross Receipts Tax (GRT) revenues, payroll activity, tourism-related spending, commercial lease activity, and increased property value through the redevelopment and operation of a multi-service commercial facility in White Rock, New Mexico. In addition, the project is expected to generate approximately THIRTY THOUSAND SEVEN HUNDRED NINETY-SEVEN DOLLARS ($30,797.00) in local Gross Receipts Tax revenue from an estimated NINE HUNDRED THIRTY-SIX THOUSAND EIGHT HUNDRED DOLLARS ($936,800.00) in construction expenditures, providing an immediate fiscal benefit to the local and state economy during the development phase, prior to the facility becoming operational.

e) VE Holdings' economic activity meets the objective of increased job and income opportunities by facilitating the creation of a total of five (5) new "full-time equivalent" jobs in 2027 and eight (8) new "full-time equivalent" jobs between 2028-2030, from VE Holdings personnel and other businesses operating on the Properties, including management, hospitality, laundry operations, maintenance, accounting, and marketing positions available to Los Alamos County residents.

f) VE Holdings' economic activity meets the objective of economic diversification, expansion of the tax base, job creation, redevelopment of underutilized property, reduction of retail leakage, tourism spending capture, and support for small business and entrepreneurial development within Los Alamos County and the White Rock Metropolitan Redevelopment Area.

**Section 4.** VE Holdings has requested the following public support in the form of a loan (the "Project Loan") in the principal amount of EIGHT HUNDRED SIXTY-EIGHT THOUSAND DOLLARS ($868,000.00) for the purpose of the Project.

**Section 5.** County and VE Holdings shall, upon approval of this Ordinance enter into a Project Participation Agreement and the Promissory Note and Mortgage provided for in the Project Participation Agreement for the sum total of the public support provided to VE Holdings by County.

**Section 6.** The application of VE Holdings for public assistance in the form of an economic development Project Loan is hereby approved, consistent with the terms of this Ordinance and substantially consistent with the form of the Project Participation Agreement, Promissory Note, and Mortgage as shown in **Exhibit A** to this Ordinance which the County Council approves and authorizes the County Manager to execute. Further, the County Manager is hereby authorized to execute any other documents as may be reasonably necessary to complete the transaction authorized herein provided that the documents shall be in a form acceptable to the County Attorney.

**Section 7. Severability Clause.** Should any section, paragraph, clause or provision of this Ordinance, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

**Section 8.** This Ordinance shall become effective thirty (30) days after its adoption.

**ADOPTED** this 25th day of August 2026.

**COUNCIL OF THE INCORPORATED**
**COUNTY OF LOS ALAMOS**

______________________________
**Randall T. Ryti,**
**Council Chair**

**ATTEST: (Seal)**

______________________________
**Michael D. Redondo**
**Los Alamos County Clerk**

**Approved as to Form:**

______________________________
**J. Alvin Leaphart**
**Los Alamos County Attorney**



ATTACHMENT A

# PROJECT PARTICIPATION AGREEMENT

This Project Participation Agreement (this "Agreement") is made and entered into as of ____________ ("Effective Date") by and between the Incorporated County of Los Alamos, an incorporated county of the State of New Mexico, ("County"), and VE Holdings NM, LLC a Domestic Limited Liability Company organized under the laws of the State of New Mexico and registered to conduct business in the State of New Mexico, ("VE Holdings"), collectively (the "Parties").

*RECITALS*

THE PARTIES HERETO enter into this Agreement on the basis of the following facts, understandings, and intentions:

A. County adopted Code Ordinances 02-304 and 02-315 , the Ordinances establishing an Economic Development Plan, which was enacted pursuant to the express authority conferred upon municipalities by the Local Economic Development Act ("LEDA") (§§ 5-10-1 to 5-10--17, NMSA 1978) to allow the public support of economic development to foster, promote, and enhance local economic development efforts through the use of project participation agreements with qualifying entities while continuing to protect against the unauthorized use of public money and other public resources.

B. County adopted Ordinance No.760 providing for the public support of VE Holdings NM, LLC ("VE Holdings") in the form of a loan (the "Project Loan") in the principal amount not to exceed EIGHT HUNDRED AND SIXTY-EIGHT THOUSAND DOLLARS ($868,000.00) for VE Holdings, calculated as eighty percent (80%) of the appraised value, to obtain fee simple title, free and clear of any mortgage, lien, or security interest except for recorded encumbrances, in Property 1 and Property 2 (the "Properties") as more particularly described in **Exhibit A** which is incorporated herein by this reference. (the "Project").

C. VE Holdings' economic activity complies with the Local Economic Development Plan adopted by County on July 27, 2021, and codified in Sections 2-431 through 2-441 of the Los Alamos Code of Ordinances, by providing public benefit to the residents of Los Alamos in the following respects:

1. VE Holdings shall operate in a manner consistent with sound financial and management practices through its leadership provided by Janet Lovato, Managing Member, and Timoteo Martinez, Member.

2. VE Holdings will seek a cost-benefit to the community from the Project (as defined in subparagraph immediately below of two (x2) County's public support over ten (10) years.

3. VE Holdings' economic activity meets the objective of the White Rock Town Center Master Plan and the White Rock MRA Plan needs by creating a multi-service space featuring a laundromat, sports bar, yogurt shop, electric vehicle charging stations, market space, and food truck pads (the "Project") for which there is no competing third space community benefit in White Rock, New Mexico, with the prospect of generating ONE MILLION TWO HUNDRED AND SIXTY THOUSAND DOLLARS ($1,260,000.00) annually from local and out of state prospective customers. VE Holdings anticipates without guaranteeing annual revenues of more than THREE MILLION ONE HUNDRED THOUSAND DOLLARS ($3,100,000.00) by 2031, following the stabilization of operations.

4. VE Holdings' economic activity meets the objective of seeking expansion of the tax base by generating increased taxes from the new Gross Receipts Tax (GRT) revenues, payroll activity, tourism-related spending, commercial lease activity, and increased property value through the redevelopment and operation of a multi-service commercial facility in White Rock, New Mexico. In addition, the project is expected to generate approximately THIRTY THOUSAND SEVEN HUNDRED NINETY-SEVEN DOLLARS ($30,797.00) in local Gross Receipts Tax (GRT) revenue from an estimated NINE HUNDRED THIRTY-SIX THOUSAND EIGHT HUNDRED DOLLARS ($936,800.00) in construction expenditures, providing an immediate fiscal benefit to the local and state economy during the development phase, prior to the facility becoming operational.

5. VE Holdings' economic activity meets the objective of increased job and income opportunities by facilitating the creation of a total of eight (8) new "full-time equivalent" jobs by 2030, from VE Holdings personnel and other businesses operating on the Properties, including management, hospitality, laundry operations, maintenance, accounting, and marketing positions available to Los Alamos County residents.

6. VE Holdings' economic activity meets the objective of economic diversification, expansion of the tax base, job creation, redevelopment of underutilized property, reduction of retail leakage, tourism spending capture, and support for small business and entrepreneurial development within Los Alamos County and the White Rock Metropolitan Redevelopment Area.

7. VE Holdings is a real estate development and operating company engaged in the redevelopment of a vacant commercial property into a mixed-use community and tourism destination that enhances the economic base of Los Alamos County by creating jobs, increasing Gross Receipts Tax revenues, and supporting local business growth and investment in White Rock.

8. VE Holdings is transforming vacant property in White Rock into a multi-service community hub that combines hospitality, retail, and entrepreneurial infrastructure

to generate jobs, attract visitor spending, and strengthen the County's economic base.

