

1 **CITY OF SANTA FE, NEW MEXICO**

2 **BILL NO. 2017-18**

3 **INTRODUCED BY:**

4
5 Mayor Javier M. Gonzales

6 Councilor Signe I. Lindell

7 Councilor Mike Harris

8
9
10 **AN ORDINANCE**

11 **RELATING TO THE CITY OF SANTA FE ECONOMIC DEVELOPMENT PLAN**
12 **ORDINANCE, ARTICLE 11-11 SFCC 1987; APPROVING AND ADOPTING A LOCAL**
13 **ECONOMIC DEVELOPMENT PROJECT PARTICIPATION AGREEMENT BETWEEN**
14 **THE CITY OF SANTA FE AND MEOW WOLF, INC. FOR ACQUISITION AND**
15 **EXPANSION OF A NEW PRODUCTION AND CULTURAL FACILITY, A LOCAL**
16 **ECONOMIC DEVELOPMENT PROJECT.**

17
18 **BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF SANTA FE:**

19 **Section 1. Short Title.** This Ordinance shall be known as the “Meow Wolf” Local
20 Economic Development Project Ordinance.”

21 **Section 2. Recitals.**

22 A. The Local Economic Development Act, Sections 5-10-1 et. seq. NMSA 1978 explicitly
23 permits municipalities to assist qualifying entities with economic development projects through the use
24 of public resources; and

25 B. The City of Santa Fe has complied with the requirements of the Local Economic

1 Development Act by adopting an Economic Development Fund Ordinance (11-14 SFCC (1987)),
2 incorporating within that ordinance its community economic development plan and its economic
3 development strategy for implementation dated May 21, 2008; and

4 C. Meow Wolf, Inc. ("Qualifying Entity") is a cultural facility as a Creative Studio and
5 Digital Media laboratory that serves the public by educating and promoting the arts and culture of Santa
6 Fe under the Economic Development Ordinance. Meow Wolf's studio creates economic base jobs as
7 a cultural facility by educating and promoting the arts.

8 D. The State of New Mexico has appropriated \$850,000 from the New Mexico LEDA
9 Fund and the City of Santa Fe has provided \$250,000 from the Local Economic Development Fund to
10 the project to purchase a building, land and construct the tenant improvements associated with the
11 physical expansion of the facility. Additionally the funds will be utilized to improve or construct
12 infrastructure to provide service to the facility at 2600 Camino Entrada in Santa Fe, New Mexico which
13 includes water, sewer, natural gas, telecommunications, broadband connectivity and other
14 infrastructure necessary to provide service to the facility. This project identified as the "Project" is a
15 creative studio which is defined as cultural facility that will expand the tax base and generate more
16 taxes, fees and other revenues for the State of New Mexico and City of Santa Fe.

17 E. The new facility will in part be used to manufacture goods or products.

18 **Section 3. Findings.** The governing body hereby finds:

19 A. The City of Santa Fe has determined that it is in the interest of the welfare of the
20 citizens of Santa Fe to enter into an Economic Development Project Participation Agreement for the
21 purposes of effectuating its Economic Development Plan and the Project.

22 B. In compliance with the City's Economic Development Fund Ordinance, 11-14 SFCC
23 (1987), this Project Participation Agreement between Meow Wolf, Inc. and the City clearly state the
24 following:

25 (1) The economic development goals of the project;

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

12 **Section 4. Approval and Adoption of the Project Participation Agreement.** The

13 governing body hereby approves the 2017 PPA (attached as Exhibit A) whereby the City will be the

14 Fiscal Agent for the State Legislative appropriation of \$850,000 and for the \$250,000 in City Funds.

15 The City will pass through the State Legislative appropriation of \$850,000 and the City funds of

16 \$250,000 to the Meow Wolf Inc. and the funds will be used to purchase a building and land to be used

17 as a creative studio which is a cultural facility and thus will expand the tax base and generate more

18 taxes, fees and other revenues for the State of New Mexico and City of Santa Fe.

19 **Section 5. Severability Clause.** If any section, paragraph, clause, or provision of this

20 ordinance, or any section, paragraph, clause, or provision of any regulation promulgated hereunder

21 shall for any reason be held to be invalid, unlawful, or unenforceable, the invalidity, illegality, or

22 unenforceability of such section, paragraph, clause, or provision shall not affect the validity of the

23 remaining portions of this ordinance or the regulation so challenged.

24 **Section 6. Effective Date.** This ordinance shall become effective immediately upon

25 adoption.

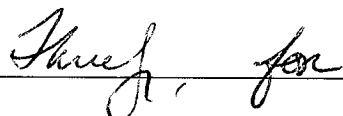
1 PASSED, APPROVED and ADOPTED this _____ day of _____, 2017.

2
3 _____
4 JAVIER M. GONZALES, MAYOR
5

6 ATTEST:

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8 _____
9 YOLANDA Y. VIGIL, CITY CLERK

10 APPROVED AS TO FORM:

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12 
13 KELLEY A. BRENNAN, CITY ATTORNEY
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25 *M/Legislation/Bills 2017/2017-18 Meow Wolf PPA*

City of Santa Fe Fiscal Impact Report (FIR)

This Fiscal Impact Report (FIR) shall be completed for each proposed bill or resolution as to its direct impact upon the City's operating budget and is intended for use by any of the standing committees of and the Governing Body of the City of Santa Fe. Bills or resolutions with no fiscal impact still require a completed FIR. Bills or resolutions with a fiscal impact must be reviewed by the Finance Committee. Bills or resolutions without a fiscal impact generally do not require review by the Finance Committee unless the subject of the bill or resolution is financial in nature.

Section A. **General Information**

(Check) Bill: X Resolution: _____

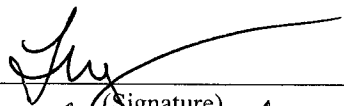
(A single FIR may be used for related bills and/or resolutions)

Short Title(s) AN ORDINANCE RELATING TO THE CITY OF SANTA FE ECONOMIC DEVELOPMENT PLAN ORDINANCE, ARTICLE 11-11 SFCC 1987; APPROVING AND ADOPTING A LOCAL ECONOMIC DEVELOPMENT PROJECT PARTICIPATION AGREEMENT BETWEEN THE CITY OF SANTA FE AND MEOW WOLF, INC. FOR ACQUISITION AND EXPANSION OF A NEW PRODUCTION AND CULTURAL FACILITY, A LOCAL ECONOMIC DEVELOPMENT PROJECT.

Sponsor(s): Mayor Gonzales, Councilors Lindell and Harris

Reviewing Department(s): Economic Development

Persons Completing FIR: Fabian Trujillo Date: 6/22/2017 Phone: (505) 955-6912

Reviewed by City Attorney:  Date: June 22, 2017
(Signature)

Reviewed by Finance Director:  Date: 6.22.17
(Signature)

Section B. **Summary**

Briefly explain the purpose and major provisions of the bill/resolution:

The project ordinance, project participation agreement (PPA) and intergovernmental agreement (IGA) will be used to provide grant monies to Meow Wolf, Inc for a Creative Studio and production facility at 2600 Camino Entrada. The grant monies will be used to purchase a building, land, install infrastructure and construct the tenant improvement for this cultural facility. They will also be used for the buildout of the Creative Production Studio. The city will receive \$850,000 in NM LEDA funds from the New Mexico Economic Development Department which will be approved through an IGA. The city will match the \$850,000 with \$250,000 from the City of Santa Fe Economic Development Fund. The city will be the fiscal agent for the project. The City and Meow Wolf, Inc. will enter into a PPA for 10 years. Meow Wolf has agreed to create 250 jobs at an average wage of \$46,000 per year. Meow Wolf will receive \$750,000 for the 250 jobs. If 50 additional jobs are created by December 31, 2020, Meow Wolf will receive an additional \$100,000 in bonus money or \$2,000 per job. The project is expected to generate a total of \$5,633,700 in net revenues to the City in gross receipts, property taxes and other fees.

Section C. **Fiscal Impact**

Note: Financial information on this FIR does not directly translate into a City of Santa Fe budget increase. For a budget increase, the following are required:

- a. The item must be on the agenda at the Finance Committee and City Council as a "Request for Approval of a City of Santa Fe Budget Increase" with a definitive funding source (could be same item and same time as bill/resolution)
- b. Detailed budget information must be attached as to fund, business units, and line item, amounts, and explanations (similar to annual requests for budget)

Finance Director: _____

c. Detailed personnel forms must be attached as to range, salary, and benefit allocation and signed by Human Resource Department for each new position(s) requested (prorated for period to be employed by fiscal year)*

1. Projected Expenditures:

a. Indicate Fiscal Year(s) affected – usually current fiscal year and following fiscal year (i.e., FY 03/04 and FY 04/05)

b. Indicate: “A” if current budget and level of staffing will absorb the costs
“N” if new, additional, or increased budget or staffing will be required

c. Indicate: “R” – if recurring annual costs
“NR” if one-time, non-recurring costs, such as start-up, contract or equipment costs

d. Attach additional projection schedules if two years does not adequately project revenue and cost patterns

e. Costs may be netted or shown as an offset if some cost savings are projected (explain in Section 3 Narrative)

_____ Check here if no fiscal impact

Column #:	1	2	3	4	5	6	7	8
	Expenditure Classification	FY 2017-2018	“A” Costs Absorbed or “N” New Budget Required	“R” Costs Recurring or “NR” Non-recurring	FY 2018-19, FY 2019-20, and FY2020-21.	“A” Costs Absorbed or “N” New Budget Required	“R” Costs – Recurring or “NR” Non-recurring	Fund Affected

Personnel*	\$ _____	_____	_____	\$ _____	_____	_____	_____
Fringe**	\$ _____	_____	_____	\$ _____	_____	_____	_____
Capital Outlay	\$ _____	_____	_____	\$ _____	_____	_____	_____
Land/ Building	\$ _____	_____	_____	\$ _____	_____	_____	_____
Professional Services	\$ _____	_____	_____	\$ _____	_____	_____	_____
PPA	\$625,000	A	NR	\$ 475,000	A	NR	22116
Total:	\$625,000			\$ 475,000			

* Any indication that additional staffing would be required must be reviewed and approved in advance by the City Manager by attached memo before release of FIR to committees. **For fringe benefits contact the Finance Dept.

