

**3066; Council  
Bill 24-024**

# City Council Action and Executive Summary

**Type of Action:**

- Resolution
- Ordinance
- TIDD Resolution

|                     |  |                            |                            |                                       |                            |                            |                              |
|---------------------|--|----------------------------|----------------------------|---------------------------------------|----------------------------|----------------------------|------------------------------|
| <b>District:</b>    | <input type="checkbox"/> 1   | <input type="checkbox"/> 2 | <input type="checkbox"/> 3 | <input checked="" type="checkbox"/> 4 | <input type="checkbox"/> 5 | <input type="checkbox"/> 6 | <input type="checkbox"/> N/A |
| <b>1st Reading:</b> | April 1, 2024  |                            |                            | <b>Adopted:</b>                       | April 15, 2024             |                            |                              |
| <b>Drafter:</b>     | Elizabeth Teeters  |                            |                            | <b>Department:</b>                    | Economic Development       |                            |                              |
| <b>Program:</b>     | Business Development   |                            |                            | <b>Line of Business:</b>              | Business Development       |                            |                              |
| <b>Title:</b>       | <b>AN ORDINANCE CONFIRMING THE SUCCESSFUL COMPLETION OF THE LOCAL ECONOMIC DEVELOPMENT ACT (LEDA) PROJECT WITH X2NSAT, INC., AND AUTHORIZING ITS TERMINATION, TO INCLUDE THE PROJECT PARTICIPATION AGREEMENT, INTERGOVERNMENTAL AGREEMENT AND THE RELEASE OF THE \$150,000 GUARANTY THAT HAS SERVED AS SECURITY FOR THE PROJECT.</b> |                            |                            |                                       |                            |                            |                              |

**TYPE OF ACTION:**    Administrative    Legislative    Quasi-Judicial

**PURPOSE(S) OF ACTION:**

To confirm successful completion and terminate.

**BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:**

As indicated in Ordinance 2797, the Las Cruces City Council previously authorized the City of Las Cruces (City) to act as the fiscal agent for Local Economic Development Act (LEDA) project with X2NSat, Inc. The City received funding in the amount of \$300,000 from the New Mexico Economic Development Department (NMEDD) to be distributed to the project. The City provided a local match in the amount of \$150,000 in the form of a lien on the property, for a total of \$450,000 to be distributed to X2NSat, Inc.

The funding was to be used to support the X2NSat, Inc. project to create 30 new full-time jobs pursuant to two Project Participation Agreements (PPA), both fully executed on October 6, 2016, and November 7, 2016, respectively and entered into between X2NSat, Inc. and the City.

On February 28, 2020, X2NSat, Inc., was granted a second extension through an Amendment to their PPA to June of 2023, due to various reasons as detailed in a letter written on January 16, 2020, and included in Attachment "A".

The NMEDD has completed its Economic Impact Analysis (Attachment "B") of the X2NSat Inc, LEDA project and has determined that their operations in Las Cruces have provided the NMEDD and the City of Las Cruces a full return on investment pursuant to submitted documents from the company and alignment with the Intergovernmental Agreement (IGA), as well as the PPA.

**SUPPORT INFORMATION:**

- [Exhibit "A", CLC Project Participation Agreement](#)
- [Exhibit "B", Project Participation Agreement and Extension](#)
- [Exhibit "C", Guaranty](#)

[Attachment "A", Letter](#)

[Attachment "B", Economic Impact Analysis](#)

[Attachment "C", Project Complete Letter](#)

**PLAN(S):**

Department Strategic Business Plan, Elevate Las Cruces

**DOES THIS AMEND THE BUDGET?:**

Yes

No

**Does this action amend the Capital Improvement Plan (CIP)?**

Yes

No

**Does this action align with Elevate Las Cruces?**

Yes

No

**OPTIONS / ALTERNATIVES:**

1. Vote "Yes"; this will approve the Ordinance to confirm completion of LEDA project and authorize termination.
2. Vote "No"; this will not approve the Ordinance to confirm completion of LEDA project and authorize termination.
3. Vote to "Amend"; this will delay the City's ability to authorize termination of the project in a timely manner.
4. Vote to "Table"; this will delay the City's ability to authorize termination of the project in a timely manner.

**ORDINANCE 3066; COUNCIL BILL 24-024**

**AN ORDINANCE CONFIRMING THE SUCCESSFUL COMPLETION OF THE LOCAL ECONOMIC DEVELOPMENT ACT (LEDA) PROJECT WITH X2NSAT, INC., AND AUTHORIZING ITS TERMINATION, TO INCLUDE THE PROJECT PARTICIPATION AGREEMENT, INTERGOVERNMENTAL AGREEMENT AND THE RELEASE OF THE \$150,000 GUARANTY THAT HAS SERVED AS SECURITY FOR THE PROJECT.**

The City Council is informed that:

**WHEREAS**, as indicated in Ordinance 2797, the Las Cruces City Council previously authorized the City of Las Cruces (City) to act as the fiscal agent for Local Economic Development Act (LEDA) project with X2NSat, INC.; and

**WHEREAS**, the City received funding in the amount of \$300,000, from the New Mexico Economic Development Department (NMEDD) to be distributed to the project; and

**WHEREAS**, the City provided a local match in the amount of \$150,000 in the form of a lien on the property, for a total of \$450,000 to be distributed to X2NSat.; and

**WHEREAS**, the funding was to be used to support the X2NSat, INC., project to create 30 new full-time jobs pursuant to two Project Participation Agreements (PPA), both fully executed on October 6, 2016 and November 7, 2016 respectively, and entered into between X2NSat, INC, and the City; and

**WHEREAS**, on February 28, 2020, X2NSat, INC. was granted a second extension through an Amendment to their PPA to June of 2023 due to various reasons as detailed in a letter written on January 16, 2020, and included as Attachment "A"; and

**WHEREAS**, the NMEDD has completed its Economic Impact Analysis (Attachment "B") of the X2NSat, Inc. LEDA project and has determined that their operations in Las Cruces have provided the NMEDD and the City of Las Cruces a full return on investment pursuant to submitted documents from the company and alignment with the IGA as well as the PPA.

**NOW, THEREFORE**, Be it Ordained by the Governing Body of the City of Las Cruces:

**(I)**

**THAT** the City is hereby authorized to terminate the Project Participation Agreements (PPA) attached hereto as Exhibits "A", and "B" and made part of this Ordinance.

**(II)**

**THAT** the City is authorized to proceed with the termination of the guaranty in the amount of \$150,000, attached hereto as Exhibit "C" and made part of this Ordinance.

**(III)**

**THAT** the City, pursuant to NMEDD's request in a letter Re: X2NSat, INC. LEDA Project --- Project # KCI-2017-03, dated February 1, 2024, (Attachment "C") terminate the guaranty related to the State's original funding of \$300,000. toward the X2NSat, INC., project with no further action required for this.

**(IV)**

**THAT** City staff is hereby authorized to do all deeds as necessary in the accomplishment of the herein above.

**DONE AND APPROVED this** 15 day of April 2024

APPROVED

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Mayor

ATTEST:

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City Clerk

**Moved by: Becki Graham**

**Seconded by: Johana Bencomo**

**AYES** Yvonne Flores, Johana Bencomo, Becki Graham, Becky Corran, Cassie McClure, William Mattiace, Eric Enriquez

**NAYS**

# EXHIBIT A

## LOCAL ECONOMIC DEVELOPMENT ACT PROJECT PARTICIPATION AGREEMENT FOR X2nSAT, CORP. and City of Las Cruces

THIS AGREEMENT is made and entered into the 5<sup>th</sup> day of October, 2016 by and between X2nSAT, Corp., a California Domestic Corporation, whose address is 1310 Redwood Way, Petaluma, CA 94952 and the City of Las Cruces, a New Mexico municipal corporation, who address is P.O. Box 20000, Las Cruces, New Mexico 88004-9002.

**WHEREAS**, X2nSAT, Corp. provides satellite tracking services from home offices in Petaluma, California and wishes to expand their market with new facilities located in the State of New Mexico; and

**WHEREAS**, X2nSAT, Corp. is a Qualifying Entity under the Local Economic Development Act (Chapter 5, Article 10, NMSA 1978, as amended) and the Las Cruces Local Economic Development Plan 2014; and

**WHEREAS**, X2nSAT, Corp. expects an increased demand for its services related to the tracking and management of satellite technology and has determined that the proximity to locally available satellite receiver and communications arrays creates a significant economic advantage to conducting business from the Las Cruces area; and,

**WHEREAS**, the construction of a new facility located at the Las Cruces West Mesa Industrial Center will greatly enhance the market reach to existing and new customers of X2nSAT, Corp., and

**WHEREAS**, The City is willing to enter into an agreement to financially support the development of new facilities and the creation of up to 30 new jobs by an agreement reached in accordance with the Local Economic Development Act and a Project Participation Agreement; and will act as the fiscal agent on this same project for the management of the investment of the State of New Mexico in this project under a separate Project Participation Agreement.

**NOW THEREFORE**, the parties hereto agree as follows:

1. **Project Goals:** The goals of the Economic Development Project described in this Agreement, (the "Project") are (a) to provide a new facility for the tracking and monitoring of satellite communications that is based in the City of Las Cruces, and (b) to enhance the Las Cruces economy by creating a minimum of at least 30 new full-time jobs during the first two years after the facility is ready, and additional jobs during further expansion thereafter.
2. **Project Location:** The Project location is 12.6+ acres of Lots 5 and 9 of the West Mesa Industrial Park No. 22 (GIS parcels 32 and 33) of the Las Cruces West Mesa Industrial Center upon which X2nSAT, Corp. will construct a new facility. X2nSAT, Corp. will hold an option to acquire up to 10 acres of GIS parcel 31 for future expansion needs for a period of two years, renewable at its election for two additional two year periods.
3. **City Contributions:** In order to achieve the goals of this Agreement, the City will sell to X2nSAT, Corp. Lots 5 and 9 of West Mesa Industrial Park No. 22 (GIS parcels 32 and 33) of the Las Cruces West Mesa Industrial Park at a price of \$315,057 for 12.6+ acres and will convey additional lands, as needed, from GIS parcel 31 at a price of \$25,000 per acre, for up to 10 acres, and convey for the right to that acreage a right of first refusal. In addition, the

# EXHIBIT A

City will provide LEDA financing in the amount of \$150,000 towards the creation of the facility, acquisition of equipment and the recruiting and retention of employees.