9. VE Holdings has demonstrated a commitment to invest private capital in the proposed project. The applicant identifies approximately FOUR HUNDRED NINETY-FIVE THOUSAND THREE HUNDRED FIVE DOLLARS ($495,305.00) together with approximately ONE MILLION TWO HUNDRED THOUSAND DOLLARS ($1,200,000.00) in financing and approximately NINETY-EIGHT THOUSAND FOUR HUNDRED SEVENTY DOLLARS ($98,470.00) in grant funding for equipment purchases, including capital on hand, USDA grant funding, and bridge loan financing. These sources indicate that the applicant is raising and leveraging private and institutional financing to complete the redevelopment of the property located at 116 State Road 4 and 118 State Road 4 in White Rock, New Mexico.

*AGREEMENT*

NOW, THEREFORE, in consideration of the foregoing recitals and the covenants and promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. <u>Contributions of County</u>.

(a) *Project*. County shall contribute an amount not to exceed EIGHT HUNDRED SIXTY-EIGHT THOUSAND DOLLARS ($868,000.00) in the form of a loan, the proceeds of which shall be used by VE Holdings to acquire fee simple title to Property 1 and Property 2, free and clear of any mortgage, lien, or security interest except for recorded encumbrances and for renovation and redevelopment of Property 1 and Property 2 as more particularly described in **Exhibit B**.

(b) *Disbursement*. County shall release the funds to VE Holdings at the time VE Holdings acquires fee simple title to Property 1 and Property 2, free and clear of any mortgage, lien, or security interest except for recorded encumbrances ("Closing") and ("Effective Date of Project Loan") with the following conditions:

(i) VE Holdings grants the County first priority liens on Property 1 and Property 2 as provided for in the promissory note and mortgage contained in **Exhibit C**.

(ii) Within thirty (30) days after the Effective Date of this Agreement, VE Holdings, at its expense, shall obtain a current American Land Title Association (ALTA) owner's title commitment for Property 1 and Property 2 and legible copies, to the extent reasonably possible, of all documents referenced in exceptions to title shown thereon ("Title Report"). As used in this Agreement, "current" shall mean dated no earlier than thirty (30) days from the Effective Date of this Agreement.

(iii) Within thirty (30) days after the Effective Date of this Agreement, VE Holdings shall obtain a current ALTA Survey ("Survey") at VE Holdings' expense for Property 1 and Property 2.

(iv) VE Holdings may satisfy any of the County's objections to the Title Reports and Surveys for Property 1 and Property 2 as follows.

a. County shall notify VE Holdings in writing of any title or survey objections within five (5) business days of County's receipt of the Title Report and Survey. County's failure to timely object shall be deemed to constitute County's approval of the Title Report and Survey.

b. If County timely objects, VE Holdings shall have the right, but not the obligation, to agree in writing to cure these objections prior to Closing or to decline to cure such objections.

c. If VE Holdings elects not to cure the County's objections, County shall, on or before five (5) business days after VE Holdings' delivery of written notice to County of VE Holdings' election not to cure prior to Closing, either (i) provide notice of its intent to terminate this Agreement through the adoption of an appropriate ordinance, or (ii) waive in writing its objections which shall then become permitted exceptions. County's failure to timely deliver to VE Holdings a written notice of termination or waiver of its objections shall be deemed to constitute County's waiver of its objections and shall become permitted exceptions to the Title Report and Survey.

2. Contributions of VE Holdings NM LLC

(a) As a condition precedent to its receipt of public assistance in the form of the Project Loan, VE Holdings shall execute this Project Participation Agreement as well as execute the Promissory Note and Mortgage in substantially the same form as **Exhibit C** and record the Mortgage in the real estate records maintained by the County Clerk as part of the closing identified in Section 1(b) of this Agreement.

(b) *Repayment of LEDA Loan.* VE Holdings shall commence repayment of the Project Loan commencing on the second (2$^{nd}$) anniversary of the Effective Date of the Project Loan. The Project Loan shall be zero percent (0%) interest with payments deferred without penalty for twenty-four (24) months. Commencing on the twenty-fifth (25$^{th}$) month of the Effective Date of the Project Loan, VE Holdings shall commence payments to County in equal monthly installments of NINE THOUSAND FORTY-ONE DOLLARS AND SIXTY-SEVEN CENTS ($9,041.67) with the final payment in the amount of NINE THOUSAND FORTY-ONE DOLLARS AND THIRTY-FIVE CENTS ($9,041.35) when the Project Loan in its entirety shall be satisfied by the one hundred twentieth (120$^{th}$) month from the Effective Date of the Project Loan.

(c) *Complete Construction of the Project.* VE Holdings shall obtain a certificate of occupancy for the Project within twelve (12) months after the date of the disbursement of the Project Loan.

(d) *Maintain Business on-site until Loan is repaid in full.* VE Holdings shall operate the Project as a going concern, for a minimum of eight (8) hours per day, five (5) days per week, including one weekend day, until the Loan is fully repaid. Notwithstanding the foregoing, VE Holdings is not required to operate on federal holidays or vacations. Said federal holidays and vacations may be taken in a manner consistent with standard business operations in Los Alamos County and in reasonable communication with County. However, for purposes of closing for vacations, VE Holdings shall not cease operations for more than TWENTY-EIGHT (28) days in total annually. For federal holidays, when the holiday falls on a Saturday, the federal holiday is observed on the Friday before. When the federal holiday falls on a Sunday, the federal holiday is observed on the following Monday.

(e) *"Private Investment and Related Economic Activity".* "Private investment and related economic activity" shall include all financing of VE Holdings, including equity investments, loans, gross receipts taxes paid by VE Holdings in Los Alamos County; all revenue generated by VE Holdings; all revenue generated and gross receipts taxes paid by businesses operating on the Properties other than VE Holdings; property taxes paid by VE Holdings in Los Alamos County; and direct expenditures by VE Holdings and other business operations on the Properties, including without limitation employee wages and benefits for employees domiciled or working in Los Alamos County. VE Holdings shall achieve private investment and related economic activity as follows:

(i) AT LEAST THIRTY-THOUSAND SEVEN HUNDRED NINETY-SEVEN DOLLARS IN LOCAL GROSS RECEIPT TAX ($30,797.00) by end of calendar year 2026 on construction; and an additional,

(ii) AT LEAST ONE MILLION TWO HUNDRED SIXTY-THOUSAND DOLLARS ($1,260,000.00) annual sales revenues for each calendar year from 2027 through 2030; and an additional,

(iii) Eight "Full time-equivalent employees" or FTEs, as defined in 2.92.1.7 NMAC as may be amended from time to time, based on the table below ("Jobs"), from VE Holdings and other businesses operating on the Properties, generating at least TWO HUNDRED SIXTEEN THOUSAND TWO HUNDRED EIGHT DOLLARS ($216,208.00) in annual compensation, resulting in a compensation impact of at least SIX HUNDRED FORTY-EIGHT THOUSAND SIX HUNDRED TWENTY-FOUR DOLLARS ($648,624.00) over three (3) years, and ONE MILLION EIGHTY-ONE THOUSAND FORTY DOLLARS ($1,081,040.00) over five (5) years. The Parties agree that pursuant to 2.92.1.7 NMAC, the hours of two or more part-time employees to count as one or more full-time employees may be combined to satisfy the Jobs requirements of this Agreement.

(f) Creation of Full-Time Equivalent Employees

(1) VE Holdings, including through the businesses operating on the Properties, shall create the applicable number of new “Full-time-equivalent employees or FTEs” as that term in currently defined in 2.92.1.7 NMAC (“Jobs”), based on the table below, with an average annual compensation of TWENTY-EIGHT THOUSAND DOLLARS ($28,000.00). VE Holdings shall create these Jobs no later than the end of the payroll quarter of the calendar year in which the first anniversary of the Effective Date of Project Loan occurs. As provided below, VE Holdings shall maintain the job levels required for each corresponding year.

| | Calendar Year 2027 | Calendar Years 2028-2030 |
|---|---|---|
| Total new “Full-time equivalent employees”<br>• FTEs that work on the Properties for multiple years may be counted for each such year | 5 | 8 |

(g) *Promotion*. VE Holdings shall continue to make good faith efforts to promote Los Alamos County as a good and desirable place to live and work.