2. Revenue Sources:

a. To indicate new revenues and/or

b. Required for costs for which new expenditure budget is proposed above in item 1.

Column #:	1	2	3	4	5	6	
	Type of Revenue	FY 2017-2018		“R” Costs Recurring or “NR” Non-recurring	FY 2018-19, FY 2019-20, and FY2020-21.	“R” Costs – Recurring or “NR” Non-recurring	Fund Affected

NMEDD	\$550,000	_____	\$ NR	\$300,000	NR
LEDA Grant					
Total:	\$ 550,000		\$ NR		

3. Expenditure/Revenue Narrative:

Explain revenue source(s). Include revenue calculations, grant(s) available, anticipated date of receipt of revenues/grants, etc. Explain expenditures, grant match(s), justify personnel increase(s), detail capital and operating uses, etc. (Attach supplemental page, if necessary.)

The City will receive \$850,000 from the NM LEDA Fund. The City will match the NM LEDA monies with \$250,000 from the City Economic Development Fund. The monies from NMEDD will be received in four tranches of the following: \$550,000 in FY 2017-18; \$150,000 in FY 2018-19, \$42,500 in FY 2019-20 and \$107,500 in FY 2020-21. The NM LEDA Funds will be transferred into the City Economic Development Fund. The monies will be utilized to purchase land, a building, construct the tenant improvements and install infrastructure for the creative production studio. Meow Wolf, Inc. will contribute \$4,000,000 to the balance of the project. The costs of overseeing the Project Participation Agreement and serving as the fiscal agent will be absorbed by existing personnel. NMEDD and the city have coordinated the benchmarks and deliverables to disburse the funds to Meow Wolf. The City's disbursement schedule of monies will correspond with NMEDD in the following manner: FY 2017-2018 - \$75,000, FY 2018-2019 - \$100,000, FY 2019-2020 - \$50,000 and FY 2020-2021 - \$25,000. Meow Wolf will receive the monies only when they meet the job creation and construction benchmarks identified in the PPA.

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Section D. **General Narrative**

1. Conflicts: Does this proposed bill/resolution duplicate/conflict with/companion to/relate to any City code, approved ordinance or resolution, other adopted policies or proposed legislation? Include details of city adopted laws/ordinance/resolutions and dates. Summarize the relationships, conflicts or overlaps.

This bill does not conflict with any introduced bill. It would stimulate the Arts & Culture and Tourism sectors of Santa Fe economy.

2. Consequences of Not Enacting This Bill/Resolution:

Are there consequences of not enacting this bill/resolution? If so, describe.

The consequences of not enacting this bill would jeopardize the establishment of Meow Wolf's Headquarters and Creative Production facility in Santa Fe. 250-300 jobs will not be created and the immersive arts market will not be stimulated in Santa Fe. The project will enhance the revenues to the city in the form of gross receipts taxes, property taxes, lodgers taxes, utility fees and other fees.

3. Technical Issues:

Are there incorrect citations of law, drafting errors or other problems? Are there any amendments that should be considered? Are there any other alternatives which should be considered? If so, describe.

None

4. Community Impact:

Briefly describe the major positive or negative effects the Bill/Resolution might have on the community including, but not limited to, businesses, neighborhoods, families, children and youth, social service providers and other institutions such as schools, churches, etc.

Meow Wolf, Inc has been operating in Santa Fe for a little over a year. They currently employ 60 people of which 17 are economic based jobs in the Creative Studio at their current location. This expansion allows Meow Wolf to maintain its Corporate Headquarters in Santa Fe and provides a venue for research and development. Exhibits produced at the new facility will be exported to regional and national markets in cities such as Austin, TX and Denver, CO. This activity will directly stimulate new arts, design, technology and creative content. The expansion will result in the hiring of 250-300 new employees with an average wage of \$46,000 per year. The project will also stimulate the construction industry by generating an additional 42 direct construction jobs and approximately \$1,850,000 in construction payroll. The project is estimated to generate a total of \$5,633,700 in net revenues and benefits to the City.

**CITY OF SANTA FE
ECONOMIC DEVELOPMENT
PROJECT PARTICIPATION AGREEMENT**

THIS PROJECT PARTICIPATION AGREEMENT ("Agreement") is made and entered into this ____ day of _____, 2017, by and between the City of Santa Fe, a municipal corporation (hereinafter referred to as the "City") and Meow Wolf, Inc., a Delaware Corporation registered as a foreign profit corporation in the State of New Mexico (hereinafter referred to as the "Qualifying Entity" or "Q/E").

WHEREAS, the State of New Mexico has deemed it in the best interest of the citizens of New Mexico to enact the Local Economic Development Act (LEDA) (N.M. Stat. Ann. 5-10-1 *et seq.* (1978));

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

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

WHEREAS, Meow Wolf, Inc. is a "qualifying entity" under LEDA and the Economic Development Ordinance in that it is a "business in a primary industry that creates economic base jobs which is defined as a company that manufactures, assembles or processes goods or products" (§ 11-11.4 (A) SFCC (1987)); and is "a cultural facility." (NMSA 1978, § 5-10-3 (B) and (I); § 11-11.4 (G) SFCC (1987));

WHEREAS, all requirements under the Economic Development Ordinance have been fulfilled;

WHEREAS, the Q/E has submitted an application ("Application") to the City for assistance under the Economic Development Plan Ordinance (11-11 SFCC (1987)) and for the City to act as fiscal agent for the grant monies ("Grant Monies") granted by the City through its Office of Economic Development and through the New Mexico Economic Development Department;

WHEREAS, in the Application, the Q/E proposed an "economic development project" compliant with LEDA, in that it will use the Grant Monies for construction costs and materials associated with the physical expansion of its facilities and to improve or construct infrastructure, including water, sewer, natural gas, telecommunications, broadband connectivity, roads and other infrastructure necessary to provide service to the facility (the "Project") located at 2600 Camino Entrada, Santa Fe, New Mexico, 87507;



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

WHEREAS, the City's total maximum contribution to the Project is Two Hundred Fifty Thousand Dollars (\$250,000); the State of New Mexico's contribution to the Project will not exceed Eight Hundred Fifty Thousand Dollars (\$850,000) from the New Mexico LEDA Fund ("NM LEDA Fund") pursuant to an intergovernmental agreement between the City and the State to be executed soon after the execution of this Agreement; and the Q/E shall contribute at least Four Million Dollars (\$4,000,000) to the Project; and

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

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

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

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

A. Contributions of the State and the City. The maximum grant monies that may be disbursed under this Agreement shall be \$1,100,000 as described below:

(1) City Contribution. This Agreement governs the City's contribution to the Project. The City shall reimburse the Q/E in the amount of up to Two Hundred Fifty Thousand Dollars (\$250,000) for the purchase of land, infrastructure to building and site, design, development, installation of infrastructure and construction of tenant improvements to the facility.

(2) State Contribution: This Agreement governs the State's contribution of up to Eight Hundred Fifty Thousand Dollars (\$850,000) from the NM LEDA Fund by way of the New Mexico Economic Development Department. The City will serve as fiscal agent pursuant to the Intergovernmental Agreement between the City and State, which is in substantial form as

Attachment “E”, the terms of which are incorporated into this Agreement. The State monies will be available for disbursement in the following tranches upon completion of the disbursement milestones:

- (a) \$550,000 by December 31, 2017 upon the creation of 50 new Job Training Incentive Program (“JTIP”, under NMAC 5.5.50 *et seq.*) eligible jobs and the completion of Phase I of the Construction Schedule in **Appendix “B”**;
- (b) \$150,000 by December 31, 2018 upon the creation of 75 new JTIP eligible jobs for a total of 125 new jobs and the completion of Phase II of the Construction Schedule in Attachment “B”;
- (c) \$42,500 by December 31, 2019 upon the creation of 75 new JTIP eligible jobs for total of 200 new jobs and completion of the Phase III of the Construction Schedule in Attachment “B”;
- (d) \$7,500 by December 2021 upon the completion of the final performance audit and close out; and

A bonus will be disbursed at a rate of \$2,000 per JTIP eligible job for a maximum of \$100,000 for at least 50 jobs, for each job created by the end of the year 2020 and retained until the end of the year 2021, in excess of the 250 JTIP eligible jobs requirement, in accordance with Attachment A.