4. **X2nSAT, Corp. Contributions:** In order to achieve the goals of this Agreement, X2nSAT, Corp. will pay \$25,000 per acre for the 12.6+ acres of land it acquires at the Las Cruces West Mesa Industrial Park and \$25,000 per acre for up to 10 acres of additional property it may elect to acquire at that site. Upon purchasing the Project lands, X2nSAT, Corp. will begin construction of the new facility that will house its commercial satellite operations. For the purposes of this Agreement, X2nSAT, Corp. will begin the process of recruitment and retention of personnel to fill up to 30 newly created full-time job positions, with total payroll for those 30 jobs cumulatively paid 20% above the prevailing Dona Ana County median wage as determined by the New Mexico Department of Labor's median salary figure for Dona Ana County. These new employees will be in addition to any persons currently employed by X2nSAT, Corp. within the Las Cruces area as of the date of this Agreement. To the extent possible, positions will be filled by Dona Ana County residents. Those positions will be filled by X2nSAT, Corp. for a period of not less than two consecutive calendar years within the term of this Agreement. A job position created does not require that the same individual hold that position for the two-year period.
5. X2nSat, Corp. shall have a right of First Refusal to acquire up to 10 acres of land within GIS parcel 31 of the West Mesa Industrial Park. That right may be exercised at any time within the first two years after the effective date of this Agreement, and the option may be extended in writing by X2nSAT, Corp. for up to two additional two year periods at its option at the rate of \$25,000 an acre for said property. Parties acknowledge that should X2nSAT, Corp. elect to acquire additional lands from GIS Lot 31 that such land is presently undivided and not specifically identified other than lying within GIS Lot 31 and will require survey and re-platting before specific lands may be transferred. This Option will terminate with the expiration of this Agreement if not formally exercised before that date.
6. X2nSAT will conform to all City Ordinances, existing and hereafter adopted, and all amended zoning and land use ordinances and regulations of the City.
7. **Timeline and Measurable Goals:** The Project includes Phase I construction of the new building and Phase II recruitment and retention of 30 new employees. X2nSAT, Corp. commits to meeting the measurable goals shown in the following table with time frames indicated and failure to meet any of these goals, unless due to force majeure or conditions beyond the control of X2nSAT, Corp. may be deemed a default of X2nSAT, Corp.'s obligations under this Agreement, and the City shall be entitled to recover proportional compensation for a portion of its contribution to the development of the Project.

| Event   | Contingency                              | Deadline                       |
|---|--|--------------------------------|
| Conveyance of property to X2nSAT, CORP.                           |  | January 1, 2017                |
| Construction Commences  |  | January 31, 2017               |
| First Measurable Goal: Facility Construction Complete (estimated) |  | January 1, 2018                |
| Second Measurable Goal: 10 New Jobs Created                       | 90 days after completion of construction | To be maintained for 24 months |

|  |   |                                |
|--|---|--------------------------------|
| Third Measurable Goal: Additional 10 New Jobs Created  | 180 days after completion of construction | To be maintained for 24 months |
| Fourth Measurable Goal: 10 Additional New Jobs Created | 365 days after completion of construction | To be maintained for 24 months |

8. **Security for Performance of Milestones:** X2nSAT, Corp., agrees to provide to the City of Las Cruces a lien on its real property located at the Las Cruces West Mesa Industrial Center and in the amount of not less than \$150,000 to secure the contributions of the City of Las Cruces in the event of default by the X2nSAT, Corp., its successors and assigns, to the terms of this Agreement. Upon the completion of milestones for job creation and the certification that such jobs have been maintained as full-time positions for a minimum of two consecutive calendar years (24 months), the City of Las Cruces will reduce its lien on the following schedule:

| Milestone  | City Release                        |
|--|-------------------------------------|
| Second Milestone: 10 Jobs Created and maintained for twenty-four (24) months.              | 30% of lien on land                 |
| Third Milestone: An additional 10 Jobs Created and maintained for twenty-four (24) months. | 30% of lien on land (total of 60%)  |
| Fourth Milestone: The final 10 Jobs Created and maintained for twenty-four (24) months.    | 40% of lien on land (total of 100%) |

The parties recognize and agree that X2nSAT, Corp. may secure a construction loan for the development of their new Facility and that such loan shall have a lien on the Project property that may be prior and senior to the lien of the City thereon. In the event of a material failure by X2nSAT, Corp. to meet its commitments under this Agreement within two (2) years after the completion of Phase I construction of the new facility, the city may recover from X2nSAT, CORP. that portion of the City's \$150,000 contribution that is proportional to the failure of X2nSAT, CORP. to complete its obligations under this Agreement, taking into account the amounts actually expended and the new employees actually hired by X2nSAT, Corp. However, the City's proportional recovery of its contribution, if any, shall be determined based on the extent of completion of all Measurable Goals as of the date that is two (2) years after completion of the Phase I construction.

9. **Performance Review.** Within 30 days of the conveyance of the Property, X2nSAT, Corp. will submit a letter report listing its current employees located within the State of New Mexico, the positions they currently occupy, and any unfilled vacancies. X2nSAT, Corp. will then submit a letter report to the City Manager promptly following completion of Phase I construction (First Measurable Goal), which will include the date that the construction was complete and the project was accepted by X2nSAT, Corp. The letter report will also list the dates for completion of each subsequent Measurable Goal, based on the timetable set forth in this Agreement. Thereafter, within ten (10) days following the date for the completion of each Measurable Goal, X2nSAT, Corp. will submit to the City Manager a letter report advising the City of the number of new positions filled as of the Measurable Goal date, the

name of the employee and the salary range for those positions, and including such other information regarding the filling of the new position as may seem appropriate to X2nSAT, Inc. or as may be reasonably requested by the City. In addition, upon the second anniversary of each Measurable Goal having been met, X2nSAT, Inc. will submit to the City Manager a report with documentation showing that the Measurable Goal has been met, with a request for release of the appropriate portion of the City's lien. If the City concurs that the Measurable Goal has been met, the City will within ten (10) business days after receiving the report release the appropriate portion of the City's lien. If the City does not concur that a given Measurable Goal has been met, the City will promptly contact X2nSAT, Inc. so that the parties may address and resolve the disagreement.

In the event X2nSAT, Inc. fails to meet any Measurable Goal, then on the request of the City, officers of the parties will meet to discuss the matter and determine whether any remedial action may be appropriate to ensure that future goals are met. However, no remedial action shall be implemented except on the mutual agreement of X2nSAT, Inc. and the City.

**10. Cost and Fees:**

- (a) X2nSAT, Inc. will be solely responsible for all development costs including but not limited to development fees, permits, applications, utility extensions and utility hook-ups.
- (b) If either party to this Agreement is found by a court to have breached this Agreement, the other party may recover reasonable attorney's fees and costs of litigation. Prior to the institution of any litigation, however, the parties have the contractual duty to meet in good faith and attempt to resolve any controversy hereunder at the least possible expense.
- (c) The City of Las Cruces agrees to expedite in a matter of no more than 8 business days all requests for processing of permits and inspections required by the City for building or improving of commercial structures, not including those items that require a longer period of review and approval according to State of New Mexico statutes or regulations.

- 11. Agreement Term:** This Agreement shall become effective upon its execution by the parties following its approval by the City Council of the City of Las Cruces and the Board of Directors or Managing Member of X2nSAT, Inc. This Agreement shall continue in full force and effect until (a) X2nSAT, Inc. has met all of its Measurable Goals as set forth in Section 8 hereof, and (b) the city has fully released its lien on the Project property and has fully released the standby letter of credit as provided herein, at which time this Agreement shall terminate; provided, however that his Agreement shall not terminate and remain in effect while there is any disagreement between the parties as to whether any Measurable Goal has been met, or while any remedial action is under way as a consequence of any failure to meet a Measurable Goal as provided in Section 8 herein; and provided further, than nothing contained in this Agreement shall be construed as a limitation on the City's power or authority to terminate its Local Economic Development Plan and dissolve any projects undertaken in Accordance with it, including the Project, as provided in Section 5-10-12, NMSA 1978.

12. **Amendment of Agreement.** This Agreement may be amended only by written amendment executed by the parties hereto with the same formalities as this Agreement, and upon the specific approval of such amendment by the City Council of the City of Las Cruces and by the Board of Directors and President of X2nSAT, Corp.
13. **Non-Assignment.** This Agreement is specific to the City and to X2nSAT, Corp., and shall not be assignable by either party except with the explicit written agreement of the other party hereto, duly approved and adopted as an Amendment to this Agreement.
14. **Binding Effect.** This Agreement shall bind and inure to the benefit of the parties hereto and to their agents, representatives, and legal assigns and successors in interest.
15. **No City Commitments except as Stated Herein:** The parties hereto expressly recognize and agree that the City and its officers, agents and employees undertake no commitments, duties or obligations in connection with this Agreement, except those obligations expressly stated herein. The City expressly reject and disavows any obligations to X2nSAT, Corp. whether implicit or otherwise, except for those commitments and obligations expressly set forth in this Agreement. The City of Las Cruces acknowledges that in addition to its obligation contained herein, that it shall serve as the fiscal agent for that certain LEDA Project Participation Agreement entered into between X2nSAT, Corp. and the State of New Mexico.
16. **Indemnification.** X2nSAT, Corp. shall indemnify and hold harmless and shall defend the City from and against any claim for damages or any other claim that may be asserted by a third party against the City in connection with this Agreement or the Project, to the maximum extent permitted by law.
17. **No Waiver of Tort Claims Act:** Nothing contained in this Agreement shall be deemed to modify or limit any protection or limitation of liability provided to the City under the New Mexico Tort Claims Act (Section 41-4-1 et seq. NMSA 1978).
18. **No Liability of Individual Officers, Agents or Trustees:** No recourse under or upon any obligation, covenant or agreement contained in this Agreement shall be had against any officer, employee, director or member of the City Council of the City, past, present or future, not against any director or officer of X2nSAT, Corp., past, present or future, as an individual so long as such individual was acting in good faith.
19. **X2nSAT, Corp. Not an Agent of the City:** Nothing contained herein shall be deemed to make X2nSAT, Corp. or any of its directors, officers, employees or contractors an agent or employee of the City for any purpose whatsoever. X2nSAT, Corp. and its directors, officers, employees and contractors shall not purport to represent the city in any matter nor to have the authority to bind the city or create any obligation on the part of the City or its officers or employees as to any matter whatsoever, whether under any provision of this Agreement or any other theory of law or equity.
20. **Severability:** In the event that any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof, and all other provisions of this Agreement shall remain in full force and effect so long as their continuance does not have any unjust or inequitable result for either the City or X2nSAT, Corp.
21. **Integration Clause:** This Agreement constitutes the entire agreement of the parties as to the subject matter hereof, and no prior agreement or understanding between the parties as

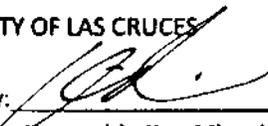
to the subject matter hereof, whether oral or written, shall be binding except to the extent explicitly incorporated within this Agreement.

22. **Governing Law:** This Agreement shall be governed by and construed in accordance with the laws of the State of New Mexico, including without limitation the Local Economic Development Act (Sections 5-10-1 through 5-10-13, NMSA 1978) and the ordinances of the City of Las Cruces. The parties agree that in the event of any dispute requiring resort to courts or arbitration, venue shall be in Dona Ana County, New Mexico. City states it has complied with the requirements of New Mexico Statutes and the Las Cruces Municipal Code and has authorization to sell and convey the Project Site. X2nSAT, Corp. agrees to develop the Project site in accordance with the Las Cruces Zoning Code and the Protective Covenants and Design Standards for the West Mesa Industrial Park.