3. Performance Review and Measurement. VE Holdings shall by April 30th of each calendar year during the first four (4) years of the term of this Agreement, provide County with a written report of its progress in achieving the performance measures required by Section 2 ("Contributions of VE Holdings NM LLC") above (collectively, the "Performance Measures"). Thereafter, for each year during the term of this Agreement, VE Holdings may, at the sole option of the County Manager’s Office, be subject to an annual performance review and LEDA Loan audit conducted by the County Manager’s Office or its designee to evaluate whether VE Holdings has achieved the Performance Measures. VE Holdings shall fully cooperate with the performance review and LEDA Loan audit process by making all of its personnel, employees, books, records, financial audits or reviews, and tax filings available to County at all reasonable times upon request. VE Holdings shall be permitted to submit credible proof of "private investment and related economic activity" to demonstrate that it has met the Performance Measure. All information regarding VE Holdings shall be treated in confidence to the fullest extent allowed by law; provided, however, that nothing in this Agreement shall be construed or permit or require County to circumvent, obstruct, or fail to comply with the New Mexico Inspection of Public Records Act, §§ 14-2-1 *et seq.* (NMSA 1978).

4. Security. VE Holdings shall furnish the following security for the Project Loan and performance of the Performance Measures:

(a) VE Holdings shall provide a first priority mortgage in Property 1 and Property 2 as provided for in the Promissory Note and Mortgage as provided for in **Exhibit C** to secure performance under the Agreement. County shall at all times during the term of this Agreement be the first priority lien holder on Property 1 and Property 2.

(b) Given the County's interest in Property 1 and Property 2, prior to any changes to Property 1 and Property 2 requiring a building permit, VE Holdings shall submit its plans to the County Manager for review and written approval, which shall not be unreasonably withheld. Approval by County pursuant to this subsection shall only constitute approval pursuant to this Agreement and shall neither imply nor constitute approval under applicable statutes, ordinances, and regulations, all of which shall remain the obligation of VE Holdings.

(c) Throughout the term of this Agreement, VE Holdings shall maintain insurance and casualty insurance as required by the Mortgage document contained in **Exhibit C** in an amount and form acceptable to County. These insurance policies shall include a provision that requires the insurer to notify County if the policy is cancelled or modified.

(d) During the term of this Agreement, and as part of VE Holdings' annual reporting, VE Holdings shall provide to County without demand, or more frequently upon demand, proof of all required insurance coverages.

(e) County, at its option, may require VE Holdings to enter into additional agreements only to the extent reasonably necessary to secure County's interest in Property 1 and Property 2.

5. Termination and Recovery of Investment.

(a) *Events of Default*. The following events shall constitute events of default under this Agreement:

(i) Failure of VE Holdings to make timely payments required for repayment of the LEDA Loan, as provided in Paragraph 2(b) of this Agreement.

(ii) Failure of VE Holdings to fulfill, in whole or in part, any other Performance Measure or other obligation required by this Agreement.

(iii) Cessation by VE Holdings of its management or its operations in Los Alamos County, or reduction of either of those operations in Los Alamos County to a level below the Performance Measures.

(iv) Filing by VE Holdings of a petition, case, proceeding, or other action against County as a debtor under any debtor relief law or seeking appointment of a receiver, trustee, custodian, or liquidator of VE Holdings.

(v) The abandonment by VE Holdings of Property 1 or Property 2 without prior approval from County.

(vi) The discovery by County that any representation, warranty, or covenant made by VE Holdings in connection with this Agreement, the Promissory Note, or the Mortgage was or has become materially false, misleading, erroneous, or breached in any material respect.

(vii) VE Holdings assigns, sells, hypothecates, or transfers a majority interest in its business entity, whether in a single transaction or a series of transactions. (If VE Holdings desires to assign, sell, hypothecate, or transfer a majority interest in its business entity, whether in a single transaction or a series of transactions, before expiration of this Agreement, County retains the right to reject any and all assignments, sales, hypothecations, or transfers of any interest in VE Holdings' business entity until, in the sole discretion of County, adequate assurances are given that the assignee, buyer, hypothecate, or transferee is a qualifying entity under the Los Alamos Local Economic Development Plan and that terms of this Agreement will be satisfied by the assignee, buyer, hypothecate, or transferee.) For the avoidance of doubt, the merger or consolidation of VE Holdings with another business entity shall not constitute a default so long as the ownership of the equity interests in the survivor of the merger or consolidation is substantially the same as that of VE Holdings' immediately before the merger or consolidation and the obligations of VE Holdings' under this Agreement become the obligations of the survivor as a result of such merger or consolidation.

(viii) Failure of VE Holdings to perform any of the obligations of the Promissory Note or the Mortgage shall constitute an event of default under this Agreement.

(b) *VE Holdings NM LLC Response to Default*.

(i) Following written notice by the County that VE Holdings has failed to timely pay in full the amounts required by Paragraph 2(b) of this Agreement, VE Holdings shall have five (5) days to cure such failure.

(ii) Upon the occurrence of an event of default by VE Holdings specified in Section 5(a) other than as provided in Paragraph 5(b)(i) hereof, which shall be cured within five (5) days after written notice of such default is delivered by the County, the County shall notify VE Holdings in writing that an event of default has occurred under this Agreement and describing the default in reasonable detail. Within thirty (30) days of receipt of such notice, VE Holdings shall:

(A) Cause the default to be cured; and

(B) Furnish a written response indicating:

(1) The factors which caused or contributed, in whole or in part, to the occurrence of default;

(2) The measures VE Holdings has undertaken to avoid the reoccurrence of default in the future;

(3) Whether any Performance Measure not achieved can still be achieved in a time frame acceptable to County; and

(4) What further action VE Holdings plans to take to achieve the Performance Measures in a timeframe acceptable to County.

(c) *County Response to Default*. If VE Holdings timely cures its default, this Agreement, the Promissory Note, and the Mortgage shall continue as if the default did not occur. If VE Holdings fails to timely cure its default in connection with the requirements of Paragraph 5(b)(i) hereof, the County may terminate this Agreement immediately. In connection with any other default by VE Holdings, County staff shall review the response furnished by VE Holdings and within thirty (30) days of the receipt of such response, recommend to the County Council whether to modify or terminate this Project Participation Agreement. VE Holdings shall have an opportunity to make a presentation to the County Council at any meeting where such recommendation will be acted upon. The decision of the County Council shall be final and binding. Other than the opportunity for VE Holdings to make a presentation to the County Council, in the event of default nothing herein shall be construed to limit in any way the power and authority of the County Council to take any of the following actions, all of which are hereby authorized by this Agreement:

(i) To terminate this Agreement and to demand immediate repayment of the entire Project Loan, including all interest both accrued and deferred; and to foreclose upon, collect, and recover all collateral pledged by VE Holdings as security for the Project Loan and performance of the Performance Measures including the Real Property, and the equipment;

(ii) To terminate any interest deferral provisions in the Mortgage or the Promissory Note;

(iii) To increase the interest rate under the Promissory Note to the Prime Rate plus two percent (2%). The "Prime Rate" shall be the prime rate published in the Wall Street Journal;

(iv) To accelerate the amounts due under the Promissory Note and foreclose the Mortgage; or

(v) To do any, some, or all of the foregoing.

