

SANTA FE COUNTY

RESOLUTION 2015 - 106

ATTACH ADDITIONAL SHEETS IF NECESSARY.

DEPARTMENT CONTACT: Name: Ashley Lopez Dept/Div: Growth Management/ Administration Phone No.: 505-995-2787

DETAILED JUSTIFICATION FOR REQUESTING BUDGET ADJUSTMENT (If applicable, cite the following authority: State Statute, grant name and award date, other laws, regulations, etc.):

- 1) Please summarize the request and its purpose.
The State of New Mexico awarded the Santa Fe Brewing Company \$250,000 for the expansion of the brewing facility and the development of a new wastewater treatment process. Santa Fe County adopted Ordinance 2015-1, approving the \$250,000 from the State Economic Development Department, as well as approving the waiving of development permit fees. The Santa Fe Brewing Company is awaiting a Purchase Order from the County so that it may begin work.

a) Employee Actions

Line Item	Action (Add/Delete Position, Reclasse, Overtime)	Position Type (permanent, term)	Position Title

b) Professional Services (50-xx) and Capital Category (80-xx) detail:

Line Item	Detail (what specific things, contracts, or services are being added or deleted)	Amount
50-03	Assist with expansion for Santa Fe Brewing Co. for development of new wastewater treatment process.	\$250,000.00

- 2) Is the budget action for RECURRING expense _____ or for NON-RECURRING (one-time only) expense X

**SANTA FE COUNTY
RESOLUTION 2015 - 106**

A RESOLUTION REQUESTING AUTHORIZATION TO MAKE THE BUDGET ADJUSTMENT DETAILED ON THIS FORM

Whereas, the Board of County Commissioners meeting in regular session on August 11, 2015, did request the following budget adjustment:

Department / Division: Growth Management/Economic Development Fund Name: Economic Development Fund (224)

Budget Adjustment Type: Budget Increase Fiscal Year: 2016 (July 1, 2015 - June 30, 2016)

BUDGETED REVENUES: (use continuation sheet, if necessary)

FUND CODE XXX	DEPARTMENT/DIVISION XXXX	ACTIVITY BASIC/SUB XXX	ELEMENT/OBJECT XXXX	REVENUE NAME	INCREASE AMOUNT	DECREASE AMOUNT
224	0551	371	2200	Grants/State/ NM Economic Development	\$250,000.00	
TOTAL (if SUBTOTAL, check here)					\$250,000.00	

BUDGETED EXPENDITURES: (use continuation sheet, if necessary)

FUND CODE XXX	DEPARTMENT/DIVISION XXXX	ACTIVITY BASIC/SUB XXX	ELEMENT/OBJECT XXXX	CATEGORY / LINE ITEM NAME	INCREASE AMOUNT	DECREASE AMOUNT
224	0551	436	5003	Contractual/ Professional	\$250,000.00	
TOTAL (if SUBTOTAL, check here)					\$250,000.00	

Requesting Department Approval: Vicki Garcia Title: Building & Development Manager Date: 7/28/15

Finance Department Approval: Bob F. Kelly Date: 8.12.15 Entered by: _____ Date: _____

County Manager Approval: Stephen J. ... Date: 8.11.15 Updated by: _____ Date: _____

SANTA FE COUNTY

RESOLUTION 2015-106



ATTACH ADDITIONAL SHEETS IF NECESSARY.

DEPARTMENT CONTACT:

Name: Ashley Lopez Dept/Div: Growth Management/Administration Phone No.: 505-995-2787

DETAILED JUSTIFICATION FOR REQUESTING BUDGET ADJUSTMENT (If applicable, cite the following authority: State Statute, grant name and award date, other laws, regulations, etc.):



3) Does this request impact a revenue source? If so, please identify the General Fund, state funds, federal funds, etc.), and address the following:

- a) If this is a state special appropriation, YES NO If YES, cite statute and attach a copy.
- b) Does this include state or federal funds? YES NO If YES, please cite and attach a copy of statute, if a special appropriation, or include grant name, number, award date and amount, and attach a copy of a award letter and proposed budget.
- c) Is this request is a result of Commission action? YES NO If YES, please cite and attach a copy of supporting documentation (i.e. Minutes, Resolution, Ordinance, etc.).