23. **Caption:** The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

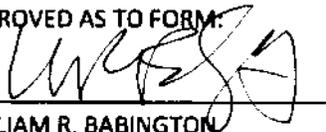
IN WITNESS WHEREOF, the parties hereto have executed this Agreement, which was approved by the City Council of the City of Las Cruces on 11-7-11 and by the President of X2nSAT, Corp. on \_\_\_\_\_ effective as of the date first written above.

CITY OF LAS CRUCES

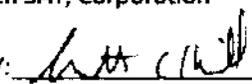
By:   
The Honorable Ken Miyagishima, Mayor

ATTEST:

  
LINDA LEWIS, CMC  
CITY CLERK

APPROVED AS TO FORM:  
  
WILLIAM R. BABINGTON  
CITY ATTORNEY

X2n SAT, Corporation

BY:   
Garrett Hill  
President

# EXHIBIT B

## PROJECT PARTICIPATION AGREEMENT

This Project Participation Agreement (this "Agreement") is entered into on 5<sup>th</sup> day of October 2016 by and between the CITY OF LAS CRUCES, a New Mexico municipal corporation (the "City") and X2NSAT, INC, a California corporation (the "Company" or the "Project Party").

### 1. Recitals.

A. Pursuant to the Local Economic Development Act, NMSA 1978, Sections 5-10-1 through 5-10-13 ("LEDA"), the City adopted Ordinance No. 2697 (the "Las Cruces Local Economic Development Plan") authorizing the City to consider applications for economic development assistance;

B. As provided in the Local Economic Development Plan Ordinance, the City considered an application from the Company, which proposed that the City serve as local government conduit for \$300,000 of an appropriation from the New Mexico Legislature (the "LEDA Funds") to go toward the Company's construction of a communication gateway in the City (the "x2nSAT Project" or "Project").

C. The City has adopted Ordinance No. \_\_\_\_\_ finding that the Company is a "qualifying entity" and the Project is an "economic development project" as those terms are defined by LEDA, and approving this Project Participation Agreement (this "Agreement") as meeting the requirements of LEDA.

### 2. The LEDA Funds.

The State has dedicated \$300,000 in LEDA Funds for use in the Project. The Company may request the disbursement of up to \$300,000 during the period beginning December 1, 2016 and ending December 31, 2017 (the "Disbursement Period"). The City will direct the LEDA Funds to the Company for use in the Project in the following manner:

a. The Company may submit to the City a request for disbursement of the LEDA Funds to reimburse the Company for expenses in connection with the Project, with documentation substantiating such expenses (collectively, a "Disbursement Request").

b. The City will coordinate with the New Mexico Economic Development Department ("NMEDD") to cause the State to deliver the LEDA Funds to the City in a timely manner and to ensure that the LEDA Funds are available for the Project. LEDA funds will be expended for reimbursement of Project expenses only and cannot be advanced to the Company. The City will have no obligation to expend any City funds to make disbursements to the Company pursuant to this Agreement, and the City will only be required to disburse funds to the Company to the extent that the City receives the LEDA Funds from the State.

c. The City may not offset any internal costs or overhead charges for review or processing of the Disbursement Requests against the Disbursement Request or the LEDA Funds.

### 3. Substantive Contribution from the Company.

The Company will make the following substantive contributions:

a. Project Contribution. The Company anticipates making capital investments in the Project and costs associated therewith (including, for the acquisition of land and equipment, tangible personal property and services associated with the acquisition, construction and equipping of the Project to be located in the West Mesa Industrial Park in Las Cruces (the "Facility")) in the amount of approximately \$1,000,000 by December 31, 2017 (the "Project Contribution"). Although the Company intends to have a long-term presence in the City, for purpose of the contractual obligations of this Agreement, the Company covenants to continue to operate the Project until December 31, 2020.

b. Job Commitment. It is the Company's intention to create 30 new direct jobs at the Facility by December 31, 2020 (the "Job Target"). "Job" means a permanent, full-time employment position offering the employee the full range of benefits offered to other Company full-time employees.

4. Clawbacks. The clawback provisions of this Section ("Clawbacks") are intended to be the exclusive remedies with respect to any breach of this Agreement caused by the occurrence of any of the events described in this Section.

a. Facility Closure Clawback. If the Company ceases operations at the Facility in the City on or before December 31, 2020, the Company will repay to the City all LEDA Funds that the Company actually received from the City as of that date (the "Facility Closure Clawback.")

b. Performance Clawback. If the Company does not achieve the Job Target set forth in Section 3(b) of this Agreement by December 31, 2020 (the "Job Target Date"), the Company shall make a penalty payment to the City (the "Performance Clawback") which will be calculated in the manner specified in the table below:

| Portion of Job Target Achieved as of December 31, 2020 | Performance Clawback Amount      |
|--|----------------------------------|
| 26 or more jobs  | No Performance Clawback Required |
| 16-25 jobs   | 25% of LEDA Funds received       |
| 6-15   | 75% of LEDA Funds received       |
| Less than 5  | 100% of LEDA Funds received      |

If the Company has been required to pay the Facility Closure Clawback, the Company will not be required to pay any Performance Clawback that may come due after the date of such payment.

c. Job Target Date Reporting Requirement. For the purposes of determining compliance with Section 4 above, the Company will provide to the City a copy of Company's Form ES-903, filed with the New Mexico Department of Workforce Solutions and such other data and information on its workforce that is reasonably necessary for the City or its independent contractor to determine whether the

Company has met its Job Target obligations under this Agreement. The Company will provide the City with semi-annual copies of certain of its most recent Form ES-903 report no later than May 1 and November 1 of each year commencing on May 1, 2017 and ending on May 1, 2021.

d. Maximum Clawback. In no event will the Company be required to pay more than the total amount of all LEDA Funds that Company actually receives, for all Clawbacks in the aggregate.

5. Security. No later than the day prior to the date on which the Company receives its disbursement of LEDA Funds, the Company will provide the City with a guarantee in a form acceptable to NMEDD (the "Guarantee"). The maximum obligation secured by the Guarantee (the "Maximum Obligation") will be \$300,000 as of the date the Guarantee is granted. Provided that the Company has not been required to pay any Clawback, the Guarantee will terminate on January 1, 2021. If the Company does not draw the entire amount of the LEDA Funds available upon the expiration of the Distribution Period, the Maximum Obligation will be reduced proportionately to reflect the actual amount of LEDA Funds actually received.

6. Force Majeure. Neither party shall be liable to the other party for any failure to perform any provisions or obligations of this Agreement if such failure is caused by or results directly or indirectly from Force Majeure. If a Force Majeure occurs, the City and Company will work in good faith to determine how to address the impact of the Force Majeure on each party's obligations under this Agreement.

7. Dispute Resolution. The parties will work in good faith to resolve any disputes that arise hereunder, and will submit to mediation with a neutral mediator prior to filing any litigation in relation to this Agreement.

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

The initial notice addresses for the parties are as follows:

If to the City:

City of Las Cruces  
Attention: Economic Development Coordinator  
PO Box 20000 Las Cruces NM 88004  
700 N Main Street Las Cruces, New Mexico 88007  
(575) 541-2286

If to the Company:

X2nSAT, Inc  
Attention: Garrett Hill, CEO  
1310 Redwood Way Ste C  
Petaluma CA 94954  
(707) 283-8000

**9. Ratification.** The City and the Company hereby ratify all actions consistent with this Agreement that they or their respective agents may have taken in furtherance of the Project.

**10. Miscellaneous.** This Agreement binds and inures to the benefit of the City and the Company and their respective successors and permitted assigns. This Agreement may not be assigned without the written consent of the non-assigning party and the New Mexico Economic Development Department. This Agreement may be amended or modified, and the performance by any party of its obligations under this Agreement may be waived, only in a written instrument duly executed by both parties. This Agreement may be executed in any number of counterparts, each of which is an original and all of which taken together constitute one instrument. This Agreement is governed by and is to be construed in accordance with the laws of New Mexico applicable to agreements made and to be performed in New Mexico.

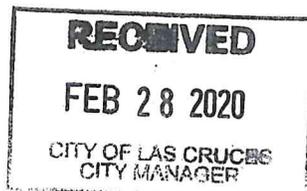
**11. Term of This Agreement.** The termination date of this Agreement will be agreed upon by the City and the Company within ninety (90) days after the Company has satisfied the Jobs Requirement in full or has refunded any LEDA funds received as part of a clawback as described in section 4 of this Agreement.

**[ THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK ]**

In witness whereof, the parties hereto set their hands as of the date first appearing above.

CITY:





## MEMORANDUM

**To:** William F. Studer, Interim City Manager

**From:** Cruz Ramos, Economic Development Specialist **Initials:** 

**Date:** January 28, 2020 **File #:** FE#20-013

**Subject:** Review of Request and Signature to Amend X2NSAT LEDA Project Timeline

X2NSAT, a global satellite communications company that provides services to a wide range of businesses across a variety of industries received \$150,000.00 in LEDA funds from the City to create 30 jobs. They have run into some challenges as outlined in their attached letter. The City's Economic Development department has reviewed the letter and information and recommends extending the project timeline through June of 2023.

An Update and Request to Amend X2NSAT LEDA Project Timeline as established by City of Las Cruces Ordinance #2797 is attached.

Per the recommendation of NMEDD, this is the mechanism used in other municipalities to extend LEDA projects.

Please review the document. If it meets with your approval, please sign and call the Economic Development Office for pick up and final processing. If I may be of further assistance, please contact me at (575) 541-2140 or via email at cramos@las-cruces.org.

Attachments: Update and Request to Amend X2NSAT LEDA Project Timeline.  
X2NSAT January 16, 2020 Letter Requesting LEDA Timeline Extension.

**cc:** Mandy Guss, Business Development Administrator  
**cc:** Griselda Martinez, Economic Development Director  
**cc:** Jennifer Vega-Brown, City Attorney  
**cc:** Barbara De Leon, Interim Assistant City Manager

**Initials:**   
**Initials:**   
**Initials:**   
**Initials:** 

**Update and Request to Amend X2NSAT LEDA Project Timeline as established by City of Las Cruces Ordinance #2797, an Economic Development project**

On November 7, 2016 the City of Las Cruces adopted Ordinance #2797. The Ordinance authorized the City to enter into a Project Participation Agreement (PPA) and Intergovernmental Agreement (IGA) which are incorporated into the Ordinance and made a part thereof by reference.

The Project Participation Agreement, in Section 3, Substantive contribution from the Company, b., Job Commitment., notes that "...It is the Company's intention to create 30 new direct jobs at the Facility by December 31, 2020 (the "Job Target"). X2NSAT now requests in its letter of January 16, 2020 to the City's Economic Development Department, that the City grant a request to push the job creation deadline to June 30, 2023.

Parties, including the State of New Mexico and the City of Las Cruces agree to the extension of the following timeframes requested by X2NSAT as defined in the PPA:

- Job Creation Target Period extended to June 30, 2023
- X2NSAT annual job reporting will continue through a 2023 report due June 30, 2023

All other terms and conditions remain unchanged.