6. Term. The term of this Agreement shall commence on the Effective Date of this Agreement and continue ten (10) years past the Effective Date of the Project Loan unless terminated sooner as provided herein. If the term of the Agreement, the Promissory Note, or the Mortgage is extended for any reason, then the term of this Agreement shall automatically be extended so that each are of the same duration. Beginning January 1, 2031, VE Holdings has the right to repay the Project Loan and any interest accrued or deferred at any time without any prepayment penalty but shall remain subject to the provisions for Performance Review and Measurement as provided in Paragraph 3 hereof.

7. Obligation to Perform. The failure of County to insist, in any one or more instances, upon performance of any of the terms or covenants of this Agreement shall not be construed as a waiver or relinquishment of County's right to the future performance of any such terms and covenants, and the obligations of VE Holdings with respect to such future performance shall continue in full force and effect.

8. Excusable Delay. VE Holdings and County shall be excused from performance under this Agreement, the Promissory Note, and the Mortgage for any period that they are prevented from performing any obligation hereunder in whole or in part as a result of an act of God, war, civil disturbance, epidemic, court order, or other cause beyond their reasonable control, and such nonperformance shall not be a ground for termination of or default remedies provided in this Agreement, Promissory Note, or the Mortgage but shall not extend the term of this Agreement, the Promissory Note, or the Mortgage, unless VE Holdings and County agree in writing to extend the term.

9. Notices. All notices and communications required or permitted under this Agreement (including change of address and facsimile or telephone number set forth below) shall be in writing and shall be deemed given to, and received by, the receiving party: (i) when hand delivered- to the street address of the receiving party set forth below; (ii) when sent by facsimile transmission to the facsimile number of the receiving party set forth below; (iii) one (1) day after deposit with a national overnight courier addressed to the receiving party at the street address set forth below; or (iv) five (5) days after deposit in the U.S. First Class Mail, Certified Return Receipt Requested, postage prepaid, addressed to the receiving party at the mailing address set forth below.

County: Anne W. Laurent, County Manager
1000 Central Avenue, Suite 350
Los Alamos, New Mexico 87544
Telephone Number: (505)663-1750
Fax Number: (505)662-8079

Copy to: County Attorney
100 Central Avenue, Suite 340
Los Alamos, New Mexico 87544
Telephone Number: (505)662-8020

Fax Number: (505) 662-8019

VE Holdings NM, LLC: Janet Lovato, Managing Member
118 State Road 4
White Rock, New Mexico 87547
Telephone Number: (505)263-2082

Copy to: Trei R. Gilpin, Attorney
Sommer Udall Law Firm, P.A.
2000 Old Pecos Trail
Santa Fe, New Mexico 87505
Telephone Number: (505)982-4676

10. Amendment. This Agreement shall not be altered, changed, or amended other than by a written instrument executed by the parties.

11. Assignment. VE Holdings shall not assign or transfer any rights, obligations, duties, or other interest in this Agreement, or assign any claim for money due under this Agreement, without the prior written consent of County, which consent may be withheld in County's sole and absolute discretion. For the avoidance of doubt, the merger or consolidation of VE Holdings with another business entity shall not constitute an assignment or transfer of VE Holdings' rights, obligations, duties, or other interest in this Agreement so long as the ownership of the equity interests in the survivor of the merger or consolidation is substantially the same as that of VE Holdings immediately before the merger or consolidation and the obligations of VE Holdings under this Agreement become the obligations of the survivor as a result of such merger or consolidation and through a written novation of this Agreement.

12. Appropriations. The performance by County of any of the terms, covenants, or conditions in this Agreement that County is obligated to perform shall be subject to the availability of appropriated funds that may be lawfully used for such purpose.

13. Partnership. Nothing contained in this Agreement shall be construed as creating or establishing a joint venture or partnership between County and VE Holdings.

14. Indemnification. VE Holdings shall hold harmless, indemnify and defend County, its officials, employees, agents, successors, and assigns from any and all liabilities, damages, claims, suits, or actions, of any kind or nature, arising out of VE Holdings' operations or this Agreement, including all costs, expenses, attorneys' fees (including attorneys' fees incurred in connection with, and/or staff attorneys' salaries allocable to, any action County takes to enforce this Agreement) and any judgment or settlement thereof.

15. Authority. The individual(s) signing this Agreement on behalf of VE Holdings represent and warrant that they have the power and authority to bind VE Holdings, and that no further action, resolution, or approval from VE Holdings is necessary to enter into a binding contract.

16. Incorporation. Each and all of the recitals set forth at the beginning of this instrument, and any exhibits referenced herein and attached hereto, are incorporated herein by this reference.

17. Calculation of Time. Any time period herein calculated by reference to "days" means calendar days, *i.e.*, including Saturdays, Sundays, and holidays as observed by the State of New Mexico; provided, however, that if the last day for a given act falls on a Saturday, Sunday, or such observed holiday, the day for such act shall be first day following such Saturday, Sunday, or observed holiday that is not a Saturday, Sunday, or such observed holiday.

18. Interpretation. The captions and paragraph headings of this Agreement are not necessarily descriptive, or intended or represented to be descriptive, of all the terms thereunder, and shall not be deemed to limit, define, or enlarge the terms of this Agreement. Whenever used herein, unless otherwise indicated by the context, the singular shall include the plural, the plural shall include the singular, the use of any gender shall include all genders, and the use of the words "include" and "including" shall be construed as if the phrases "without limitation" or "but not [be] limited to" were annexed thereafter. The Parties were, or had ample opportunity to be, represented by counsel, and as such this Agreement shall not be interpreted for or against either party based on authorship. The use herein of "VE Holdings" shall, where reasonable in the best interests of County, be deemed to indicate and/or include all of the owners, partners, members, and employees of VE Holdings; provided, however, that such interpretation shall not be used in connection with VE Holdings' indemnity obligations contained in this Agreement.

19. Applicable Law. Each party shall perform its obligations hereunder in accordance with all applicable laws, rules, and regulations now or hereafter in effect. This Agreement shall be governed by the laws of the State of New Mexico (without giving effect to the State of New Mexico's choice of law provisions).

20. Survival. Terms of this Agreement that provide for rights, duties, and/or obligations that expressly or logically extend beyond the expiration or earlier termination of this Agreement, including VE Holdings' indemnity obligations, shall survive such expiration or earlier termination of this Agreement.

21. Severability. If any terms of this Agreement, or the application of such terms to any circumstance, person, or entity, shall be held illegal, invalid, or unenforceable, the remainder of this Agreement, or the application of such terms to persons or circumstances other than those to which it is held illegal, invalid, or unenforceable, shall not be affected; provided, however, that the remainder of this Agreement is still capable of performance in substantial accordance with the original intent of the parties.

22. Entire Agreement and Cross Default. This Agreement, the Mortgage, and the Promissory Note entered into by and between the Parties and incorporated by reference as if fully set forth herein contain the entire understanding of the Parties with respect to the subject matter hereof, and reflects all agreements and commitments made prior to the date hereof with respect to this Agreement by County and VE Holdings. There are no other oral or written understandings, terms or conditions, and neither County nor VE Holdings has relied upon any representation or

statement, express or implied. Any modification of this Agreement and the understandings contained herein shall be in writing and executed by County and VE Holdings. This Agreement, together with the Promissory Note and the Mortgage (collectively, the “Loan Documents”), constitutes a single, integrated contract. A default by VE Holdings under any of the Loan Documents shall constitute a default under each of them, and County may exercise any and all rights and remedies under Section 5 of this Agreement. Notwithstanding any provision to the contrary in the Promissory Note or the Mortgage, the default and cure provisions of Section 5 of this Agreement shall govern and control all defaults under any Loan Document. In the event of any conflict between the default or cure provisions of this Agreement and those of the Promissory Note or Mortgage, the provisions of this Agreement shall control.