(3) Disbursement of Grant Monies: Dispersal of the NM LEDA Funds by the State and the City’s economic development funds are contingent upon the following:

(a) The City and the New Mexico Economic Development Department shall execute an intergovernmental agreement for the State to grant up to \$850,000 to the City as fiscal agent for the Project; and

(b) The Q/E shall submit to the City for review, a cover letter, invoice, proof of payment, and supporting documentation of the completion of each Project phase, and disbursement shall be made on a reimbursement basis of eligible costs under the LEDA, as further limited below:

- (i) Purchase and acquisition of land and building;
- (ii) Design, development and construction of building, infrastructure and tenant improvements to building and site;
- (iii) Design, development and construction of sound and video studio, excluding any equipment, at the site; and
- (iv) Completion of building and installation of infrastructure to the building and site.

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

(c) The City shall reimburse to the Q/E the Two Hundred Fifty Thousand Dollars (\$250,000) in City Grant Monies. The City monies will be available for disbursement in the following tranches:

- i. \$75,000 by the end of June 30, 2018, after the completion of Phase I of the Construction Schedule in Attachment "B";
- ii. \$100,000 by the end of June 30, 2019, after the completion of Phase II of the Construction Schedule in Attachment "B";
- iii. \$50,000 by the end of June 30, 2020, after the creation of 200 new jobs as referenced in the Job Creation Commitment and Schedule in Attachment "A"; and
- iv. \$25,000 by the end of June 30, 2021, after the creation of 50 additional jobs for a total of 250 jobs as referenced in the Job Creation Commitment and Schedule in Attachment "A".

(4) If Grant Monies from the City and State do not fully fund the Project; the Q/E shall contribute any additional funds necessary to fund the remainder of the Project.

B. Contributions of the Q/E.

(1) Financial Investment: The Q/E shall contribute Four Million Dollars (\$4,000,000) or more in matching funds to complete the Project.

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

(3) JTIP Eligible Employment: The start date for employment of JTIP eligible jobs is January 1, 2017. The Q/E shall provide a signed affidavit to the City upon execution of this Agreement certifying that on December 31, 2016, Q/E had 17 baseline JTIP eligible jobs. By December 31, 2021, the Q/E will have directly created 250 JTIP eligible jobs that have been retained by the Q/E for at least one year and meet the schedule of job creation and minimum average wages pursuant to **Attachment "A"**. JTIP eligible jobs are defined as follows:

Jobs eligible for JTIP must be newly created jobs, full-time (minimum of 32 hours/week), and year-round. Eligible positions include those directly related to the creation of the product or service provided by the company to its customers. In addition, other newly created jobs not directly related to production may be eligible. The number of these jobs is limited to twenty percent of the total number of jobs applied for in the JTIP proposal, and may include non-executive, professional support positions. (*see 5.5.50.6(B) NMAC*).

The Project is anticipated to generate \$178,928,832 in direct salaries for existing and expanded operations over ten years. The total estimated direct economic output for the expansion of the facility is \$696,577,654 over ten years, as is further described in the Economic Impact Report (See page 4 of **Attachment "C"**).

(4) Expanded Tax Base: As a result of the completion of the Project, the Q/E will generate contributions to the City's tax base, as enumerated in the Economic Impact Report. Annual tax revenues for the City generated by this Project (including property taxes, gross

receipts taxes, utility fees, utility franchise fees, lodger's taxes and other use taxes) are estimated \$5,633,700 over ten years. (See pp. 10 of Economic Impact Report of Attachment "C".)

(5) Proportional Investment: The Q/E at its discretion may decide to not accept the entire \$1,100,000 in grant monies for the Project. If the Q/E does not accept the entire granted monies, then the capital investment and job creation requirements would then decrease proportionally to the level of grant monies accepted. The Q/E shall notify the City 30 days prior to its decision.

2. PERFORMANCE REVIEW AND CRITERIA – ECONOMIC DEVELOPMENT GOALS

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

(1) By the end of the year 2019, the Q/E shall employ at least two hundred (200) new full-time equivalent employees in the City of Santa Fe, while retaining the prior employment, and in accordance with the minimum average wage in the Job Creation Commitment and Schedule. See **Attachment "A"**.

(2) By the end of the year 2021, the Q/E shall employ no fewer than two hundred fifty (250) new full-time equivalent employees in the City of Santa Fe, while retaining the prior employment figures, in accordance with the minimum average wage data points in Attachment A.

(3) If the Q/E employs more than 250 full-time equivalent jobs by December 31, 2020, then the Q/E shall be entitled to a bonus of Two Thousand Dollars (\$2,000) per job for up to 50 jobs for maximum amount of One Hundred Thousand Dollars (\$100,000), in accordance with Attachment A.

(4) The Q/E's contribution as set forth in Paragraph 1.B herein, is incorporated into the Economic and Development Goals.

B. Reports; Certifications; Review.

(1) Quarterly Reports. During the term of this Agreement, the Q/E shall provide to the Office of Economic Development staff quarterly reports in the months of January, April, July and October of each year. The Q/E's quarterly reports shall clearly indicate how the Q/E has met the job creation requirements in **Attachment A**, and the taxes generated and other indices contained in the Economic Impact Report (see Attachment D for recommended form) Quarterly reports shall be in the form of an affidavit signed by an officer of the Q/E. Quarterly reports shall include a copy of FORM ES-903 provided by the Q/E to the City, which the Q/E filed with the New Mexico Department of Workforce Solutions, to demonstrate compliance with this Agreement at each review cycle. In the quarterly report, the Q/E shall include number of JTIP eligible jobs and the average wage of the new employees. The City's review of the

quarterly reports shall determine whether the Q/E is in compliance with this Agreement and is substantially achieving the goals and objectives herein.

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

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

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

D. Documentation of Completion of Construction Phases: Within a reasonable time after completion of each phase listed in Paragraph 1.A (3) (b) and (c) herein, the Q/E shall provide documentation of its completion to the City's Office of Economic Development. The Q/E shall provide documentation to the City that construction of the facilities was completed by January 31, 2019. See Construction Schedule, attached as **Attachment "B"**.

3. RECAPTURE PROVISIONS FOR PUBLIC MONIES

A. If any Economic Development Goal set forth in Paragraph 2.A is not met and documented in a manner deemed satisfactory by the City, the Q/E shall be deemed in default ("Default") and within 60 days of the City receiving the quarterly report with the information of such Default, the City shall send a written Notice of Default to the Q/E informing the Q/E how many days it has to cure the Default or repay the Grant Monies disbursed in proportion to the Economic Development Goals not yet achieved.

B. If the Q/E remains noncompliant after any applicable cure period, then the City may elect to pursue any and all remedies available in law or equity, including but not limited to initiating foreclosure of the security interest or demanding timely repayment by the Q/E of the Grant Monies in proportion to the unmet goals, as the City in its sole discretion may determine subject to reasonable calculations

C. In the event the Q/E ceases operations and closes its facility before the end of year three of this Agreement, the Q/E shall be deemed in Default and the Q/E shall reimburse 100% of all

Grant Monies disbursed to the Q/E to the City of Santa Fe Economic Development Fund as identified in 11-14 SFCC (1987).

4. Q/E BUYOUT

The Q/E may, at its election, buyout and thereby terminate this Agreement by repaying in full to the City all Grant Monies. Such repayment by the Q/E shall be without penalty until and unless the City initiates claw back of the Grant Monies, at which point costs, expenses (including City staff time) and attorney's fees will accrue to the repayment amount.

The Q/E must send prior written notice to the City of the Q/E's intent to repay in full the Grant Monies at least 45 days prior to the Q/E's repayment. The City's receipt of the Q/E's repayment of all disbursed Grant Monies (including any costs, fees and expenses resulting from claw back proceedings) constitutes satisfaction of the Q/E under this Agreement, upon which the Q/E may request release of the security interest, and the City will release the security interest within a reasonable time after receiving the Q/E's written request.

Within 30 days of receiving such notice from the Q/E, the City will notify the New Mexico Economic Development Department of the Q/E's intent to exercise the buyout clause. The City will reimburse the New Mexico Economic Development Department its portion of the repaid Grant Monies within 60 days after the City receives the repaid monies from the buyout.

5. SECURITY FOR CITY'S INVESTMENT; CLAWBACK

This is a grant project only, with the City acting as fiscal agent. The Q/E has no loan obligations for repayment to the City or State, but is obligated to fulfill the Economic Development Goals of this Agreement, however if the Q/E is found by the City to be in default, then the City may elect to demand financial reimbursement by the Q/E.

A condition precedent to this PPA is securitization of the Grant Monies which may be clawed back if the Q/E fails to meet its performance goals under this PPA. As security for fulfilling the Economic Development Goals, before the City may disburse any appropriations to the Q/E, the amount of Public Monies to be reimbursed shall be securitized in a manner satisfactory to the City. The expected securitization method is an irrevocable stand-by letter of credit from an issuing financial institution, with the City as beneficiary, from which the City may immediately draw down upon the City's presentation of a demand for payment and evidence of Q/E's default ("Irrevocable Letter of Credit"). This Irrevocable Letter of Credit shall have automatic one-year extensions terminable at the sole option and discretion of the City. At any given time, the Irrevocable Letter of Credit must secure an amount, and the City shall be able to draw down an amount, at least equal to the amount of appropriations made to the Q/E for the Project, the maximum being \$1,100,000. Funds from the Irrevocable Letter of Credit may be drawn in one drawing or from time-to-time in or one or more partial drawings on or before the expiration date.