Acknowledged:

  
 \_\_\_\_\_  
 William F. Studer, Jr.  
 Interim City Manager  
 City of Las Cruces

  
 \_\_\_\_\_  
 Alicia J. Keyes  
 Cabinet Secretary  
 New Mexico Economic Development Department

\_\_\_\_\_  
 Garrett Hill  
 CEO  
 X2NSAT



Jan 16, 2020

City of Las Cruces  
 Cruz A. Ramos  
 Economic Development Specialist/Economic Development Department

Garrett Hill  
 CEO  
 X2nSat Inc.

Cruz,

This letter is to update you on the current status of our Las Cruces LEDA development. Significant progress has been made towards growing our operations in New Mexico.

Below is a table of the approximate investments X2nSat has made in Las Cruces.

|   |                    |
|---|--------------------|
| Money given directly to the City of Las Cruces (Fees, land, etc.) | ~\$240,000         |
| Nights purchased in Las Cruces Hotels                             | 170                |
| Money spent with local contractors and professionals              | \$1,700,000        |
| Payroll for NM Employees  | ~\$750,000         |
| Money spent locally on other items (misc products and services)   | \$750,000          |
| <b>Total Money spent by X2nSat to date on development</b>         | <b>\$3,400,000</b> |

**X2nSat, Inc.**  
 1310 Redwood Way Suite C  
 Petaluma, CA 94954

T | 707 664 5700  
 E | sales@X2nsat.com  
 W | www.X2nsat.com





In reference to your request for an updated timeline for our development of our Las Cruces office employee base, I am submitting the following schedule.

| Effective Date | Total Headcount |
|----------------|-----------------|
| January 2020   | 4               |
| June 2020      | 10              |
| August 2020    | 12              |
| January 2021   | 15              |
| December 2022  | 25              |
| June 2023      | 30              |

#### Project development achievements:

- 1) Main office building ~9,000 Sq ft, waiting for final signoff and occupancy permit by City
- 2) JTIP applications almost complete
- 3) Partnership with NMSU going well

#### Project Setbacks

- 1) Lack of Fiber in business park is reducing our growth opportunities
- 2) The steel needed for the building was delayed and pushed the completion schedule for the office building back ~ five months

#### Roadblocks to our success in Las Cruces

The fiber infrastructure in the West Mesa business park is insufficient for our requirements, and the requirements of our customers. Several attempts to work with CenturyLink have not resulted in a solution. Without these improvements we predict that we will only be able to accomplish 60-70% of our potential business at this location.

The Economic Development department and other groups have been assisting us to identify other fiber providers and vendors who may be able to help, but nothing thus far has materialized.



In closing I would like to say that I am very impressed with the professionalism and customer service of the City Staff, Economic Development, NMSU, and the vendors in Las Cruces. We remain very excited about growing our business in New Mexico. Although the tax structure in New Mexico is not the best for us, we believe the value we get from the hard work of the people of New Mexico, the decision to grow in Las Cruces is the right one for our company.

I put some photos below of our project so that you can see the construction that recently started and the work of the past few years.

Regards,

A handwritten signature in blue ink that reads 'Garrett C Hill'.

Garrett C Hill, CEO



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## GUARANTY

GUARANTY (the "Guaranty"), dated as of November \_\_, 2016 by X2NSAT, INC, a California corporation company having its principal place of business at 1310 Redwood Way, Ste C, Petaluma California (the "Guarantor"), in favor of City of Las Cruces, in Dona Ana County New Mexico (the "Entity").

## RECITALS

Whereas, pursuant to the Project Participation Agreement (the "Contract"), dated as of November 7, 2016, between x2nSAT, Inc, (the "Subsidiary") and the Entity, Entity has agreed to pay \$300,000 US dollars to the Subsidiary towards expenses arising from Subsidiary's project (as defined in the Contract), as authorized by the City of Las Cruces Ordinance No. 2797 ("Economic Development Plan Ordinance") and

<sup>Bill 17-011</sup> Whereas, Subsidiary has agreed to certain obligations as provided in the Contract which, if not fulfilled, shall require a pro-rata return of the \$300,000; and

Whereas, the Entity has required, as a condition precedent to entering into the Contract, that the Guarantor execute and deliver this Guaranty. The Entity would not enter into the Contract with the Subsidiary but for the execution and delivery of this Guaranty by the Guarantor.

Whereas , Guarantor is the parent of the Subsidiary.

Whereas In furtherance of the business purposes of the Guarantor, the Guarantor desires to guaranty all obligations of the Subsidiary pursuant to the Contract.

NOW, THEREFORE, based upon the foregoing, and in order to induce the Entity to enter into the Contract, the Guarantor hereby agrees as follows:

### ARTICLE 1

#### DEFINITIONS

ARTICLE 1 SECTION 1.1. *Definitions.* Capitalized terms not otherwise defined in this Guaranty shall have the meanings ascribed to them in the Contract, as the same may be amended, supplemented or otherwise modified from time to time. As used in this Guaranty, the following terms have the following meanings unless the context otherwise requires:

"Guaranteed Obligations" has the meaning ascribed to such term in Section 2.1.

"Guaranty" means this Guaranty, as it may be amended, supplemented or otherwise modified from time to time in writing signed by the Guarantor and the Entity.

## ARTICLE 2

## THE GUARANTY

SECTION 2.1. *The Guaranty.* Except as expressly set forth herein (and subject in particular to the limitations set forth in Section 4.5 below), the Guarantor hereby unconditionally guarantees to Entity the full and punctual performance by the Subsidiary of its obligations under the Contract including but not limited to the payment of damages (excluding indirect and consequential damages or losses), in each case subject to the conditions and limitations expressly set forth in the Contract (the "Guaranteed Obligations"). The Guarantor and the Entity expressly acknowledge that, subject to Section 2.5 below, default by the Subsidiary or the failure of the Subsidiary to perform any Guaranteed Obligation in the time required in each case under the Contract, is a condition of the exercise of this Guaranty.

SECTION 2.2. *Termination of Guaranty.* This Guaranty shall remain in full force and effect until the earliest date on which (i) all of the Guaranteed Obligations have been completely performed and paid in full, or (ii) a replacement guarantor shall have assumed all the rights and obligations of the Guarantor under this Guaranty (whose appointment shall be subject to the prior written consent of the Entity, provided that such consent shall not be unreasonably withheld or delayed, and shall not be necessary for a replacement guarantor with a net worth of at least 1 Billion United States Dollars). The Guarantor's payment of a portion, but not all, of the Guaranteed Obligations shall in no way limit, affect, modify or abridge the Guarantor's liability, as set forth herein, for any portion of the Guaranteed Obligations that has not been completely performed or indefeasibly paid in full. Notwithstanding anything to the contrary, this Guaranty shall expire at the latest on January 1, 2021.

SECTION 2.3. *Guaranty Unconditional.* Except as expressly set forth herein and subject in particular to Section 4.5 below, the Guarantor agrees that the obligations of the Guarantor hereunder shall be unconditional and absolute. Notwithstanding any provision of this Guaranty to the contrary, the Guarantor shall be entitled to assert as a defense to any claim for payment of the Guaranteed Obligations, that (i) such Guaranteed Obligations are not currently due under the terms of the Contract or (ii) that such Guaranteed Obligations have previously been paid in full.

SECTION 2.4. *Waivers of Notices and Defenses.* The Guarantor hereby waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any corporation or person against the Subsidiary or any other corporation or person, except that no payment shall be sought from the Guarantor under this Guaranty unless a notice of default has been served to the Subsidiary with a copy to the Guarantor providing for a minimum cure period of 15 days to remedy such default and indicating the Entity's intention to claim under this Guaranty in the absence of remedy within such cure period.

SECTION 2.5. *Stay.* The Guarantor agrees that, notwithstanding anything to the contrary herein, if the Entity is stayed upon the insolvency, bankruptcy, or reorganization of the Subsidiary from exercising its rights to enforce or exercise any right or remedy with respect to the Guaranteed Obligations, or is prevented from giving any notice or demand for payment or performance or taking any action to realize on any security or collateral or is prevented from collecting any of the Guaranteed Obligations, in any such case, by such proceeding or action, the Guarantor shall pay or render to the Entity upon demand therefor the amount that would otherwise have been due had such rights and remedies been permitted to be exercised by the Entity.

SECTION 2.6. *No Enforcement of Subrogation.* Upon making any payment or performance with respect to any Guaranteed Obligation hereunder, the Guarantor shall be subrogated to the rights of the Entity against the Subsidiary with respect to such payment; *provided* that the Guarantor shall not enforce any payment right by way of subrogation until all Guaranteed Obligations have been paid in full.

#### ARTICLE 3

##### REPRESENTATIONS AND WARRANTIES

The Guarantor hereby represents and warrants to the Entity that the following statements are true and correct:

SECTION 3.1. *Binding Obligation.* This Guaranty has been duly and validly executed and delivered by the Guarantor and constitutes the legal, valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally and by equitable principles relating to the availability of equitable remedies.

#### ARTICLE 4

##### MISCELLANEOUS

SECTION 4.1 *Notices.* All notices, requests and other communications to any party hereunder shall be in writing (including bank wire, facsimile transmission or similar writing) and shall be given to such party at its address or telecopy number set forth, in the case of the Guarantor, on the signature pages hereof, or in the case of the Entity, in the Contract, or such other address or telecopy number as such party may hereafter specify for the purpose by notice to the other party. Each such notice, request or other communication shall be effective (i) if given by facsimile transmission, when such telecopy is transmitted to the telecopy number specified in this Section and answerback has been received, (ii) if given by any other means (which in the case of mail shall be registered mail or airmail for international mail), when delivered at the address specified in this Section.

SECTION 4.2. *Waivers.* No failure or delay by the Entity in exercising any right, power or privilege hereunder or under the Contract shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof

or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 4.3. *Amendments and Waivers.* This Guaranty constitutes the complete agreement of the Entity and the Guarantor with respect to the subject matter hereof and supersedes all prior or contemporaneous negotiations, promises, covenants, agreements or representations. No amendment, modification, termination or waiver of any provision of this Guaranty, shall in any event be effective without the written consent of the Entity and Guarantor.

SECTION 4.4. *Successors and Assigns.* This Guaranty is a continuing Guaranty and shall be binding upon the Guarantor or its successors and assigns. This Guaranty shall inure to the benefit of the Entity or its successors and assigns permitted under the Contract. Nothing contained in this Guaranty shall be deemed to confer upon anyone other than the parties hereto (and their permitted successors and assigns) any right to insist upon or to enforce the performance or observance of any of the obligations contained herein.

SECTION 4.5. *Limitation on Liability.* Notwithstanding anything to the contrary contained or implied herein, the maximum aggregate liability of Guarantor hereunder shall not in any event exceed the lower of (i) the actual outstanding liability of the Subsidiary under the Contract, or (ii) said amount less amounts previously paid under the Contract to the Entity and/or its successors and assigns by the Subsidiary and/or its successors, assigns and affiliates.

SECTION 4.6. *APPLICABLE LAW.* THIS GUARANTY SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW MEXICO.