23. No Third-Party Beneficiaries. This Agreement is for the sole benefit of the Parties hereto and their permitted successors and assigns, and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

IN WITNESS WHEREOF, the Parties have entered into this Project Participation Agreement effective as of the date first written above (the "Effective Date").

| | |
|---|---|
| INCORPORATED COUNTY OF LOS ALAMOS | Attest: |
| By: ______________________________ | ______________________________ |
| Anne W. Laurent, County Manager | Michael D. Redondo, County Clerk |

APPROVED TO FORM:

______________________________
J. Alvin Leaphart, County Attorney

VE HOLDINGS NM LLC,

| | |
|---|---|
| By: ______________________________ | By: ______________________________ |
| Name: Janet Lovato, Managing Member | Name: Timoteo Martinez, Member |

# Exhibit A

LEGAL DESCRIPTION OF REAL PROPERTY

Property 1:

LOT 1A, CANADA DEL BUEY, LOS ALAMOS COUNTY, NEW MEXICO, AS SHOWN ON THE OFFICIAL PLAT FILED IN PLAT BOOK 159, PAGE 445, AS DOCUMENT NO. 213560 AT 9:15 AM, RECORDED JULY 03, 2012, PLAT RECORDS OF LOS ALAMOS COUNTY, NEW MEXICO.

Commonly known as: 116 State Road 4, White Rock, NM 87547.

Property 2:

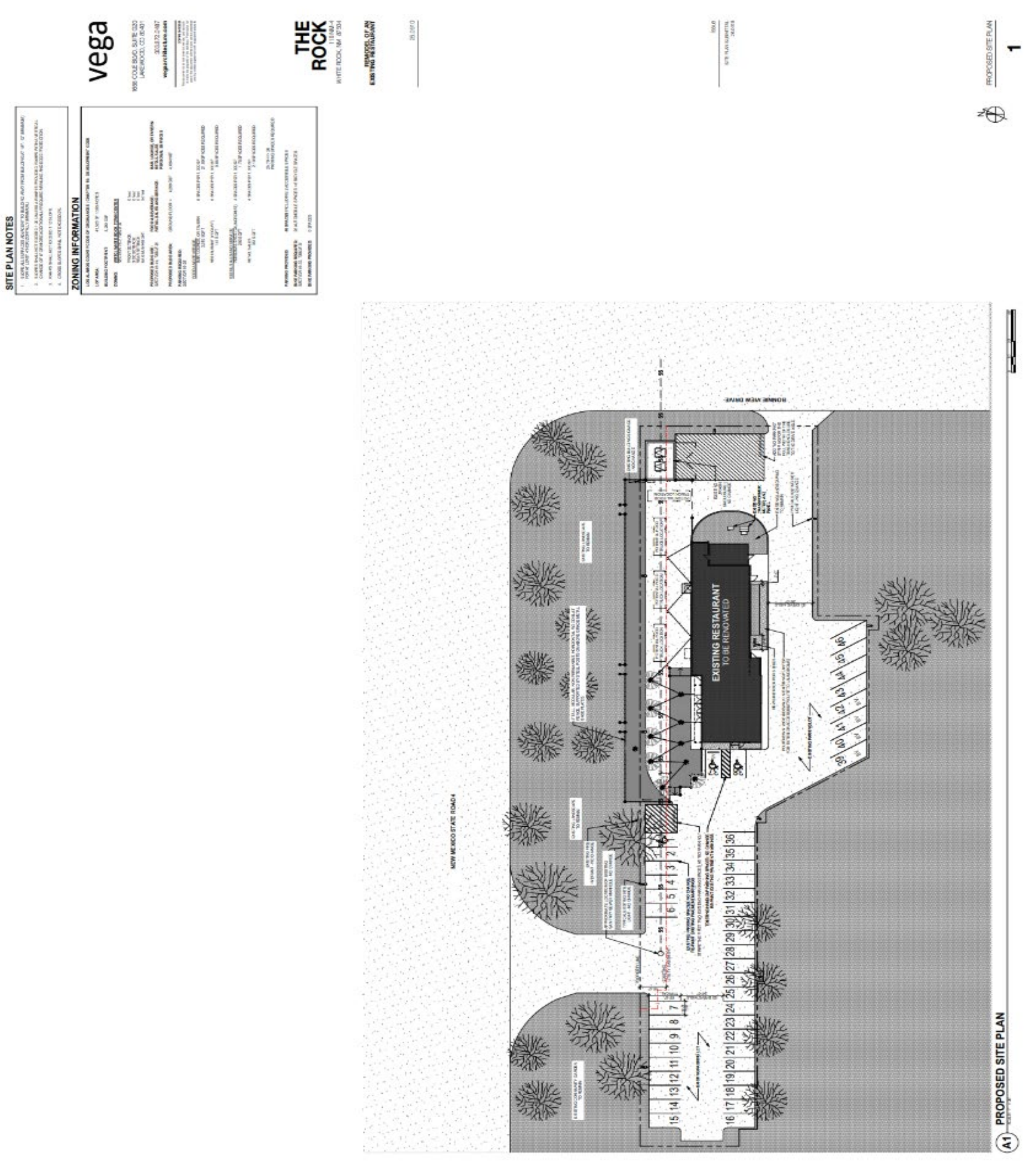
Lot 2A, CANADA DEL BUEY, LOS ALAMOS COUNTY, NEW MEXICO, AS SHOWN ON THE OFFICIAL PLAT FILED IN PLAT BOOK 159, PAGE 446, AS DOCUMENT NO. 213561 AT 9:15 AM., RECORDED JULY 03, 2012, PLAT RECORDS OF LOS ALAMOS COUNTY, NEW MEXICO.

Commonly known as: 118 State Road 4, White Rock, NM 87547.

## EXHIBIT B

## PROJECT DESCRIPTION AND SITE PLAN

The project scope is the renovation and redevelopment of vacant commercial property into a multi-service community hub featuring a laundromat, bar, yogurt shop, EV charging station, indoor market space, and food truck pads, supported by significant infrastructure upgrades and interior improvements.



**MORTGAGE AND SECURITY AGREEMENT**

**THIS MORTGAGE AND SECURITY AGREEMENT** (hereinafter referred to as the "Mortgage") is made this __________ day of ______________, 2026, by and between the INCORPORATED COUNTY OF LOS ALAMOS, a political subdivision of the State of New Mexico (the "Mortgagee") with a principal address of Municipal Building, 1000 Central Avenue, Los Alamos, New Mexico 87544, and VE HOLDINGS NM, LLC**,** a New Mexico limited liability company ("Mortgagor") with a principal address of c/o Janet Lovato, Managing Member, 118 State Road 4, White Rock, New Mexico 87547, with reference to the following facts:

**WHEREAS,** Mortgagor and Mortgagee have entered into a Project Participation Agreement (the "PPA"), pursuant to which Mortgagor has agreed to develop a multi-service space featuring a laundromat, sports bar, yogurt shop, electric vehicle charging stations, market space, and food truck pads (the "Project"), which will generate at least (8) full time equivalent jobs (each such job an "FTE") with average annual compensation of at least TWENTY-EIGHT THOUSAND DOLLARS ($28,000.00) per job, will generate at least THIRTY THOUSAND SEVEN HUNDRED NINETY-SEVEN DOLLARS ($30,797.00) in local gross receipts tax revenue from construction of the Project by the end of calendar year 2026, and will generate at least ONE MILLION TWO HUNDRED SIXTY THOUSAND DOLLARS ($1,260,000.00) in annual sale revenue for calendar years 2027 through 2030 (collectively, the "Mortgagor Economic Activities"); and

**WHEREAS,** the Project will be located on certain real property being more particularly described in **Exhibit "A"** (the "Real Property") and upon construction completion and occupancy, the Mortgagor will utilize the Real Property for the operating of the Project; and

**WHEREAS,** Mortgagee has agreed pursuant to the PPA to lend to Mortgagor an amount not to exceed EIGHT HUNDRED SIXTY-EIGHT THOUSAND DOLLARS ($868,000.00), which amount is equal to eighty percent (80%) of the appraised value of the Real Property for the purpose of developing and constructing the Project (the "Project Loan"), which indebtedness is evidenced by Mortgagor's promissory note dated of even date herewith (hereinafter referred to as "Note"), a copy of which is attached hereto as **Exhibit "B",** due and payable as provided in the Note.