Attached hereto and incorporated herein is **Attachment A**, which sets forth the clawback terms.

During the term of this Agreement, the Q/E may request a full or partial release of the Irrevocable Letter of Credit by the substitution of collateral, repayment of the disbursed appropriation or proof that the Q/E has met the Contribution and Economic Development Goals, in part or in whole, under this Agreement. Any full or partial release of the Letter of Credit will be proportional to the value of the substitute collateral, repayment, or the portion of Economic Development Goals met which are no longer subject to clawback according to Attachment A. Acceptance of substitute collateral or proof of performance goals shall be within the City's sole and absolute discretion.

6. **TERM; SUNSET**

This Agreement shall remain in force for 10 years from the execution date of the Agreement, or until conditions of the Agreement are performed in full or to the satisfaction of the City, whichever is earlier. In the event the Q/E performs or exceeds the required performance levels contained in this Agreement, as may be determined by the City, this Agreement may be terminated at that time in writing by the City pursuant to Paragraph 7, below.

This Agreement will not be deemed terminated and this Agreement will remain in effect unless and until the City determines that the objectives under this Agreement have been fulfilled and a closure letter by the City is provided to the Q/E.

7. **TERMINATION**

This Agreement may be terminated by the City upon written notice delivered to the Q/E at least 45 days prior to the intended date of termination in the event that the Q/E ceases to operate the Project in accordance with the terms of this Agreement. If the Q/E is found to not be in substantial compliance with the Agreement, the City reserves the right to terminate the Agreement and recall in full the Grant Monies.

The Q/E may terminate the Agreement by pre-paying in full to the City and without penalty any Grant Monies disbursed to the Q/E. The Q/E must send a written letter to the City giving notice of its intent to pre-pay the Grant Monies in full within 45 days prior to the Q/E's intent to repay in full the Grant Monies

8. **STATUS OF THE Q/E**

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

9. **ASSIGNMENT AND SUCCESSORS; BINDING EFFECT**

A. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors in interest by way of merger, acquisition, or otherwise and their permitted assigns.

B. The Q/E shall not assign or transfer any of its rights, privileges, obligations or other interest under this Agreement, voluntarily or involuntarily, whether by merger, consolidation, dissolution, operation of law or any other matter, including any claims for money due or to become due under this Agreement, without the prior written approval of the City.

C. Any purported assignment of rights in violation of subsection (B) is void.

10. **INDEMNIFICATION; LIABILITY**

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

11. **INSURANCE**

A. The Q/E, at its own cost and expense, shall carry and maintain in full force and effect during the term of this Agreement, comprehensive general liability insurance covering bodily injury and property damage liability, in a form and with an insurance company acceptable to the City, with limits of coverage in the maximum amount which the City could be held liable under the New Mexico Tort Claims Act for each person injured and for each accident resulting in damage to property. Such insurance shall provide that the City is named as an additional insured and that the City shall be notified no less than 30 days in advance of cancellation for any reason. The Q/E shall furnish the City with a copy of a "Certificate of Insurance" as a condition prior to performing under this Agreement.

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

12. **NEW MEXICO TORT CLAIMS ACT**

Any liability incurred by the City of Santa Fe in connection with this Agreement is subject to the immunities and limitations of the New Mexico Tort Claims Act, Section 41-4-1, et seq. NMSA 1978, as amended. The City and its "public employees" as defined in the New Mexico Tort Claims Act, do not waive sovereign immunity, do not waive any defense and do not waive any

limitation of liability pursuant to law. No provision in this Agreement modifies or waives any provision of the New Mexico Tort Claims Act.

13. **THIRD PARTY BENEFICIARIES**

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

14. **RECORDS AND AUDITS**

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

15. **APPROPRIATIONS**

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

16. **RELEASE**

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

17. **CONFIDENTIALITY**

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

18. **CONFLICT OF INTEREST**

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

19. **APPLICABLE LAW; CHOICE OF LAW; VENUE**

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

20. **AMENDMENT**

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

21. **SCOPE OF AGREEMENT**

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

22. **REPRESENTATIONS AND WARRANTIES**

A. The Q/E hereby warrants the Q/E is and will remain in compliance with the Americans with Disabilities Act, 29 CFR 1630. The Q/E hereby agrees to defend, indemnify and hold harmless the City from and against all claims, suits, damages, costs, losses and expenses in any manner arising out of or connected with the failure of the Q/E, its contractors and subcontractors, agents, successors, assigns, officers or employees to comply with provisions of the ADA or the rules and regulations promulgated there under the Americans with Disabilities Act, 29 CFR 1630.

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

C. The Q/E shall comply with City of Santa Fe Minimum Wage, Article 28-1-SFCC 1987, as well as any subsequent changes to such article throughout the term of this Agreement.

23. **APPLICABLE LAW**

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

24. **NON-DISCRIMINATION**

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

25. **SEVERABILITY**

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

26. **NOTICES**

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

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

If to QUALIFYING ENTITY:
Attn: Chief Executive Officer
Meow Wolf, Inc.
1352 Rufina Circle
Santa Fe, NM 87507

27. **HEADINGS**

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

28. **ATTACHMENTS**

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

29. **COUNTERPARTS**

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

30. **REPRESENTATION ON AUTHORITY OF SIGNATORIES**

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

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

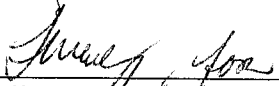
CITY OF SANTA FE:

Javier M. Gonzales, Mayor

ATTEST:

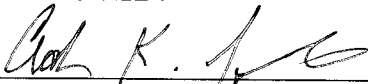
Yolanda Y. Vigil, City Clerk

APPROVED AS TO FORM:



Kelley A. Brennan, City Attorney

APPROVED:



Adam Johnson, Finance Director

Business Unit Line Item

Attachment A

<i>Job Creation Commitment and Schedule (Net New Jobs)* ❖</i>					
<u>Year</u>	<u>Net New Jobs Hiring Target</u>	<u>Jobs Retained From Prior Years</u>	<u>Job Determination Period</u>		<u>Clawback % on Job Creation Shortfall^{^^^}</u>
1	+50	17 (starting headcount)	1-Jan-2017	31-Dec-2017	100%
2	+75 = 125	+50 = 67	1-Jan-2018	31-Dec-2018	100%
3	+75 = 200	+ 75 = 142	1-Jan-2019	31-Dec-2019	100%
4	+50 = 250	+ 75 = 217	1-Jan-2020	31-Dec-2020	50%
5	+0 = 250	+ 50 = 267	1-Jan-2021	31-Dec-2021	50%
Note	251-300 (Bonus)		-	31-Dec-2020	
Total	250				
Addtl Notes: All 250 new jobs and the 17 baseline jobs must be retained until December 31, 2021 for compliance. Any bonus tier job shall be achieved by Dec 31, 2020, and must be retained until December 31, 2021 to be eligible for the bonus.					
Starting Headcount (JTIP Eligible):		17	As of: December 31, 2016		

^{^^^} Clawback percentage is calculated on job creation shortfall at expiration or termination of the PPA, whichever is earlier. Clawback formula = (Job Creation % Shortfall) x (Cumulative Grant Monies Distributed), where Job Creation % Shortfall is $(1 - (\text{actual jobs} / \text{cumulative hiring target})) \times 100\%$.

* **Job eligibility:** All jobs created must meet JTIP eligibility criteria, must be newly created jobs, full-time (minimum of 32 hours/week), and year-round. Eligible positions include those directly related to the creation of the product or service provided by the company to its customers. In addition, other newly created jobs not directly related to production may be eligible. The number of these jobs is limited to twenty percent of the total number of jobs applied for in the JTIP proposal, and may include non-executive, professional support positions. (See 5.5.50.6(B) NMAC).

❖ Each job must have a minimum average salary of \$46,000, not including additional benefits. Wages of jobs retained from prior years must equal to or exceed the wage requirements for those jobs as described herein.

Attachment B
Meow Wolf, Inc.
Construction Schedule

<u>Estimated Completion Date</u>	<u>Description</u>
September 30, 2017	Phase I: Acquisition of Building and Land.
December 31, 2018	Phase II: Tenant Improvement – Upgrades to building exterior, interior, parking lot, office and workspace upgrades. Installation of infrastructure to and from facility which includes, broadband, utilities, security, electrical, roads and any infrastructure necessary for operations.
December 31, 2019	Phase III: Remaining building and infrastructure to facility, which includes any outstanding items such as studio for digital / animation / sound work, electrical upgrades, fire suppression, energy efficiency improvements, additional offices, grounds, etc.

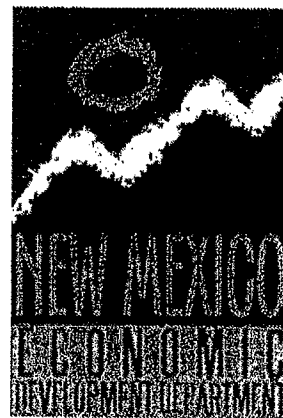
Attachment C

EXECUTIVE SUMMARY

A REPORT OF THE ECONOMIC IMPACT OF MEOW WOLF CREATIVE STUDIOS IN SANTA FE, NM

May 26, 2017

Prepared by:
Elizabeth Davis
New Mexico Economic Development Department
Joseph Montoya Building
1100 S. St. Francis Drive
Santa Fe, New Mexico 87505



Prepared using Total Impact



PURPOSE & LIMITATIONS

This report presents the results of an analysis undertaken by the New Mexico Economic Development Department using Total Impact, an economic and fiscal impact analysis tool developed and supported by the Austin, TX based economic consulting firm, Impact DataSource.