SECTION 4.7. *JURISDICTION.* ANY ACTION OR PROCEEDING AGAINST THE GUARANTOR RELATING IN ANY WAY TO THIS GUARANTY MAY BE BROUGHT AND ENFORCED IN THE COURTS OF THE STATE OF NEW MEXICO OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW MEXICO, AND THE GUARANTOR IRREVOCABLY CONSENTS TO THE JURISDICTION OF EACH SUCH COURT IN RESPECT OF ANY SUCH ACTION OR PROCEEDING. THE GUARANTOR FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, RETURN RECEIPT REQUESTED, TO THE GUARANTOR AT ITS ADDRESS AS PROVIDED FOR NOTICES HEREUNDER. THE FOREGOING SHALL NOT LIMIT THE RIGHT OF THE ENTITY TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO BRING ANY ACTION OR PROCEEDING, OR TO OBTAIN EXECUTION OF ANY JUDGMENT, IN ANY OTHER JURISDICTION.

THE GUARANTOR HEREBY IRREVOCABLY WAIVES ANY OBJECTION THAT

IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING UNDER THIS GUARANTY IN ANY COURT LOCATED IN THE STATE OF NEW MEXICO, AND HEREBY FURTHER IRREVOCABLY WAIVES ANY CLAIM THAT ANY COURT LOCATED IN THE STATE OF NEW MEXICO IS NOT A CONVENIENT FORUM FOR ANY SUCH ACTION OR PROCEEDING.

SECTION 4.8. *Severability.* If any provision in or obligation under this Guaranty shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

SECTION 4.9. *Interpretation.* Section headings in this Guaranty are included herein for convenience of reference only and shall not constitute a part of this Guaranty for any other purpose or be given any substantive effect.

SECTION 4.10 *Further Assurances.* At any time or from time to time, upon the request of the Entity, the Guarantor shall execute and deliver such further documents and do such other acts and things as the Entity may reasonably request in order to effect fully the purposes of this Guaranty, in accordance with its terms and subject to all limitations. The Guarantor agrees to be liable for any reasonable expenses incurred by Entity and/or its successors and assigns with respect to any reasonable action or proceeding to enforce this Guaranty.

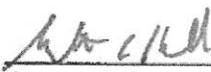
SECTION 4.11 *Effectiveness.* This Guaranty shall become effective upon the Contract becoming effective.

[SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty by its duly authorized officer as of the date first above written.

GUARANTOR:

X2nSAT, Inc

By:   
Name: Garrett Hill  
Title: CEO

Address: 1310 Redwood Wy  
Petaluma CA  
94954



Jan 16, 2020

City of Las Cruces  
 Cruz A. Ramos  
 Economic Development Specialist/Economic Development Department

Garrett Hill  
 CEO  
 X2nSat Inc.

Cruz,

This letter is to update you on the current status of our Las Cruces LEDA development. Significant progress has been made towards growing our operations in New Mexico.

Below is a table of the approximate investments X2nSat has made in Las Cruces.

|   |                    |
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| Money given directly to the City of Las Cruces (Fees, land, etc.) | ~\$240,000         |
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| <b>Total Money spent by X2nSat to date on development</b>         | <b>\$3,400,000</b> |

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In reference to your request for an updated timeline for our development of our Las Cruces office employee base, I am submitting the following schedule.

| Effective Date | Total Headcount |
|----------------|-----------------|
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#### Roadblocks to our success in Las Cruces

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I put some photos below of our project so that you can see the construction that recently started and the work of the past few years.

Regards,

A handwritten signature in blue ink that reads 'Garrett C Hill'.

Garrett C Hill, CEO



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11/27/2023

## FISCAL IMPACT ANALYSIS AND ECONOMIC IMPACT OF THE EXPANSION OF X2NSAT

Prepared by:

New Mexico Economic Development Department  
Joseph Montoya Building  
1100 S. St. Francis Drive  
Santa Fe, New Mexico 87505





## Purpose and Limitations:

This report and analysis, provided by the New Mexico Economic Development Department, relies on prospective estimates of business activity. These estimates, which are provided by the company, may not be realized due to unforeseen events that are outside the control of the company and unknown to the New Mexico Economic Development Department.

The New Mexico Economic Development Department made reasonable efforts to ensure that the estimates provided by the company, are realistic estimates of future activity.

The model was created by the New Mexico Economic Development Economists and used assumptions to generate the final report. The report and analysis provided by the New Mexico Economic Development Department is not a guarantee that any of the estimates or results contained in this report will actually be achieved.

### Introduction:

This report and analysis presents the results of an economic impact analysis performed using a model developed by the New Mexico Economic Development Department. The report estimates the impact that a potential project may have on the state and local economies and estimates the costs and benefits for the state and local economies over a 10-year period. The report and analysis uses RIMS II Multipliers produced by the U.S. Bureau of Economic Analysis (BEA).

Most projects produce a growth in population and/or a growth in the workforce in a City, County and the State of New Mexico. All growth comes at a cost, the additional economic activity and population growth stimulated by the project will generate additional costs in terms of providing basic infrastructure (roadways, bridges and utilities) and public services (including public safety, schools and administrative services). For example, if the applicant hires employees from outside the State, County and City, those workers who end up relocating their residence to within one or all of those areas, the population for which the government must provide services also increases. The costs associated with the expansion are broken down into two categories: 1) New residents to the State, County and City. 2) New Mexican residents hired to work for the company. The analysis assumes that all workers will live in the area of the expansion.

### Description of the Company:

0

### Description of the Project:

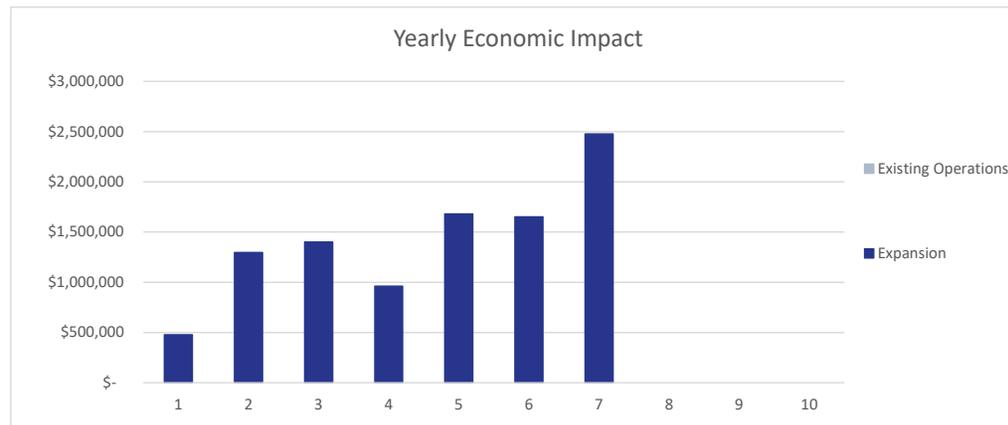
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# Economic Impact



### Total Economic Impact

|  | Total        |
|--|--------------|
| Estimated Economic Impact Over 10 Years: | \$ 9,945,747 |
| Combined Total Incentive Over 10 Years:  | \$ 508,105   |
| Economic Impact Rate of Return:          | 1,857%       |



### Workers and New Residents over 10 years

|  | Direct | Indirect and Induced |
|--|--------|----------------------|
| Number of Jobs Created:                          | 19     | 19                   |
| Estimated Number of Construction Workers:        | 10     |                      |
| Estimated Number of New Residents to the State:  | 0      |                      |
| Estimated Number of New Residents to the County: | 0      |                      |
| Estimated Number of New Residents to the City:   | 0      |                      |



# Total Public Impacts

### Fiscal Impact of Existing and Expanded Operations Over the Next Ten Years

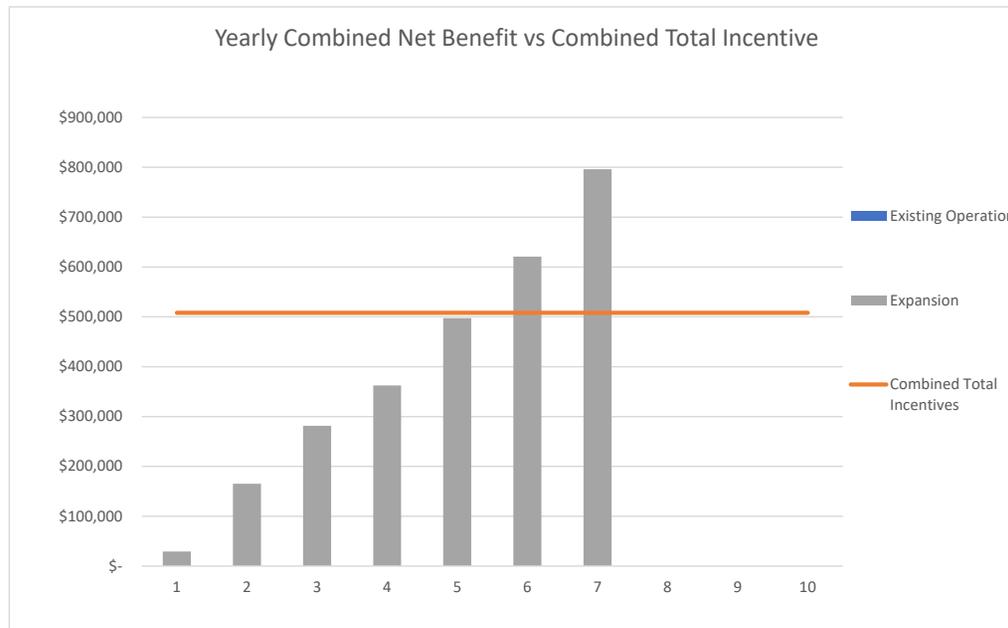
| Cumulative Net Benefits |                     |             |                   |             |                                |                                |
|-------------------------|---------------------|-------------|-------------------|-------------|--------------------------------|--------------------------------|
|                         | Existing Operations |             | Expansion         |             | Existing & Expanded Operations | Present Value of Net Benefits* |
| State of New Mexico     | \$ -                | \$ -        | \$ 383,615        | \$ -        | \$ 383,615                     | \$ 320,862                     |
| County                  | \$ -                | \$ -        | \$ 151,109        | \$ -        | \$ 151,109                     | \$ 128,285                     |
| City                    | \$ -                | \$ -        | \$ 261,503        | \$ -        | \$ 261,503                     | \$ 223,589                     |
| School District         | \$ -                | \$ -        | \$ 58,103         | \$ -        | \$ 58,103                      | \$ 48,525                      |
| Special Taxing District | \$ -                | \$ -        | \$ 11,485         | \$ -        | \$ 11,485                      | \$ 9,592                       |
| <b>Total</b>            | <b>\$ -</b>         | <b>\$ -</b> | <b>\$ 865,814</b> | <b>\$ -</b> | <b>\$ 865,814</b>              | <b>\$ 730,853</b>              |

\* 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.

\*\* In the cumulative net benefits of the existing and expanded operations for the State of New Mexico, corporate income tax has been removed from the existing operations total to avoid double counting.