This Mortgage secures the performance of the following obligations: (1) the indebtedness evidenced by the Note as disbursed by Mortgagee on behalf of the Mortgagor in accordance with the provisions set forth in the Note and all renewals, extensions and modifications thereof, and the performance of all covenants contained therein, and the payment of such amounts, if any, advanced, or costs incurred by Mortgagee in accordance herewith to protect the security of this Mortgage or in connection with the enforcement of this Mortgage or Note; and (2) the performance of the covenants, agreements and obligations of Mortgagor under the PPA and herein contained, and is upon the statutory mortgage condition for the breach of which it is subject to foreclosure as provided by law.

For consideration paid, Mortgagor does hereby MORTGAGE, GRANT, BARGAIN, SELL, ASSIGN, GRANT A SECURITY INTEREST IN and CONVEY TO Mortgagee, its successors and assigns, all of Mortgagor's estate, right, title and interest in, to and under any and all of the following described property, whether now owned or hereafter held or acquired, with mortgage covenants.

(a) All of Mortgagor's leasehold estate and interest in those certain parcels of real property situated in Los Alamos County, State of New Mexico, and being more particularly described on **Exhibit "A"** attached hereto and made a part hereof.

(b) All and each of the buildings and improvements, structures, additions, tenements, easements, hereditaments, and appurtenances belonging or in anywise appertaining to the aforesaid real property, now existing or hereafter acquired, installed, or constructed and the revision or reversions, remainder and remainders rents, issues, and profits thereof and also all the estate, right, title, interest, property, claim and demand whatsoever of Mortgagor of, in, and to the same, and of, in and to every part and parcel thereof;

(c) All right, title and interest of Mortgagor, if any, in and to the land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Real Property to the centerline thereof;

(d) All right, title and interest of Mortgagor in all fixtures, fittings, appliances, apparatus, equipment, machinery, building materials, inventory and other articles of personal property and replacements thereof, now or at any time hereafter affixed to, attached to, placed upon or used in anyway in connection with the complete and comfortable use, enjoyment, occupancy or operation of the Real Property or the Project, together with any proceeds realized from the sale, transfer or conversion of any of the above (subject to the right of replacement described in the Note);

(e) All proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including, without limitation, proceeds of insurance and condemnation awards or judgments, and any unearned premiums accrued, accruing or to accrue under any and all insurance policies now or hereafter obtained by Mortgagor;

(f) To the extent assignable, any and all plans, specifications, site plans, drawings, renderings and schematics; however, characterized, from time to time prepared for use in connection with the construction and operation of the Project;

(g) To the extent assignable, all contracts, agreements and understandings now or hereafter entered into, relating to or involving the performance of any work, the rendering of any services, the supply of any materials or the conduct of operations in the management of the Real Property and/or the Project including, without limitation, construction contracts, architect agreements, Project agreements, management agreements with respect to operations, franchise agreements and other similar agreements;

(h) To the extent assignable, any and all permits, certificates, approvals and authorizations, however characterized, issued or in any way furnished, whether necessary or not, for the operation and use of the Real Property and/or the Project, including, without limitation, building permits, environmental certificates, certificates of occupancy, certificates of operation, room permits, elevator licenses, warranties and guaranties; and

(i) All municipal or utility deposits made by or on behalf of Mortgagor or made in connection with the Real Property and/or the Project, together with all escrow accounts or reserves maintained or required to be maintained by Mortgagor hereunder, and any and all other assets, revenues and profits of any kind of the Project.

All of the property described in the foregoing subparagraphs (a) through (i) shall sometimes hereinafter be collectively referred to as the "Real Property". All of the assignments hereinabove referenced are subject to the right of the Mortgagor to collect, receive, apply, manage, and use the rights assigned until the occurrence of an event of default hereunder. The maximum amount of unpaid indebtedness, exclusive of interest thereon, which may be outstanding at any time, is Eight Hundred Sixty-Eight Thousand Dollars ($868,000.00).

In addition to the other debt or obligation secured hereby, this Mortgage shall secure unpaid balances or advances made for the payment of taxes, tax increment payments, assessments, insurance premiums, and other costs incurred for the protection of the Real Property or the Project, if not paid by Mortgagor as required by law or this Mortgage.

Mortgagor represents and warrants that it has full right and authority to grant this Mortgage, and that it shall warrant and defend the lien and interest of the Mortgagee in the Real Property against all claims and demands whatsoever, except any encumbrances acceptable to Mortgagee, and that Mortgagor shall maintain the priority of the lien of and the security interest granted by this Mortgage upon the Real Property until the Mortgage is defeased as provided herein.

The Mortgagor, at its expense, shall cause this Mortgage and instruments supplemental hereto and financing statements and all necessary supplements appropriate continuation statements, to be recorded, registered, and filed in such manner and in such places as may be directed from time to time by Mortgagee as required in order to establish, preserve, and protect the lien of this Mortgage as a lien on all real property, fixtures, and interests therein included in the Real Property, and a valid security interest in all personal property, fixtures and interest therein included in the Real Property, including in each such case and without limitation, any such properties acquired after the execution hereof.

All property of every kind acquired by the Mortgagor after the date hereof which, by the terms hereof, is intended to be subject to the lien of this Mortgage, shall immediately upon the acquisition thereof by the Mortgagor, and without further mortgage or assignment, become subject to the lien of this Mortgage as fully as though now owned by the Mortgagor and specifically described herein. Mortgagor shall take such actions and execute such additional instruments as the Mortgagee shall reasonably require to further evidence or confirm the subjection to the lien of this Mortgage of any such after-acquired property.

Upon notification of the pending sale of any parcel comprising the Project, Mortgagee shall release and reconvey such parcel from the charge and lien of this mortgage subject to the condition concurrent of the consummation of such sale and the payment of principal from the proceeds of such sale as required by the Note. Further, Mortgagor shall modify this Mortgage, if required, to amend the legal description of the Real Property to conform to any re-platting of the Real Property.

This Mortgage constitutes a security agreement as to all or any part of the Real Property, which is of a nature that a security interest therein can be perfected under the Uniform Commercial Code. This Mortgage also constitutes a financing statement with respect to any and all property included in the Real Property, which is or may become fixtures.

Mortgagor shall pay promptly when due all taxes, tax increment payments, assessments, and other governmental charges on the property which, if not paid, may become a lien on the Real Property or any part thereof.

During construction of the Project, until issuance of Certificates of Occupancy for each unit and, if applicable, a letter of acceptance by the Mortgagee for public infrastructure, Mortgagor, at its expense, shall keep or cause to be kept, the Real Property fully insured by a policy or policies of Builder's Risk and Fire Insurance (in an amount not less than the outstanding balance of the Loan evidenced by the Note) against fire with extended coverage and shall maintain the Real Property and any improvements located thereon in good order and condition, ordinary wear and tear excepted, and shall make all necessary or appropriate repairs, replacements and renewals thereof. All policies of insurance required by this paragraph shall be endorsed to indicate Mortgagee as an insured Mortgagee.