The Total Impact model is a customized software program licensed to the New Mexico Economic Development Department. The model includes estimates, assumptions, and other information developed by Impact DataSource from its independent research effort detailed in New Mexico Economic Development Department's Total Impact User Guide.

The analysis relies on prospective estimates of business activity that may not be realized. New Mexico Economic Development Department made reasonable efforts to ensure that the project-specific data entered into the Total Impact model reflects realistic estimates of future activity.

No warranty or representation is made by New Mexico Economic Development Department or Impact DataSource that any of the estimates or results contained in this study will actually be achieved.



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Introduction

This report presents the results of an economic impact analysis performed using Total Impact, a model developed by Impact DataSource. The report estimates the impact that a potential project in Santa Fe may have on the state and local economy and estimates the costs and benefits for the state and local taxing districts over a 10-year period.

Description of the Project

The Economic Development Department wishes to understand Meow Wolf's economic benefit to New Mexico through the support of LEDA funding. Meow Wolf started in Year 1 with operations in Santa Fe with the opening of the tourist attraction called the House of Eternal Return. The report will assess the economic benefit Meow Wolf has on Santa Fe and New Mexico overall. In addition to its ongoing annual activity, we are adding Meow Wolf Inc. Creative Studios Manufacturing Center. This project can only be realized through LEDA support from New Mexico Economic Development Department and the City of Santa Fe. This would maintain Meow Wolf's development and corporate Head Quarters in Santa Fe, New Mexico. This is a manufacturing center in Santa Fe, New Mexico where Meow Wolf will manufacture for the next major market. The new headquarters will be used to create exhibits for export, R&D on new products, and other manufacturing developments that impact the immersive arts markets that the company is exploring. At the new location, new arts, technology and products are fabricated - manufactured for export outside of the state of New Mexico. This includes the manufacturing and production of exhibits that will be used in major markets across the United States, such as Denver and the Austin market, which have been identified as expansion sites. Also there are potential benefits of manufactured arts products, which may be sold retail/wholesale, including contract projects for artistic creations - such as manufactured products that are sold at national music festivals. Meow Wolf Inc. will purchase a 50,000 sq. ft. manufacturing facility just off of Airport Road where it will house the manufacturing operations supported by an additional 250 employees.

Existing & Expanded Operations

The Project under analysis represents the expansion of an existing company in the Santa Fe. The existing operations currently support 60.0 direct jobs in the community and 42.6 indirect and induced jobs. The direct workers earn \$38,000 per year and the company supports \$10.6 million per year in taxable sales and spending in the community. Additionally, the company supports taxable property valued at \$6.7 million annually. The table below illustrates the company's economic impact over the next 10 years - including both the existing and expanded operations.

Table 1. Economic Impact of Existing and Expanded Operations Over the Next 10 Years

	Existing Operations	Expansion	Existing & Expanded Ops
Economic Output:			
Direct	\$134,454,544	\$562,123,111	\$696,577,654
Indirect & Induced	\$60,275,972	\$251,999,791	\$312,275,762
Total	\$194,730,515	\$814,122,901	\$1,008,853,417
Jobs			
Direct	60.0	350.0	410.0
Indirect & Induced	42.6	248.5	291.1
Total	102.6	598.5	701.1
Salaries			
Direct	\$24,965,362	\$153,963,470	\$178,928,832
Indirect & Induced	\$17,705,436	\$109,190,891	\$126,896,327
Total	\$42,670,798	\$263,154,361	\$305,825,159
Taxable Sales			
Direct	\$101,988,652	\$142,244,522	\$244,233,173
Indirect & Induced	\$3,859,167	\$23,799,807	\$27,658,975
Total	\$105,847,819	\$166,044,329	\$271,892,148

MEOW WOLF CREATIVE STUDIOS | ECONOMIC IMPACT

The table below illustrates the company's fiscal impact - the net benefits for local taxing districts - over the next 10 years - including both the existing and expanded operations.

Table 2. Fiscal Impact of Existing and Expanded Operations Over the Next 10 Years

	Net Benefits		
	Existing Operations	Expansion	Existing & Expanded Ops
State of New Mexico	\$7,642,330	\$28,742,933	\$36,385,262
Santa Fe	\$4,589,339	\$5,633,700	\$10,223,039
Santa Fe County	\$2,172,199	\$2,977,574	\$5,149,772
Santa Fe Public Schools	\$169,420	\$1,063,562	\$1,232,983
Special Taxing Districts	\$76,323	\$183,216	\$259,539
Total	\$14,649,610	\$38,600,985	\$53,250,595

The remainder of this report will focus on only the economic and fiscal impact associated with the expanded operations.

Economic Impact Overview

The Project's operations will support employment and other economic impacts in the state. The 350.0 workers directly employed by the Project will earn approximately \$50,000 per year initially. This direct activity will support 248.5 indirect and induced workers in the state earning \$50,000 on average. The total additional payroll or workers' earnings associated with the Project is estimated to be approximately \$263.2 million over the next 10 years.

Accounting for various taxable sales and purchases, including activity associated with the Project, worker spending, and visitors' spending in the state, the Project is estimated to support approximately \$166.0 million in taxable sales over the next 10 years.

Table 3. Economic Impact Over the Next 10 Years Statewide

	Direct	Indirect & Induced	Total
Economic output generated by direct, indirect, and induced activity	\$562,123,111	\$251,999,791	\$814,122,901
Number of permanent direct, indirect, and induced jobs to be created	350.0	248.5	598.5
Salaries to be paid to direct, indirect, and induced workers	\$153,963,470	\$109,190,891	\$263,154,361
Taxable sales and purchases	\$142,244,522	\$23,799,807	\$166,044,329

MEOW WOLF CREATIVE STUDIOS | ECONOMIC IMPACT

The project is not expected to result in a consequential increase in the state's population. A majority of newly hired employees would likely be current New Mexico residents. However, it is estimated that approximately 20.0% of the new direct workers may be new residents to Santa Fe County. The local population impacts may result in new residential properties constructed in the county and increase the enrollment of local public schools.

Table 4. Population Impacts Over the Next 10 Years for the County

	Direct	Indirect & Induced	Total
Number of direct, indirect, and induced workers who will move to the County	70.0	26.6	96.6
Number of new residents in the County	182.0	69.3	251.3
Number of new residential properties to be built in the County	7.1	2.7	9.8
Number of new students expected to attend local school district	35.0	13.3	48.3

The Project is estimated to support an average of approximately \$4.1 million in new non-residential taxable property each year over the next 10 years. The taxable value of property supported by the Project over the 10-year period is shown in the following table.

Table 5. Value of Taxable Property Supported by the Project Over the Next 10 Years

Year	The Project's Property					Total Residential & Nonresidential Property
	New Residential Property	Land	Buildings & Other Real Prop. Improvements	Furniture, Fixtures, & Equipment	Subtotal Nonresidential Property	
1	\$90,900	\$0	\$0	\$1,000,000	\$1,000,000	\$1,090,900
2	\$185,436	\$233,333	\$1,000,000	\$1,566,667	\$2,800,000	\$2,985,436
3	\$283,717	\$338,000	\$1,253,333	\$2,066,667	\$3,658,000	\$3,941,717
4	\$385,855	\$344,760	\$1,278,400	\$2,500,000	\$4,123,160	\$4,509,015
5	\$491,965	\$351,655	\$1,637,301	\$2,533,333	\$4,522,290	\$5,014,255
6	\$602,166	\$358,688	\$1,670,047	\$2,533,333	\$4,562,069	\$5,164,235
7	\$716,577	\$365,862	\$2,036,782	\$2,500,000	\$4,902,644	\$5,619,221
8	\$730,909	\$373,179	\$2,077,517	\$2,433,333	\$4,884,030	\$5,614,939
9	\$745,527	\$380,643	\$2,452,401	\$2,333,333	\$5,166,377	\$5,911,904
10	\$760,437	\$388,256	\$2,834,782	\$2,300,000	\$5,523,038	\$6,283,475

The taxable value of residential property represents the value of properties that may be constructed as a result of new workers moving to the community.

This analysis assumes the residential real property appreciation rate to be 2.0% per year. The Project's real property is assumed to appreciate at a rate of 2.0% per year. The analysis assumes the Project's furniture, fixtures, and equipment will depreciate over time according to the depreciation schedule shown in Appendix A.

Temporary Construction Impact

The Project will include an initial period of construction lasting 0 year(s) where \$3.7 million will be spent to construct new buildings and other real property improvements. It is assumed that 50.0% of the construction expenditure will be spent on materials and 50.0% on labor. 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.

Table 5. Spending and Estimated Direct Employment Impact of Project-Related Construction Activity

	Amount
Total construction expenditure	\$3,700,000
Materials	\$1,850,000
Labor	\$1,850,000
Temporary Construction Workers Supported (Average Earnings = \$44,250)	41.8

The following table presents the temporary economic impacts resulting from the construction.