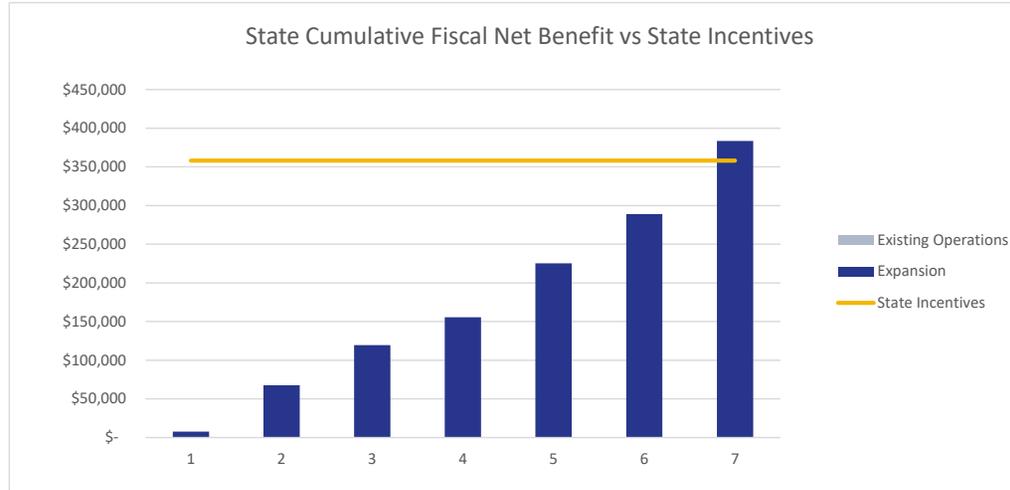
### Total Public Net Benefit

|   | Total      |
|---|------------|
| Estimated Total Public Net Benefit Over 10 Years: | \$ 796,227 |
| Combined Total Incentive Over 10 Years:           | \$ 508,105 |
| Total Public Net Benefit Rate of Return:          | 57%        |



# State Impacts





**Incentives**

|                          |    |         |
|--------------------------|----|---------|
| Total State Incentive:   | \$ | 358,105 |
| State Incentive Per Job: | \$ | 18,848  |

**Combined Payback and Return**

|                                |      |       |
|--------------------------------|------|-------|
| State Payback Period Combined: | 6.73 | Years |
| State Rate of Return Combined: | -10% |       |

**Expansion Only Payback and Return**

|                                 |      |       |
|---------------------------------|------|-------|
| State Payback Period Expansion: | 6.73 | Years |
| State Rate of Return Expansion: | -10% |       |

**State Net Benefits Of Current Operations**

| Year | Benefits | Costs | Net Benefits | Cumulative Net Benefits |
|------|----------|-------|--------------|-------------------------|
| 1    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 2    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 3    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 4    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 5    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 6    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 7    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 8    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 9    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 10   | \$ -     | \$ -  | \$ -         | \$ -                    |

### State Net Benefits Of Expansion

| Year | Benefits  | Costs | Net Benefits | Cumulative Net Benefits |
|------|-----------|-------|--------------|-------------------------|
| 1    | \$ 7,603  | \$ -  | \$ 7,603     | \$ 7,603                |
| 2    | \$ 60,114 | \$ -  | \$ 60,114    | \$ 67,717               |
| 3    | \$ 51,841 | \$ -  | \$ 51,841    | \$ 119,558              |
| 4    | \$ 35,973 | \$ -  | \$ 35,973    | \$ 155,531              |
| 5    | \$ 69,864 | \$ -  | \$ 69,864    | \$ 225,396              |
| 6    | \$ 63,471 | \$ -  | \$ 63,471    | \$ 288,867              |
| 7    | \$ 94,748 | \$ -  | \$ 94,748    | \$ 383,615              |
| 8    | \$ -      | \$ -  | \$ -         | \$ -                    |
| 9    | \$ -      | \$ -  | \$ -         | \$ -                    |
| 10   | \$ -      | \$ -  | \$ -         | \$ -                    |

### State Combined Net Benefits

| Year | Benefits  | Costs | Net Benefits | Cumulative Net Benefits |
|------|-----------|-------|--------------|-------------------------|
| 1    | \$ 7,603  | \$ -  | \$ 7,603     | \$ 7,603                |
| 2    | \$ 60,114 | \$ -  | \$ 60,114    | \$ 67,717               |
| 3    | \$ 51,841 | \$ -  | \$ 51,841    | \$ 119,558              |
| 4    | \$ 35,973 | \$ -  | \$ 35,973    | \$ 155,531              |
| 5    | \$ 69,864 | \$ -  | \$ 69,864    | \$ 225,396              |
| 6    | \$ 63,471 | \$ -  | \$ 63,471    | \$ 288,867              |
| 7    | \$ 94,748 | \$ -  | \$ 94,748    | \$ 383,615              |
| 8    | \$ -      | \$ -  | \$ -         | \$ -                    |
| 9    | \$ -      | \$ -  | \$ -         | \$ -                    |
| 10   | \$ -      | \$ -  | \$ -         | \$ -                    |

### State Breakdown of Combined Benefits, Costs, and Net Benefits Over the Next 10 Years

#### Taxes and Revenue

|                             |                   |
|-----------------------------|-------------------|
| Gross Receipt Taxes         | \$ 278,186        |
| Personal Income Taxes       | \$ 304,115        |
| Corporate Income Taxes      | \$ -              |
| Misc. Taxes and Revenue     | \$ -              |
| <b>Subtotal of Benefits</b> | <b>\$ 582,302</b> |

#### Costs

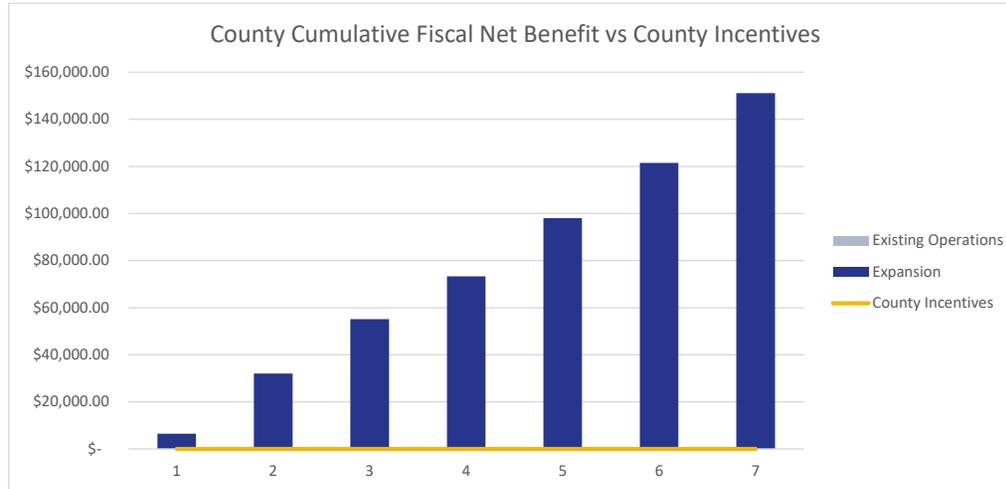
|                          |             |
|--------------------------|-------------|
| Costs                    | \$ -        |
| <b>Subtotal of Costs</b> | <b>\$ -</b> |

#### Net Benefits

|                      |                   |
|----------------------|-------------------|
| <b>Net Benefits</b>  | <b>\$ 582,302</b> |
| <b>Present Value</b> | <b>\$ 320,862</b> |

# County Impacts





**Incentives**

|                           |    |   |
|---------------------------|----|---|
| Total County Incentive:   | \$ | - |
| County Incentive Per Job: | \$ | - |

**Combined Payback and Return**

|                                 |     |       |
|---------------------------------|-----|-------|
| County Payback Period Combined: | -   | Years |
| County Rate of Return Combined: | N/A |       |

**Expansion Only Payback and Return**

|                                  |     |       |
|----------------------------------|-----|-------|
| County Payback Period Expansion: | -   | Years |
| County Rate of Return Expansion: | N/A |       |

**County Net Benefits Of Current Operations**

| Year | Benefits | Costs | Net Benefits | Cumulative Net Benefits |
|------|----------|-------|--------------|-------------------------|
| 1    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 2    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 3    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 4    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 5    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 6    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 7    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 8    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 9    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 10   | \$ -     | \$ -  | \$ -         | \$ -                    |

### County Net Benefits Of Expansion

| Year | Benefits  | Costs | Net Benefits | Cumulative Net Benefits |
|------|-----------|-------|--------------|-------------------------|
| 1    | \$ 6,429  | \$ -  | \$ 6,429     | \$ 6,429                |
| 2    | \$ 25,564 | \$ -  | \$ 25,564    | \$ 31,992               |
| 3    | \$ 23,095 | \$ -  | \$ 23,095    | \$ 55,087               |
| 4    | \$ 18,239 | \$ -  | \$ 18,239    | \$ 73,326               |
| 5    | \$ 24,663 | \$ -  | \$ 24,663    | \$ 97,989               |
| 6    | \$ 23,526 | \$ -  | \$ 23,526    | \$ 121,515              |
| 7    | \$ 29,595 | \$ -  | \$ 29,595    | \$ 151,109              |
| 8    | \$ -      | \$ -  | \$ -         | \$ -                    |
| 9    | \$ -      | \$ -  | \$ -         | \$ -                    |
| 10   | \$ -      | \$ -  | \$ -         | \$ -                    |

### County Combined Net Benefits

| Year | Benefits  | Costs | Net Benefits | Cumulative Net Benefits |
|------|-----------|-------|--------------|-------------------------|
| 1    | \$ 6,429  | \$ -  | \$ 6,429     | \$ 6,429                |
| 2    | \$ 25,564 | \$ -  | \$ 25,564    | \$ 31,992               |
| 3    | \$ 23,095 | \$ -  | \$ 23,095    | \$ 55,087               |
| 4    | \$ 18,239 | \$ -  | \$ 18,239    | \$ 73,326               |
| 5    | \$ 24,663 | \$ -  | \$ 24,663    | \$ 97,989               |
| 6    | \$ 23,526 | \$ -  | \$ 23,526    | \$ 121,515              |
| 7    | \$ 29,595 | \$ -  | \$ 29,595    | \$ 151,109              |
| 8    | \$ -      | \$ -  | \$ -         | \$ -                    |
| 9    | \$ -      | \$ -  | \$ -         | \$ -                    |
| 10   | \$ -      | \$ -  | \$ -         | \$ -                    |

### County Breakdown of Combined Benefits, Costs, and Net Benefits Over the Next 10 Years

#### Taxes and Revenue

|                             |                   |
|-----------------------------|-------------------|
| Gross Receipt Taxes         | \$ 95,269         |
| Misc. Taxes and Revenue     | \$ 6,300          |
| Property Taxes              | \$ 107,349        |
| <b>Subtotal of Benefits</b> | <b>\$ 208,918</b> |