Upon the issuance of the Certificate of Occupancy, for each unit, if applicable, the Mortgagor shall keep or cause to be kept, the Real Property fully insured by a policy or polices of an Open Perils insurance with standard exceptions for earthquake, flood, and normal wear and tear, in an amount not less than the outstanding balance of the Loan evidenced by the Note) All policies of insurance required by this paragraph shall be endorsed to indicate Mortgagee as an insured Mortgagee.

In the event of any damage or injury to the Project, the Mortgagor agrees that it shall either repay its obligations under the Note in full, or it shall take any and all actions necessary to restore the Project substantially to its condition prior to the damage or injury and shall apply any proceeds of such insurance coverage to the extent necessary to the costs of such restoration.

Notwithstanding any other provisions of this Mortgage, the Note, or the PPA, upon any failure by Mortgagor to pay when due any obligation under the Note, or failure to pay any other obligation under the Note or perform any covenant of the PPA, and such failure is not cured as provided in the PPA after delivery of written notice from the Mortgagee, such failure to pay, perform or cure shall constitute an immediate default entitling the Mortgagee to exercise any remedy hereafter described in this paragraph, or elsewhere in this Mortgage or the PPA, including, without limitation, declaration by Mortgagee of a default hereunder. Subject to the foregoing provisions, with respect to either a failure to make payment when due or any other default, the remedies available to Mortgagee include, at its election, the right to exercise any or all or any combination of the remedies conferred upon or reserved to it under this Mortgage, the Note, the PPA, or now or hereafter existing at law or in equity. Without limitation, the Mortgagee may declare the entire unpaid amount of the Note immediately due and payable without notice or demand, the same being expressly waived by the Mortgagor; may proceed at law or equity to collect all amounts secured by this Mortgage and due hereunder, whether at maturity or by acceleration; may foreclose the lien of this Mortgage as against all or any part of the Real Property; and may exercise any rights, powers, and remedies it may have as a secured party under the Uniform Commercial Code, or other similar laws in effect from time to time.

Each right, power, and remedy of the Mortgagee provided for in the PPA, the Note, and Mortgage, now or hereafter existing at law or in equity, shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for in this Mortgage, the Note, or the PPA or the Mortgagee, now or hereafter existing at law or in equity, and the exercise or beginning of exercise or partial exercise by the Mortgagee of any one or more of such rights, powers, or remedies shall not preclude the simultaneous or later exercise by the Mortgagee of any or all such rights, power or remedies.

No failure by the Mortgagee to insist upon the strict performance of any provision of the PPA, Note or this Mortgage, or to exercise any right, power, or remedy consequent upon a breach hereof, shall constitute a waiver of any such provision or of any remedy for such breach. No waiver of any breach shall affect or alter this Mortgage, and the Mortgage shall continue in full force and effect with respect to any other then existing or subsequent breach.

PROVIDED, however, that if the Mortgagor shall well and truly pay to Mortgagee, its successors and assigns, not less than the total of the indebtedness secured hereby and shall fully keep and perform all the conditions, covenants and agreements to be kept and performed by Mortgagor under this Mortgage, Note and the PPA, then this Mortgage shall be void; otherwise, this Mortgage shall remain in full force and effect in law and equity forever.

The existence and lien of this Mortgage shall not impede or affect the right of Mortgagor from time to time with respect to all or a portion of the Real Property, to dedicate public areas by subdivision plat or otherwise, including streets, easements and park areas, grant to public utilities and other agencies entitled thereto ordinary and necessary easements, and apply for and obtain zoning acceptable to Mortgagor.

Unless Mortgagee or Mortgagor gives written instructions to the other party of a change in the person or address set forth below, all notices, demands or requests permitted or required to be given under the provisions of this Mortgage or the PPA shall be hand-delivered or mailed, registered or certified mail, return receipt requested to the following addresses:

| | |
|---|---|
| Mortgagee: | Anne W. Laurent, County Manager<br>1000 Central Avenue, Suite 350<br>Los Alamos, New Mexico 87544<br>Telephone Number: (505)663 1750<br>Fax Number: (505)662-8079 |
| Copy to: | County Attorney<br>1000 Central Avenue, Suite 340<br>Los Alamos, New Mexico 87544<br>Telephone Number: (505)662-8020<br>Fax Number: (505)662-8019 |
| VE Holdings NM, LLC: | Janet Lovato, Managing Member<br>118 State Road 4<br>White Rock, New Mexico 87547<br>Telephone Number: (505)263-2082 |
| Copy to: | Trei R. Gilpin, Attorney<br>Sommer Udall Law Firm, P.A.<br>2000 Old Pecos Trail<br>Santa Fe, New Mexico 87505<br>Telephone Number: (505)982-4676 |

In the event of foreclosure of this Mortgage, the period of redemption shall be one (1) month in lieu of the statutory redemption period of nine (9) months.

This Mortgage, the Note, and the PPA entered into by and between the parties and incorporated by reference as if fully set forth herein contain the entire understanding of the parties with respect to the subject matter hereof, and reflects all agreements and commitments made prior to the date hereof with respect to this Mortgage by County and VE Holdings. There are no other oral or written understandings, terms or conditions, and neither County nor VE Holdings has relied upon any representation or statement, express or implied. Any modification of this Mortgage and the understandings contained herein shall be in writing and executed by County and VE Holdings. This Mortgage, together with the PPA and the Note (collectively, the "Loan Documents"), constitutes a single, integrated transaction. A default by VE Holdings under any of the Loan Documents shall constitute a default under each of them, and County may exercise any and all rights and remedies under Paragraph 5 of the PPA.

IN WITNESS, WHEREOF, Mortgagor VE Holdings NM LLC, hereunto duly authorized, and Mortgagee, the Incorporated County of Los Alamos, have each caused this instrument to be executed on this _____ day of _______________, 2026.

[Signature pages follow]

**BORROWER and MORTGAGOR:**

**VE Holdings NM, LLC**, a New Mexico limited liability company

By:_________________________________
Name:______________________________
Title:_______________________________

ACKNOWLEDGMENT
(MORTGAGOR)

STATE OF NEW MEXICO )
)
COUNTY OF LOS ALAMOS )

This instrument was acknowledged before me on this _____ day of _______, 2026, by _________________, as the _________________________ of **VE HOLDINGS NM, LLC**, a New Mexico limited liability company.

(NOTARY SEAL)

_______________________________________
Notary Public by and for the State of New Mexico

My Commission Expires: __________________

**INCORPORATED COUNTY OF LOS ALAMOS,**
**As Lender and Mortgagee**

By:______________________________________
County Manager, Incorporated County of Los Alamos

(SEAL)

ATTEST:

_________________________________________
County Clerk

Approved as to Form:

_________________________________________
County Attorney

ACKNOWLEDGMENT
(MORTGAGEE)

STATE OF NEW MEXICO )
)
COUNTY OF LOS ALAMOS )

This instrument was acknowledged before me on this _____ day of _______, 2026, by _________________, as the County Manager of the INCORPORATED COUNTY OF LOS ALAMOS, NEW MEXICO, a political subdivision of the State.

(NOTARY SEAL)

________________________________________
Notary Public by and for the State of New Mexico

My Commission Expires: __________________

# Exhibit A

LEGAL DESCRIPTION OF REAL PROPERTY

Property 1:

LOT 1A, CANADA DEL BUEY, LOS ALAMOS COUNTY, NEW MEXICO, AS SHOWN ON THE OFFICIAL PLAT FILED IN PLAT BOOK 159, PAGE 445, AS DOCUMENT NO. 213560 AT 9:15 AM, RECORDED JULY 03, 2012, PLAT RECORDS OF LOS ALAMOS COUNTY, NEW MEXICO.