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*	41.8	25.6	67.4
Salaries to be paid to direct, indirect, and induced workers	\$1,850,000	\$861,175	\$2,711,175
Revenues or sales for businesses related to construction	\$3,700,000	\$2,783,880	\$6,483,880

* 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	\$1,850,000
Percent of Materials subject to local gross receipts tax	75.0%
Subtotal Taxable Materials	\$1,387,500
Expenditure for Labor / Paid to construction workers	\$1,850,000
Percent of gross earnings spent on taxable goods and services	26.0%
Percent of taxable spending done locally	25.0%
Subtotal Taxable Construction Worker Spending	\$120,250
Expenditure for Furniture, Fixtures, & Equipment (FF&E)	\$0
Percent of FF&E subject to local gross receipts tax	25.0%
Subtotal Taxable FF&E Purchases	\$0
Total Construction-Related Taxable Spending	\$1,507,750

The above construction analysis focuses on the impact resulting from the Project's initial construction investments over the first 0 year(s). This report incorporates parallel calculations for investments/construction occurring in later years as well.

Fiscal Impact Overview

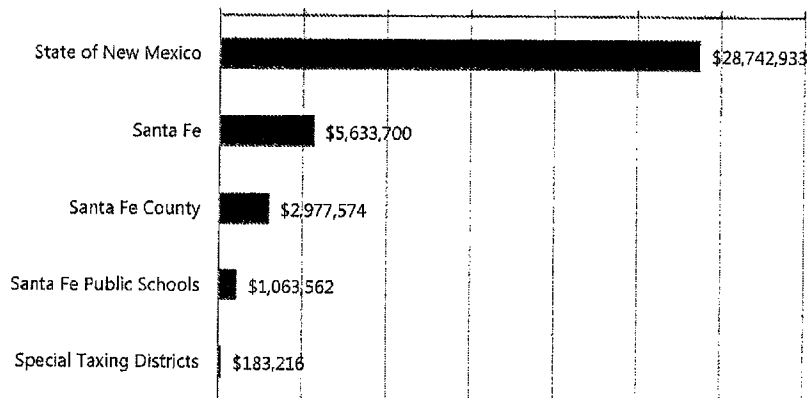
The Project will generate additional benefits and costs for local taxing districts, a summary of which is provided below. The source of specific benefits and costs are provided in greater detail for each taxing district on subsequent pages. Overall, the City will receive approximately \$5,633,700 in net benefits over the 10-year period and the Project will generate \$38,601,000 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	\$38,497,614	(\$9,754,681)	\$28,742,933	\$20,777,414
Santa Fe	\$7,671,815	(\$2,038,116)	\$5,633,700	\$4,235,910
Santa Fe County	\$3,476,714	(\$499,140)	\$2,977,574	\$2,234,661
Santa Fe Public Schools	\$2,025,213	(\$961,650)	\$1,063,562	\$769,310
Special Taxing Districts	\$183,216	\$0	\$183,216	\$135,465
Total	\$51,854,572	(\$13,253,587)	\$38,600,985	\$28,152,759

* 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



State of New Mexico

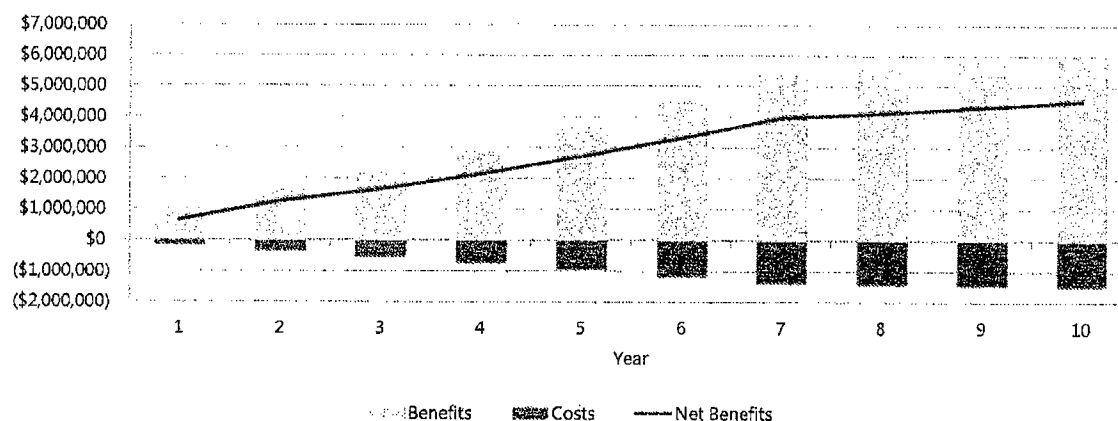
The table below displays the estimated additional benefits to be received by the State of New Mexico over the first 10 years. The project is expected to have a small effect on the statewide population and therefore some additional statewide costs to provide additional services were estimated for the state. Appendix C contains the year-by-year calculations.

Table 9. State of New Mexico: Benefits, Costs, and Net Benefits Over the Next 10 Years

	Amount
Gross Receipts Taxes	\$6,475,729
Real Property Taxes - Project	\$26,350
FF&E Property Taxes - Project	\$29,603
Property Taxes - New Residential	\$6,791
Personal Income Taxes	\$11,078,799
Corporate Income Taxes	\$1,390,333
Miscellaneous Taxes & User Fees	\$19,490,010
Subtotal Benefits	\$38,497,614
Cost of Providing State Services	(\$9,754,681)
Subtotal Costs	(\$9,754,681)
Net Benefits	\$28,742,933
<i>Present Value (5% discount rate)</i>	<i>\$20,777,414</i>

Gross receipts taxes are estimated on new taxable gross receipts resulting from the project. Property taxes are estimated on the firm's property and new residential property constructed. Personal income taxes are estimated based on an effective income tax rate and the earnings of new direct and indirect workers. Corporate income taxes on the direct activity is based on the net taxable income projected by the company. Corporate income taxes on the indirect activity is estimated on a per indirect worker basis and the observed statewide corporate income tax collections per worker. To the extent that the project will result in an increase in new households in the state, additional miscellaneous taxes and user fees have been estimated for the state. Additionally, the costs to provide state services to these new households were also estimated based on recent state expenditure data as detailed in the Appendix.

Figure 2. Annual Fiscal Net Benefits for the State of New Mexico



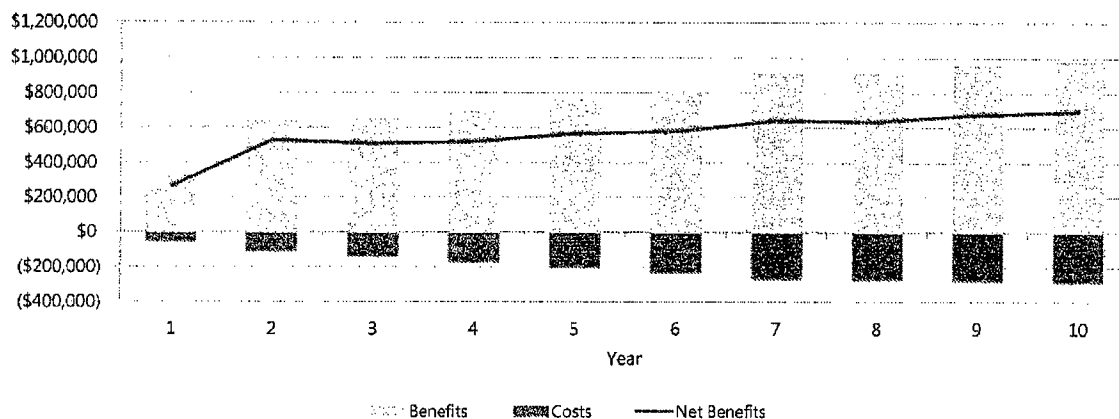
Santa Fe

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

	Amount
Gross Receipts Taxes	\$5,661,450
Real Property Taxes - Project	\$72,734
FF&E Property Taxes - Project	\$81,712
Property Taxes - New Residential	\$11,845
Utility Revenue	\$1,139,939
Utility Franchise Fees	\$97,939
Building Permits and Fees	\$60,000
Lodgers Taxes	\$0
Miscellaneous Taxes & User Fees	\$546,197
Subtotal Benefits	\$7,671,815
Cost of Providing Municipal Services	(\$863,978)
Cost of Providing Utility Services	(\$1,174,137)
Subtotal Costs	(\$2,038,116)
Net Benefits	\$5,633,700
<i>Present Value (5% discount rate)</i>	<i>\$4,235,910</i>

Figure 3. Annual Fiscal Net Benefits for the Santa Fe



Santa Fe County

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

Table 11. Santa Fe County: Benefits, Costs, and Net Benefits Over the Next 10 Years

	Amount
Gross Receipts Taxes	\$2,405,715
Real Property Taxes - Project	\$266,599
FF&E Property Taxes - Project	\$299,509
Property Taxes - New Residential	\$56,200
Building Permits and Fees	\$60,000
Miscellaneous Taxes & User Fees	\$388,690
Subtotal Benefits	\$3,476,714
Cost of Providing County Services	(\$499,140)
Subtotal Costs	(\$499,140)
Net Benefits	\$2,977,574
<i>Present Value (5% discount rate)</i>	<i>\$2,234,661</i>

Santa Fe Public Schools

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

Table 12. Santa Fe Public Schools: Benefits, Costs, and Net Benefits Over the Next 10 Years

	Amount
Real Property Taxes - Project	\$171,817
FF&E Property Taxes - Project	\$193,027
Property Taxes - New Residential	\$42,804
State Equalization Guarantee	\$1,617,565
Subtotal Benefits	\$2,025,213
Cost of Educating New Students	(\$961,650)
Subtotal Costs	(\$961,650)
Net Benefits	\$1,063,562
<i>Present Value (5% discount rate)</i>	<i>\$769,310</i>

Benefits for Other Taxing Districts

The table below displays the estimated additional property taxes to be received by other property taxing districts over the next 10 years of the Project. Appendix C contains the year-by-year calculations.