#### Costs

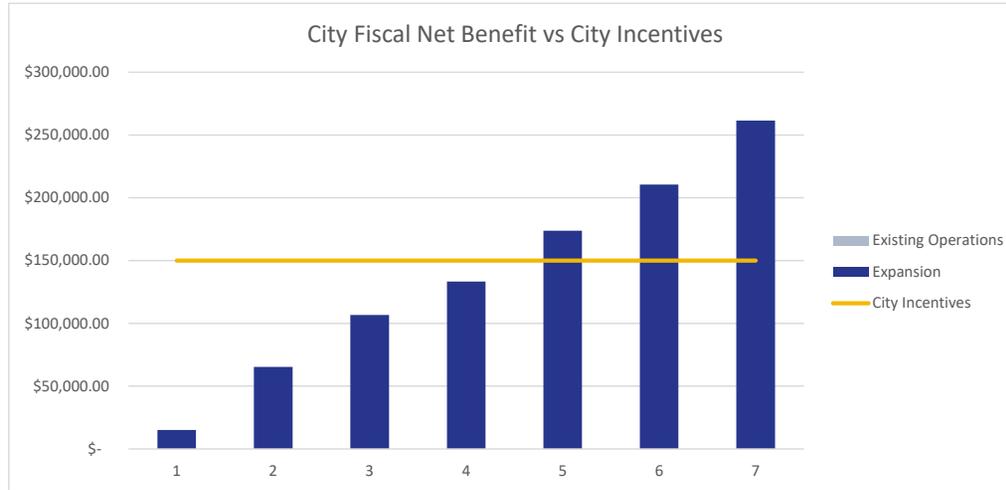
|                          |             |
|--------------------------|-------------|
| Costs                    | \$ -        |
| <b>Subtotal of Costs</b> | <b>\$ -</b> |

#### Net Benefits

|                      |                   |
|----------------------|-------------------|
| <b>Net Benefits</b>  | <b>\$ 208,918</b> |
| <b>Present Value</b> | <b>\$ 128,285</b> |

# City Impacts





**Incentives**

|                         |    |         |
|-------------------------|----|---------|
| Total City Incentive:   | \$ | 150,000 |
| City Incentive Per Job: | \$ | 7,895   |

**Combined Payback and Return**

|                               |      |       |
|-------------------------------|------|-------|
| City Payback Period Combined: | 4.41 | Years |
| City Rate of Return Combined: | 49%  |       |

**Expansion Only Payback and Return**

|                                |      |       |
|--------------------------------|------|-------|
| City Payback Period Expansion: | 4.41 | Years |
| City Rate of Return Expansion: | 49%  |       |

**City Net Benefits Of Current Operations**

| Year | Benefits | Costs | Net Benefits | Cumulative Net Benefits |
|------|----------|-------|--------------|-------------------------|
| 1    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 2    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 3    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 4    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 5    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 6    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 7    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 8    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 9    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 10   | \$ -     | \$ -  | \$ -         | \$ -                    |

### City Net Benefits Of Expansion

| Year | Benefits  | Costs    | Net Benefits | Cumulative Net Benefits |
|------|-----------|----------|--------------|-------------------------|
| 1    | \$ 15,191 | \$ -     | \$ 15,191    | \$ 15,191               |
| 2    | \$ 50,126 | \$ (96)  | \$ 50,222    | \$ 65,413               |
| 3    | \$ 41,082 | \$ (250) | \$ 41,332    | \$ 106,745              |
| 4    | \$ 26,369 | \$ (240) | \$ 26,609    | \$ 133,354              |
| 5    | \$ 40,225 | \$ (277) | \$ 40,502    | \$ 173,856              |
| 6    | \$ 36,325 | \$ (336) | \$ 36,661    | \$ 210,516              |
| 7    | \$ 50,608 | \$ (378) | \$ 50,986    | \$ 261,503              |
| 8    | \$ -      | \$ -     | \$ -         | \$ -                    |
| 9    | \$ -      | \$ -     | \$ -         | \$ -                    |
| 10   | \$ -      | \$ -     | \$ -         | \$ -                    |

### City Combined Net Benefits

| Year | Benefits  | Costs    | Net Benefits | Cumulative Net Benefits |
|------|-----------|----------|--------------|-------------------------|
| 1    | \$ 15,191 | \$ -     | \$ 15,191    | \$ 15,191               |
| 2    | \$ 50,126 | \$ (96)  | \$ 50,222    | \$ 65,413               |
| 3    | \$ 41,082 | \$ (250) | \$ 41,332    | \$ 106,745              |
| 4    | \$ 26,369 | \$ (240) | \$ 26,609    | \$ 133,354              |
| 5    | \$ 40,225 | \$ (277) | \$ 40,502    | \$ 173,856              |
| 6    | \$ 36,325 | \$ (336) | \$ 36,661    | \$ 210,516              |
| 7    | \$ 50,608 | \$ (378) | \$ 50,986    | \$ 261,503              |
| 8    | \$ -      | \$ -     | \$ -         | \$ -                    |
| 9    | \$ -      | \$ -     | \$ -         | \$ -                    |
| 10   | \$ -      | \$ -     | \$ -         | \$ -                    |

### City Breakdown of Combined Benefits, Costs, and Net Benefits Over the Next 10 Years

#### Taxes and Revenue

|                             |                   |
|-----------------------------|-------------------|
| Gross Receipt Taxes         | \$ 241,031        |
| Misc. Taxes and Revenue     | \$ 14,500         |
| Property Taxes              | \$ 82,258         |
| <b>Subtotal of Benefits</b> | <b>\$ 337,790</b> |

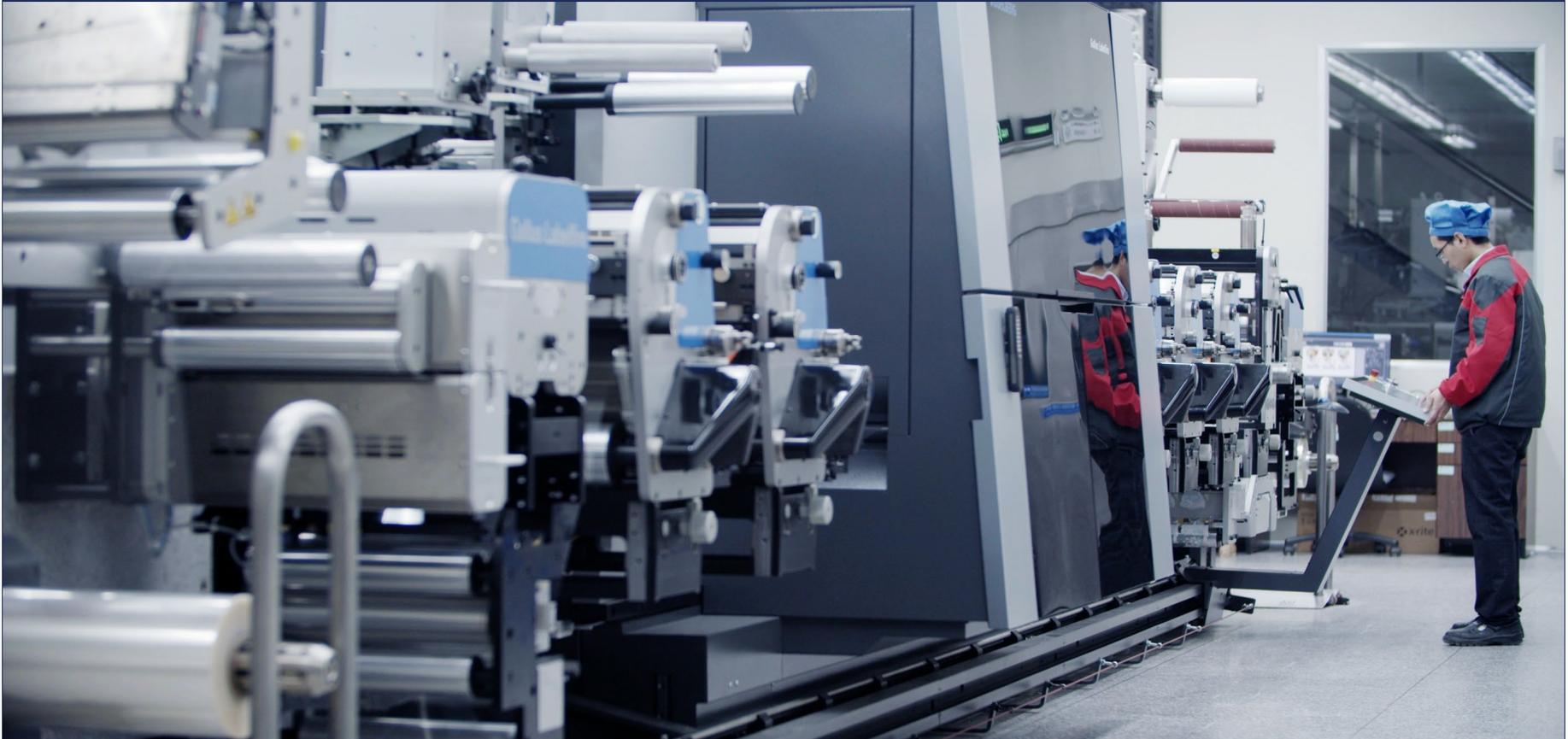
#### Costs

|                          |                   |
|--------------------------|-------------------|
| Costs                    | \$ (1,577)        |
| <b>Subtotal of Costs</b> | <b>\$ (1,577)</b> |

#### Net Benefits

|                      |                   |
|----------------------|-------------------|
| <b>Net Benefits</b>  | <b>\$ 339,366</b> |
| <b>Present Value</b> | <b>\$ 223,589</b> |

# Special Taxing District and Public Schools



# Special Taxing District

## Special Taxing District Net Benefits of Current Operations

| Year | Benefits | Costs | Net Benefits | Cumulative Net Benefits |
|------|----------|-------|--------------|-------------------------|
| 1    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 2    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 3    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 4    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 5    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 6    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 7    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 8    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 9    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 10   | \$ -     | \$ -  | \$ -         | \$ -                    |

## Special District Net Benefits of Expansion

| Year | Benefits | Costs | Net Benefits | Cumulative Net Benefits |
|------|----------|-------|--------------|-------------------------|
| 1    | \$ 308   | \$ -  | \$ 308       | \$ 308                  |
| 2    | \$ 1,039 | \$ -  | \$ 1,039     | \$ 1,347                |
| 3    | \$ 1,647 | \$ -  | \$ 1,647     | \$ 2,994                |
| 4    | \$ 1,878 | \$ -  | \$ 1,878     | \$ 4,872                |
| 5    | \$ 2,106 | \$ -  | \$ 2,106     | \$ 6,978                |
| 6    | \$ 2,203 | \$ -  | \$ 2,203     | \$ 9,181                |
| 7    | \$ 2,304 | \$ -  | \$ 2,304     | \$ 11,485               |
| 8    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 9    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 10   | \$ -     | \$ -  | \$ -         | \$ -                    |