Commonly known as: 116 State Road 4, White Rock, NM 87547.

Property 2:

Lot 2A, CANADA DEL BUEY, LOS ALAMOS COUNTY, NEW MEXICO, AS SHOWN ON THE OFFICIAL PLAT FILED IN PLAT BOOK 159, PAGE 446, AS DOCUMENT NO. 213561 AT 9:15 AM., RECORDED JULY 03, 2012, PLAT RECORDS OF LOS ALAMOS COUNTY, NEW MEXICO.

Commonly known as: 118 State Road 4, White Rock, NM 87547.

EXHIBIT "B"

[Copy of Executed Note to be attached when available]

PROMISSORY NOTE

VE HOLDINGS NM, LLC

**$868,000**

Incorporated County of Los Alamos,
New Mexico

_______, 2026

FOR VALUE RECEIVED, the undersigned VE Holdings NM, LLC, a New Mexico limited liability limited company ("Borrower") with a principal address of c/o Janet Lovato, Managing Member, 118 State Road 4, White Rock, New Mexico 87547, hereby promises to pay to the order of the Incorporated County of Los Alamos, a political subdivision of the State of New Mexico, with a principal address of Municipal Building, 1000 Central Avenue, Los Alamos, New Mexico 87544 ("Holder"), a principal amount of Eight Hundred Sixty-Eight Thousand Dollars and No Cents ($868,000.00), plus interest thereon pursuant to Section 2 below.

1. Borrower's Obligation.

This promissory note (the "Note") evidences Borrower's obligation to pay Holder the principal amount of Eight Hundred Sixty-Eight Thousand Dollars and No Cents ($868,000.00), for the funds loaned to Borrower by Holder pursuant to the Project Participation Agreement by and between Holder and Borrower (the "PPA"), as authorized by County Ordinance No. 543, establishing an Economic Development Plan, which was enacted pursuant to the express authority conferred upon municipalities by the Local Economic Development Act ("LEDA") (§§ 5-10-1 to 5-10- 17, NMSA 1978). All capitalized terms not otherwise defined in this Note have the meanings set forth in the PPA.

2. Interest.

a. Subject to the provisions of Subsection (b) below, this Note shall bear no interest from the date of disbursement until full repayment of all principal.

b. If a Default occurs without timely cure pursuant to Section 5(b)(i) of the PPA, interest will accrue at the rate of the Prime Rate plus two percent (2.0%) ("Default Interest") on all amounts due under this Note at the Default Interest until such Default is cured by Borrower or waived by Holder.

3. Term and Repayment Requirements.

Borrower shall begin repayment of the Project Loan commencing on the second (2nd) anniversary of the Effective Date of the Project Loan. The Project Loan shall not bear interest, and repayment of the Project Loan shall be deferred without penalty for twenty-four (24) months. Commencing on the twenty-fifth (25th) month of the Effective Date of the Project Loan, Borrower shall make payments to County in equal monthly installments of NINE THOUSAND FORTY-ONE DOLLARS AND SIXTY-SEVEN CENTS ($9,041.67), with the final payment in the amount of NINE THOUSAND FORTY-ONE

DOLLARS AND THIRTY-FIVE CENTS ($9,041.35) made on the one hundred twentieth (120th) month from the Effective Date of the Project Loan, which will constitute full repayment of the Project Loan. Payments received by the Holder shall be credited first against accrued Default Interest (if any) and then against outstanding principal.

4. No Assumption. This Note is not assumable by the successors and assigns of Borrower without the prior written consent of Holder, except as provided in the PPA.

5. Security. This Note is secured by the Mortgage and Security Agreement (the "Mortgage") wherein the Borrower is the Mortgagor and the Holder is the Mortgagee.

6. Terms of Payment.

a. All payments due under this Note shall be paid in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

b. All payments on this Note shall be paid to Holder at the Municipal Building, 1000 Central Avenue, Los Alamos, New Mexico 87544 Attention: Finance Department, or to such other place as the Holder of this Note may from time to time designate.

c. All payments on this Note shall be without expense to the Holder, and the Borrower agrees to pay all costs and expenses, including re-conveyance fees and reasonable attorney's fees and other professional service fees and costs of the Holder, incurred in connection with the payment of this Note and the release of any security hereof.

d. Notwithstanding any other provision of this Note, or any instrument securing the obligations of the Borrower under this Note, if, for any reason whatsoever, the payment of any sums by the Borrower pursuant to the terms of this Note would result in the payment of interest which would exceed the amount that the Holder may legally charge under the laws of the State of New Mexico, then the amount by which payments exceed the lawful interest rate shall automatically be deducted from the principal balance owing on this Note, so that in no event shall the Borrower be obligated under the terms of this Note to pay any interest which would exceed the lawful rate.

7. Default.

a. Upon the occurrence of an Event of Default, subject to the terms of the PPA, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under this Note will, at the option of Holder, become immediately due and payable without further demand.

b. Holder's failure to exercise the remedy set forth in Section 5 of the PPA upon the occurrence of a Default does not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other Default. The acceptance by Holder of any payment that is less than the total of all amounts due and payable at the time of such payment does not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time or nullify any prior exercise of any such remedy or option, without the express consent of Holder, except as and to the extent otherwise provided by law.

8. Waivers.

a. The Borrower hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, notice of dishonor and notice of non-payment of this Note. The Borrower expressly agrees that this Note, or any payment hereunder may be extended from time to time, and that the Holder may accept further security or release any security for this Note, all without in any way affecting the liability of the Borrower.

b. No extension of time for payment of this Note or any installment hereof made by agreement of Holder with any person now or hereafter liable for payment of this Note will operate to release, discharge, modify, change, or affect the original liability of Borrower under this Note, either in whole or in part.

c. The obligations of the Borrower under this Note shall be absolute, and the Borrower waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reason whatsoever.

9. Miscellaneous Provisions.

a. All notices to the Holder or the Borrower shall be given in the manner and at the addresses set forth in the PPA, or to such addresses as the Holder and the Borrower may therein designate.

b. The Borrower promises to pay all costs and expenses, including reasonable attorney's fees and other professional service fees and costs, incurred by the Holder in the enforcement of the provisions of this Note, regardless of whether suit is filed to seek enforcement.

c. This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

d. This Note shall be governed by and construed in accordance with the laws of the State of New Mexico.

e. The times for the performance of any obligations hereunder shall be strictly construed, time being of the essence.

f. This document, together with the Loan Documents, contains the entire agreement between the parties as to the Loan. It may not be modified except upon written consent of the parties.

g. The indebtedness and obligations evidenced by this Note are and shall be prior and superior to any other right to payment held by any third party secured by the Real Property or any portion thereof.

h. This Note, the Mortgage, and the PPA entered into by and between the parties and incorporated by reference as if fully set forth herein contain the entire understanding of the parties with respect to the subject matter hereof, and reflects all agreements and commitments made prior to the date hereof with respect to this Note by County and VE Holdings. There are no other oral or written understandings, terms or conditions, and neither County nor VE Holdings has relied upon any representation or statement, express or implied. Any modification of this Note and the understandings contained herein shall be in writing and executed by County and VE Holdings. This Note, together with the PPA and the Mortgage (collectively, the "Loan Documents"), constitutes a single, integrated contract. A default by VE Holdings under any of the Loan Documents shall constitute a default under each of them, and County may exercise any and all rights and remedies under Section 5 of the PPA.

IN WITNESS WHEREOF, Borrower has executed this Note as of the day and year first above written.

**VE Holdings NM, LLC**, a New Mexico limited liability company

By:________________________________
Name:______________________________
Title:_______________________________