Table 13. Other Taxing Districts: Benefits Over the Next 10 Years

	Amount
Real Property Taxes - Project	\$77,403
FF&E Property Taxes - Project	\$86,958
Property Taxes - New Residential	\$18,855
Benefits	\$183,216
<i>Present Value (5% discount rate)</i>	<i>\$135,465</i>

Overview of Methodology

This report presents the results of an analysis undertaken by the New Mexico Economic Development Department using Total Impact, an economic and fiscal impact analysis tool developed and supported by the Austin, TX based economic consulting firm, Impact DataSource.

The Total Impact model combines project-specific attributes with community data, tax rates, and assumptions to estimate the economic impact of the Project and the fiscal impact for local taxing districts over a 10-year period.

The economic impact as calculated in this report can be categorized into two main types of impacts. First, the direct economic impacts are the jobs and payroll directly created by the Project. Second, this economic impact analysis calculates the indirect and induced impacts that result from the Project. Indirect jobs and salaries are created in new or existing area firms, such as maintenance companies and service firms, that may supply goods and services for the Project. In addition, induced jobs and salaries are created in new or existing local businesses, such as retail stores, gas stations, banks, restaurants, and service companies that may supply goods and services to new workers and their families.

The economic impact estimates in this report are based on the Regional Input-Output Modeling System (RIMS II), a widely used regional input-output model developed by the U. S. Department of Commerce, Bureau of Economic Analysis. The RIMS II model is a standard tool used to estimate regional economic impacts. The economic impacts estimated using the RIMS II model are generally recognized as reasonable and plausible assuming the data input into the model is accurate or based on reasonable assumptions. Impact DataSource utilizes county-level multipliers to estimate the impact occurring at the sub-county level.

Two types of regional economic multipliers were used in this analysis: an employment multiplier and an earnings multiplier. An employment multiplier was used to estimate the number of indirect and induced jobs created or supported in the area. An earnings multiplier was used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs. The employment multiplier shows the estimated number of total jobs created for each direct job. The earnings multiplier shows the estimated amount of total salaries paid to these workers for every dollar paid to a direct worker. The multipliers used in this analysis are listed below:

Multiplier		City	County	State
Employment Multiplier	(Type II Direct Effect)	1.2852	1.3803	1.7101
Earnings Multiplier	(Type II Direct Effect)	1.2849	1.3798	1.7092

Calculation of Fiscal Impact

Calculation of Revenues for the State

The state's revenues from gross receipts taxes, property taxes, personal and corporate income taxes were estimated directly using data entered about the project and state tax rates and assumptions about workers moving to the area and possibly building new property.

Impact DataSource estimated the miscellaneous taxes and user fees as a function of statewide personal income. The data used to estimate these factors were obtained from the US Census of Governments and the Bureau of Economic Analysis. Next, these percentages were applied to the total increase in workers' earnings from the economic impact calculations to determine the annual miscellaneous taxes and user fees to be collected by the state related to the permanent increase in economic activity supported by the project.

The fiscal costs associated with the project result from the portion of new worker households that relocate to New Mexico to take a job and the resulting costs to provide state services to these new residents. Impact DataSource estimated the cost of providing state services to new worker households moving to the state by applying the average per household cost of state expenditures to the estimated number of new workers new to the state.

Impact DataSource determined the marginal cost to provide state government services on per household in the state by using approximately 40% of the average cost. The data used to estimate these costs were obtained from the US Census of Governments and US Census. On average, the state incurs \$5,000 in costs to provide these services to households.

Calculation of Revenues for the City

The city's revenues from gross receipts taxes, property taxes, city-owned utilities, utility franchise fees, lodging taxes, and building permits and fees were estimated directly using data entered about the project and local tax rates and assumptions about workers moving to the area and possibly building new property.

The new firm was not asked for nor could reasonably provide some data for calculating some other revenues for the city. For example, while the city will likely receive revenues from fines paid on speeding tickets given to new workers at the firm, the firm may not reasonably know the propensity of its workers to speed. Therefore, some other city revenues were calculated using an average revenue approach. This approach uses two assumptions:

- 1 - The city has two general revenue sources -- revenues from residents and revenues from businesses.
- 2 - The city will collect (a) about the same amount of other revenues from each household of new workers that may move to the city as it currently collects from an average household of existing residents, and (b) about the same amount of other revenues from the new firm (on a per worker basis) will be collected as the city collects from other businesses in the city.

Using this average revenue approach, revenues likely to be received by the city were calculated from the households of new workers who may move to the city and from the new firm using average city revenues per household and per worker calculations. These revenues are labeled as miscellaneous taxes and user fees.

The total annual city revenues used to make average revenue calculations in this analysis were obtained from the city's latest annual budget and the per household and per worker and calculations are detailed in Appendix A.

Calculation of Costs for the City

This analysis sought to answer the question, what additional monies will the city have to spend to provide services to households of new workers who may move to the city and to the firm. A marginal cost approach was used to calculate additional city costs from the new firm and its workers.

This approach uses two assumptions:

- 1 - The city spends money on services for two general groups -- residents and businesses.
- 2 - The city will spend (a) about the same amount for variable or marginal cost for each household of new workers that may move to the city as it currently spends for an average household of existing residents, and (b) about the same amount for variable or marginal costs for the new firm (on a per worker basis) as it spends for other businesses in the city.

Calculation of Net Benefits for the City

Net benefits calculated in this analysis are the difference between additional city revenues over a ten-year period and additional city costs to provide services to the new firm and its workers and indirect workers who may move to the city.

Calculation of Revenues, Costs and Net Benefits for the County

The model estimates additional revenues, costs and net benefits for the county using the same methodology described for the city relying on county budget data.

Calculation of Revenues for Public Schools

The school district's revenues from property taxes were calculated on the new residential property for some new direct and indirect workers who may move to the county and on the firm's property that will be added to local tax rolls.

However, school district revenues from state and federal funds and other local funding were calculated using an average revenue approach. This approach used the assumption that the school district will collect about the same amount of these revenues for each new student in the household of a new worker who may move to the county as it currently collects for each existing student.

Calculation of Costs for Public Schools

A marginal cost approach was used to calculate additional school district costs from the new firm and its workers. This approach uses the assumption that the school district will spend about the same amount for variable or marginal cost for each new student as it spends for each existing student.

Calculation of Net Benefits for Public Schools

Net benefits calculated in this analysis are the difference between additional school district revenues over a ten-year period and marginal costs for the school district to provide services to students in the households of new workers who may move to the county.

The school district's total annual revenues and expenses to make average revenue and marginal costs calculations in this analysis were obtained from the school district's latest annual budget.

Calculation of Property Taxes to be Collected by Countywide Special Taxing Districts

Revenues for countywide special taxing districts from property taxes were calculated on the new residential property for some new direct and indirect workers who may move to the county and on the firm's property that will be added to local tax rolls.

While each of these special taxing districts may incur additional costs from new residents and from the new firm, these additional costs were not calculated in this analysis.

About Impact DataSource

Impact DataSource is an Austin economic consulting, research, and analysis firm founded in 1993. The firm has conducted over 2,500 economic impact analyses of firms, projects, and activities in most industry groups in New Mexico and more than 30 other states.

In addition, Impact DataSource has prepared and customized more than 50 economic impact models for its clients to perform their own analyses of economic development projects. These clients include the Frisco EDC in Texas and the Metro Orlando (Florida) Economic Development Commission.

Attachment D

Meow Wolf, Inc.

Sample Affidavit Quarterly Report

Affidavit

Whereas agreed by the Project Participation Agreement (PPA) dated XXX between the City of Santa Fe (City) and Meow Wolf, Inc. (QE), the QE will provide quarterly reports in the form of a signed affidavit indicating how the QE has met the Job Creation Schedule in Attachment A, I, Vince Kadlubek, CEO, of Santa Fe, New Mexico make an oath and say that:

1. As of XXX (date) the QE was still in the construction phase of the project and has not begun hiring additional employees.
2. The number of workers in construction jobs on this project was XXX FTE. (contractor states full time as 30 hours per week) and thirty-three workers part time.
3. The average rate of pay for all construction workers on this project was XXX per hour/per year.
4. Certification of Non-Interest: I, Vince Kadlubek, certify to the City that no member, officer or employee of the City or its designees or agents, no member of the governing body of the locality of which the program is situated, and no other public official that exercises any functions or responsibilities with respect to the Project during his/her tenure, or for one year thereafter, shall have any interest, direct or indirect, in the QE or any contract or subcontract, or the process thereof, for work to be performed in conjunction with the Project that is the subject of this agreement.