## Special District Combined Net Benefits

| Year | Benefits | Costs | Net Benefits | Cumulative Net Benefits |
|------|----------|-------|--------------|-------------------------|
| 1    | \$ 308   | \$ -  | \$ 308       | \$ 308                  |
| 2    | \$ 1,039 | \$ -  | \$ 1,039     | \$ 1,347                |
| 3    | \$ 1,647 | \$ -  | \$ 1,647     | \$ 2,994                |
| 4    | \$ 1,878 | \$ -  | \$ 1,878     | \$ 4,872                |
| 5    | \$ 2,106 | \$ -  | \$ 2,106     | \$ 6,978                |
| 6    | \$ 2,203 | \$ -  | \$ 2,203     | \$ 9,181                |
| 7    | \$ 2,304 | \$ -  | \$ 2,304     | \$ 11,485               |
| 8    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 9    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 10   | \$ -     | \$ -  | \$ -         | \$ -                    |

# Public Schools

## Public Schools Net Benefits of Current Operations

| Year | Benefits | Costs | Net Benefits | Cumulative Net Benefits |
|------|----------|-------|--------------|-------------------------|
| 1    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 2    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 3    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 4    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 5    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 6    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 7    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 8    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 9    | \$ -     | \$ -  | \$ -         | \$ -                    |
| 10   | \$ -     | \$ -  | \$ -         | \$ -                    |

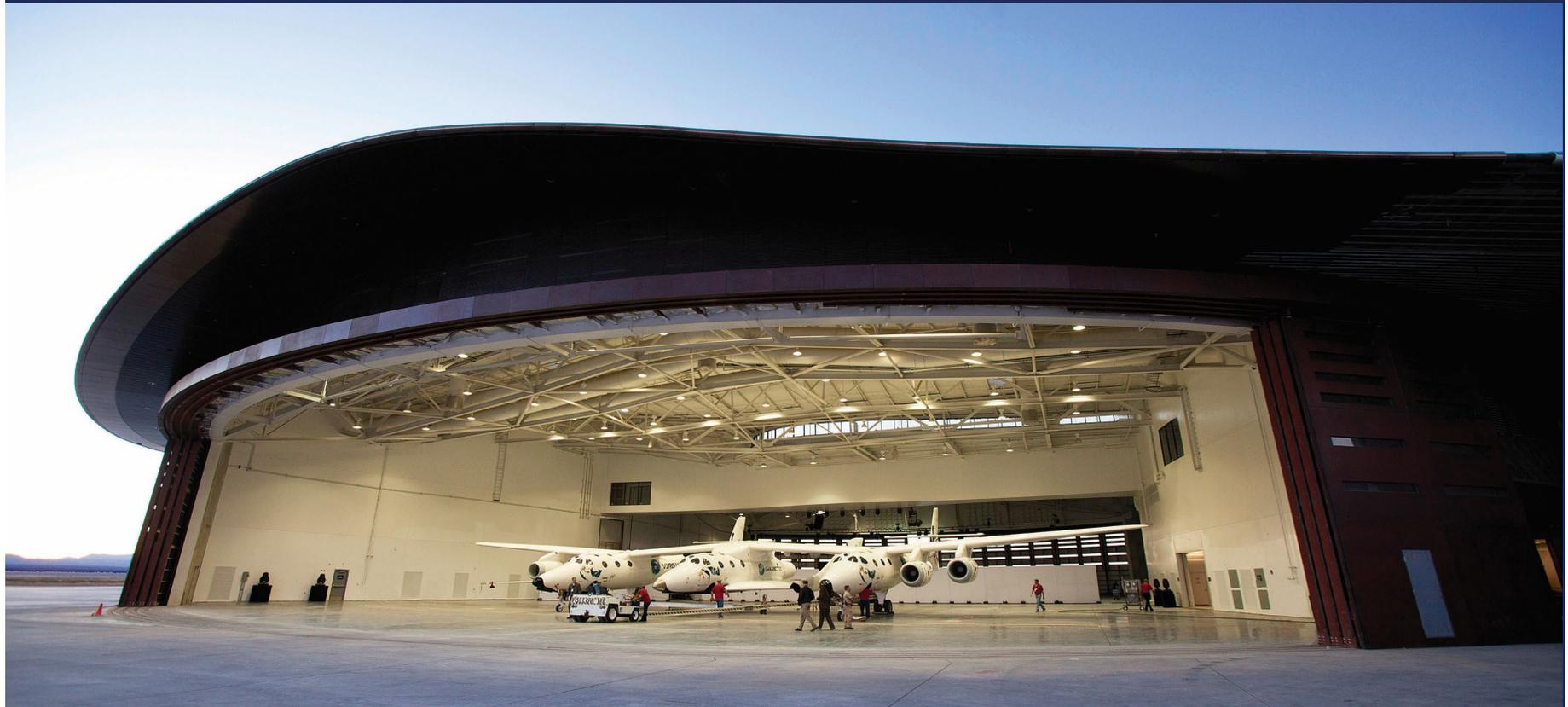
## Public Schools Net Benefits of Expansion

| Year | Benefits  | Costs | Net Benefits | Cumulative Net Benefits |
|------|-----------|-------|--------------|-------------------------|
| 1    | \$ 1,560  | \$ -  | \$ 1,560     | \$ 1,560                |
| 2    | \$ 5,254  | \$ -  | \$ 5,254     | \$ 6,814                |
| 3    | \$ 8,334  | \$ -  | \$ 8,334     | \$ 15,148               |
| 4    | \$ 9,501  | \$ -  | \$ 9,501     | \$ 24,649               |
| 5    | \$ 10,652 | \$ -  | \$ 10,652    | \$ 35,301               |
| 6    | \$ 11,144 | \$ -  | \$ 11,144    | \$ 46,445               |
| 7    | \$ 11,658 | \$ -  | \$ 11,658    | \$ 58,103               |
| 8    | \$ -      | \$ -  | \$ -         | \$ -                    |
| 9    | \$ -      | \$ -  | \$ -         | \$ -                    |
| 10   | \$ -      | \$ -  | \$ -         | \$ -                    |

## Public Schools Combined Net Benefits

| Year | Benefits  | Costs | Net Benefits | Cumulative Net Benefits |
|------|-----------|-------|--------------|-------------------------|
| 1    | \$ 1,560  | \$ -  | \$ 1,560     | \$ 1,560                |
| 2    | \$ 5,254  | \$ -  | \$ 5,254     | \$ 6,814                |
| 3    | \$ 8,334  | \$ -  | \$ 8,334     | \$ 15,148               |
| 4    | \$ 9,501  | \$ -  | \$ 9,501     | \$ 24,649               |
| 5    | \$ 10,652 | \$ -  | \$ 10,652    | \$ 35,301               |
| 6    | \$ 11,144 | \$ -  | \$ 11,144    | \$ 46,445               |
| 7    | \$ 11,658 | \$ -  | \$ 11,658    | \$ 58,103               |
| 8    | \$ -      | \$ -  | \$ -         | \$ -                    |
| 9    | \$ -      | \$ -  | \$ -         | \$ -                    |
| 10   | \$ -      | \$ -  | \$ -         | \$ -                    |

# Property Tax Exemptions and Industrial Revenue Bonds



### Property Tax Exemptions and Industrial Revenue Bonds

The City and/or the County is considering abating taxes on the Project's property. Below is a table that identifies the types of property that are under consideration for property tax abatement:

|                                     |    |
|-------------------------------------|----|
| Land:                               | No |
| Building and Property Improvements: | No |
| Furniture, Fixtures and Equipment:  | No |

### Property Tax Percentage Exemptions On Land and Building

| County | City | Schools | Special Taxing District |
|--------|------|---------|-------------------------|
| 0%     | 0%   | 0%      | 0%                      |

### Property Tax Percentage Exemptions On Furniture, Fixtures and Equipment

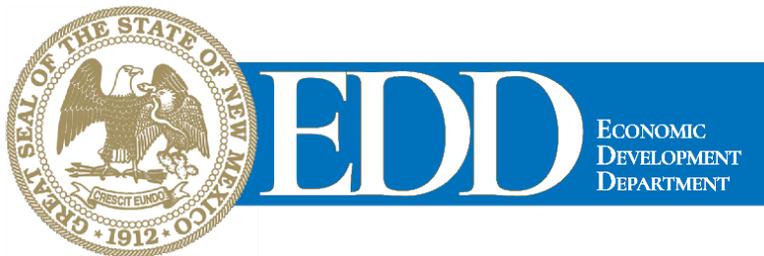
| County | City | Schools | Special Taxing District |
|--------|------|---------|-------------------------|
| 0%     | 0%   | 0%      | 0%                      |

|  |      |      |      |
|--|------|------|------|
| Value of Exemption Through 10 Years:                 | \$ - | \$ - | \$ - |
| *Value of Payment in Lieu of Taxes Through 10 Years: | \$ - | \$ - | \$ - |

\*The model assumes that the payment in lieu of taxes will be administered to the either the county or city, and the local government will disperse the amounts to the appropriate districts.

### Percentage of Gross Receipt Taxes Foregone on Newly Purchased Furniture, Fixtures and Equipment Over 10 Years

| Year                                 | State | County | City |
|--------------------------------------|-------|--------|------|
| 1                                    | 0%    | 0%     | 0%   |
| 2                                    | 0%    | 0%     | 0%   |
| 3                                    | 0%    | 0%     | 0%   |
| 4                                    | 0%    | 0%     | 0%   |
| 5                                    | 0%    | 0%     | 0%   |
| 6                                    | 0%    | 0%     | 0%   |
| 7                                    | 0%    | 0%     | 0%   |
| 8                                    | 0%    | 0%     | 0%   |
| 9                                    | 0%    | 0%     | 0%   |
| 10                                   | 0%    | 0%     | 0%   |
| Value of Exemption Through 10 Years: | \$ -  | \$ -   | \$ - |



Michelle Lujan Grisham • Governor  
Mark Roper • Acting Cabinet Secretary

February 1, 2024

City of Las Cruces  
Attn: Chris Faivre  
Deputy Director, Business & Economic Development  
P O Box 20000  
Las Cruces, NM 88004

Re: X2NSat, Inc. LEDA Project – Project # LCO-2017-03

Dear Mr. Faivre,

As you are aware, the City of Las Cruces, acting on behalf of the State of New Mexico, entered into a LEDA grant agreement with X2NSat, Inc. in November of 2016. The City of Las Cruces accepted from X2NSat and Mr. Garrett Hill as security for this LEDA agreement a corporate guaranty.

NMEDD has reviewed all submitted documents, including the ES903A's, and has confirmed that X2NSat's operations within the City of Las Cruces have provided a full return on investment to the State of New Mexico, Doña Ana County and the City of Las Cruces as per their PPA agreement.

In keeping with the executed PPA and the associated IGA, the New Mexico Economic Development Department is requesting that the City of Las Cruces proceed with terminating the guaranty described above and closing LEDA project no. LCO-2017-03 by passing a repealing ordinance per LEDA statute.

The State of New Mexico would like to thank you for your assistance and efforts toward successfully growing the economy in the City of Las Cruces, Doña Ana County, and the entire State of New Mexico.

Please don't hesitate to reach out if you have any questions.

Respectfully,

A handwritten signature in blue ink that reads "Mark Roper".

Mark Roper  
Acting Cabinet Secretary  
New Mexico Economic Development Department

cc: Cruz Ramos  
Garrett Hill, CEO, X2NSat, Inc.  
Kathleen Kellogg, Financial Controller, X2NSat, Inc.