I SWEAR OR AFFIRM THAT THE ABOVE AND FOREGOING REPRESENTATIONS ARE TRUE AND CORRECT TO THE BEST OF MY INFORMATION, KNOWLEDGE AND BELIEF.

Date

Vince Kadlubek, CEO and President of
Meow Wolf, Inc.

SUBSCRIBED AND SWORN TO ME

On the _____ day of _____

Notary Public

My commission expires: _____

Attachment E

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

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

SECTION 1. RECITALS:

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

WHEREAS, the purpose of the Local Economic Development Act, NMSA 1978 §§ 5-10-1 through 5-10-13 (2007) (“LEDA”), is to provide “public support for economic development to foster, promote and enhance local economic development efforts...” and

WHEREAS, the City has adopted LEDA by Ordinance 2004-42 which established the City’s Economic Development Plan that promotes economic development within the City and Ordinance No. 2008-42 amending the Economic Development Plan Ordinance; and

WHEREAS, the City has adopted Ordinance No. _____ (“Ordinance”) to approve the economic development project (“Project”) to secure the expansion of Meow Wolf Inc., a Delaware corporation (“Meow Wolf”) within the City; and

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

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

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

SECTION 2. PURPOSE OF AGREEMENT:

The purpose of this Agreement is to place the primary responsibility on the City to oversee and administer the appropriation for the Project. It is the intent of the Parties that the EDD will transfer an amount not to exceed Eight Hundred Fifty Thousand Dollars (\$850,000.00) (the “Funds”) from the Appropriation to the City for expenditures made to implement the Project. The Parties agree that any and all State Funds received by the City will be accounted for by the City as the fiscal agent for the EDD in accordance with the procedures the City will use to account for its own funds and property used to implement the Project, or any properties acquired or developed by the City as a result of implementation of the Project will be used by the City for economic development purposes only.

SECTION 3. SCOPE OF WORK:

The City will act as fiscal agent for the appropriation supporting the Project. EDD will transfer an amount not to exceed Eight Hundred Fifty Thousand Dollars (\$850,000.00)

from the Appropriation to the City for expenditures made to implement the Project, pursuant to LEDA, Section 5-10-3(D), NMSA 1978. In exchange for the appropriation, Meow Wolf, Inc. will create 250 new jobs and contribute Four Million Dollars (\$4,000,000) in capital investment within five years after the execution of this Agreement. On December 31, 2016, Meow Wolf's starting headcount was 17 full-time jobs, so the starting headcount for this Project is the net jobs above 17 jobs. The EDD expressly agrees that "new" jobs are those JTIP eligible jobs created by Meow Wolf as of January 1, 2017. The City will review the Project timeline and progress quarterly until the five-year anniversary of this Agreement or until the City certifies to the EDD that the requisite economic goals have been completed to the City's satisfaction or that the EDD contribution of no greater than \$850,000 in Funds have been reimbursed to EDD. In the event that Meow Wolf, Inc. falls below the hiring target in any given period, reimbursements will be suspended until hiring target is achieved and sustained for at least ninety (90) days.

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

SECTION 4. CITY OF SANTA FE RESPONSIBILITIES:

The City shall:

1. Submit all documentation supporting expenditures made to implement the Project in a format acceptable to the City. The City shall notify the EDD in

writing of any default by Meow Wolf, Inc. within 30-60 days of the event of default;

2. Serve as fiscal agent for the Funds transferred to it under this Agreement;
3. Complete all of the following goals identified in this Agreement within the time limits agreed upon by the Parties:
 - a. Account for receipts and disbursements of reimbursed Funds;
 - b. Provide the EDD with the required financial documentation pertaining to this disbursement; and
 - c. Submit all required and reasonably requested documentation to the EDD, including the endorsed LEDA Ordinance approved by the City Council accepting the Project for Meow Wolf as a qualifying entity pursuant to LEDA, with the endorsed Meow Wolf, Inc. a fully executed copy of the security interest, and copies of invoices and other documentation as required by the EDD within the time required; and
4. Not impose any obligations on EDD with respect to the administration of this Project, other than the reimbursement of Funds described in this Agreement; and
5. Monitor job creation by Meow Wolf, Inc. and report the number of jobs created in quarterly each year to EDD for a period of Five years after this Agreement has been entered into. Job reports shall include a copy of FORM-903 provided by Meow Wolf, Inc. to the City, on file with the New Mexico Department of Workforce Solutions.

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

SECTION 5. CITY CERTIFICATIONS:

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

1. It will comply with all applicable State laws, regulations, policies, guidelines and requirements with respect to the acceptance and use of State funds;
2. It has the legal authority to receive and expend the funds;
3. It will enforce the provisions of Ordinance No. _____ approving the Project;
4. It has exercised due diligence in certifying that the Project is a viable economic development initiative with potential long-term economic development benefits;
5. It will provide the EDD all documentation and references to expertise it has relied upon in approving this Project upon receipt thereof or reliance thereupon and copies of all reports and documentation it receives from Meow Wolf;
6. It has entered into a PPA and has obtained all financial documentation necessary to protect the City's and the State's investments in this project;
7. It shall not at any time during the life of this Agreement convert any property acquired or developed pursuant to this Agreement to uses other than those within the Project description as defined in Section 2 - Purpose of Agreement and Section 3 - Scope of Work, stated above;

8. It will notify the EDD of any default within 10 days of an event of default. Further, the City shall provide the opportunity for any default to be cured by Meow Wolf, Inc., in accordance with the PPA prior to termination thereof;
9. No member, officer, or employee of the City or its designees or agents, no member of the governing body of the locality of which the program is situated, and no other public official that exercises any functions or responsibilities with respect to the Project during his/her tenure, or for one (1) year thereafter, shall have any interest, direct or indirect, in any contract or subcontract, or the process thereof, for work to be performed in connection with the Project that is the subject of this Agreement. The City shall incorporate in all contracts or subcontracts a provision prohibiting such interest pursuant to this certification; and
10. It has complied with Article IX, Section 14 of the New Mexico Constitution, known as the “anti-donation clause.”

SECTION 6. EDD RESPONSIBILITIES:

EDD shall:

1. Transfer an amount not to exceed Eight-Hundred Fifty Thousand Dollars (\$850,000.00) from the Appropriation to the City for expenditures made to implement the Project; and
2. At the EDD’s discretion, review and audit the Project if it is deemed to be necessary or desirable.

SECTION 7. TERM OF AGREEMENT:

This Agreement shall become effective on the date it is fully executed and shall terminate when Meow Wolf, Inc. documents to the City's satisfaction that the required economic and development goals have been satisfied.

SECTION 8. LIABILITY:

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

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

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

SECTION 10. STRICT ACCOUNTABILITY:

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

SECTION 11. REPORTS:

The City shall submit to the EDD the quarterly employment report in the form of an affidavit signed by an officer of Meow Wolf, Inc., which Meow Wolf, Inc. is required to submit quarterly to the City. The City Economic Development Division shall submit to the EDD the quarterly reports that Meow Wolf, Inc. is required to submit to the City, including copies of Form ES-903, filed by Meow Wolf, Inc. with the New Mexico Department of Workforce Solutions. The City Office of Economic Development shall submit to the EDD a final report respecting direct and indirect job creation and retention attributable to the State appropriation on or before the termination of this Agreement. The Final Report shall contain a description of work accomplished, the methods and procedures used, a detailed budget breakdown of expenditures, a description of any problems or delays encountered and the reasons therefore, and such other information as may be requested by the EDD.

SECTION 12. NOTICES; REPRESENTATIVES OF THE PARTIES:

Any notice required to be given to a Party by this Agreement shall be in writing and shall be delivered in person, by courier service or by U.S. Mail, either first class or certified, return receipt requested, postage prepaid, as follows. The Parties hereby

designate the individuals named below as their representative responsible for overall administration of this Agreement.

If to the EDD:

Attn: Juan Torres
NM Economic Development Department
Financial Development Team Leader
Joseph Montoya Building
1100 St. Francis Drive
Santa Fe, New Mexico 87505
Juan.torres@state.nm.us

If to the City:

Attn: Matthew Brown
Director, Office of Economic
Development
500 Market Station, Suite 200
Santa Fe, NM 87504
agladd@santafenm.gov

SECTION 13. AMENDMENTS:

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

SECTION 14. GOVERNING LAW:

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

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

CITY OF SANTA FE:

Javier M. Gonzales, Mayor

ATTEST:

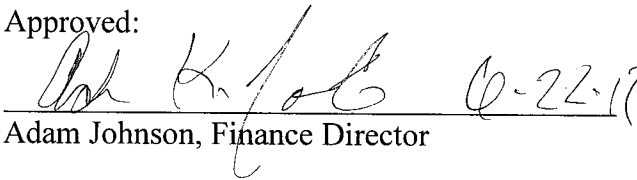
Yolanda Y. Vigil, City Clerk

APPROVED AS TO FORM:



Kelley A. Brennan, City Attorney

Approved:


Adam Johnson, Finance Director

ECONOMIC DEVELOPMENT DEPARTMENT

By: _____

Matthew Geisel

Cabinet Secretary

Date: _____

By: _____

David Mathews

Its: General Counsel, certifying legal sufficiency