Ordinance # 2015-1
Ordinance Name: THE SANTA FE BREWING COMPANY LOCAL ECONOMIC DEVELOPMENT ACT (LEDA) PROJECT ORDINANCE
Executed Date: January 2015
Amount \$ 250,000.00

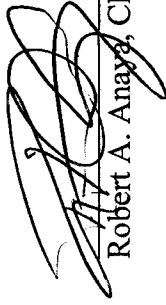
- d) Please identify other funding sources used to match this request.
N/A

SANTA FE COUNTY
RESOLUTION 2015 - 106

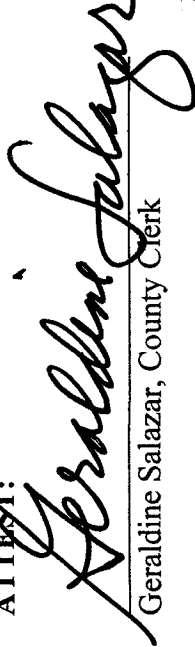
NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Santa Fe County that the Local Government Division of the Department of Finance and Administration is hereby requested to grant authority to adjust budgets as detailed above.

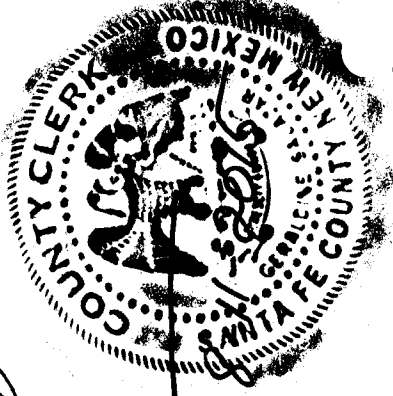
Approved, Adopted, and Passed This 11th Day of August, 2015.

Santa Fe Board of County Commissioners


Robert A. Anaya, Chairperson

ATTEST:


Geraldine Salazar, County Clerk

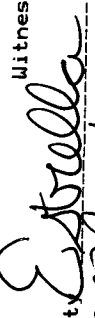


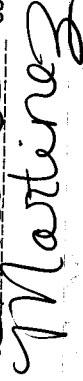
COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss

BCC RESOLUTIONS
PAGES: 45

I Hereby Certify That This Instrument Was Filed for Record On The 12TH Day Of August, 2015 at 11:25:12 AM And Was Duly Recorded as Instrument # 1771871 Of The Records Of Santa Fe County



Witness My Hand And Seal Of Office
Deputy  County Clerk, Santa Fe, NM
Geraldine Salazar



THE BOARD OF COUNTY COMMISSIONERS
OF SANTA FE COUNTY

ORDINANCE NO. 2015-2

THE SANTA FE BREWING COMPANY
LOCAL ECONOMIC DEVELOPMENT ACT (LEDA) PROJECT ORDINANCE

IT IS HEREBY ORDAINED by the Board of County Commissioners of Santa Fe County as follows:

1. **SHORT TITLE.** This Ordinance shall be cited as the "Santa Fe Brewing Company LEDA Ordinance" and shall be referred to herein as "the Ordinance" or "this Ordinance."

2. **AUTHORITY.** This Ordinance is enacted pursuant to N.M. Const., art. IX, Section 14(D), LEDA, and the Santa Fe County Economic Development Ordinance, Ordinance No. 2014-7.

3. **DEFINITIONS.**

- a. "Board" means the Board of County Commissioners of the County.
- b. "County" means Santa Fe County.
- c. "EDD" means the New Mexico Economic Development Department.
- d. "LEDA" means the Local Economic Development Act, NMSA 1978, Chapter 5, Article 10.
- e. "Project" means the expansion of SFBC's beer manufacturing capacity and related storage, warehousing, and distributing capacity through the construction of buildings and infrastructure at the Property, including an on-site wastewater treatment system for SFBC's wastewater.
- f. "Property" means the real property located at 35 Fire Place, Santa Fe, NM 87508.
- g. "SFBC" means Santa Fe Brewing Company, a New Mexico corporation.

4. **FINDINGS.**

- a. SFBC has submitted an application for economic assistance pursuant to Section V(C) of the Santa Fe County Economic Development Ordinance, Ordinance No. 2014-7.
- b. The Board has reviewed the application and hereby determines that the Project warrants the economic assistance set forth in this Ordinance and the attached Project Participation Agreement based upon the following, among other, factors:
 - i. SFBC is a qualifying entity under LEDA, in that it is "an industry for the manufacturing, processing or assembling of agricultural or manufactured products" (NMSA 1978, § 5-10-3(I)(1));
 - ii. SFBC is an expanding business;

iii. SFBC has agreed to make a substantive contribution to the County economy in the form of 64 new jobs by January 1, 2020;

iv. The economic benefits of SFBC's expansion, including the 64 new jobs, represent adequate return on the public investment of \$250,000 plus the value of the waived application and development review fees;

v. The economic assistance to be provided under this Ordinance and Project Participation Agreement is permissible under LEDA, in that it represents direct or indirect assistance for infrastructure and buildings for the Project; and

vi. Except for the waiver of application and development review fees, the economic assistance for the Project will be provided by a LEDA grant to the County from EDD.

5. APPROVAL OF PROJECT AND PROJECT PARTICIPATION AGREEMENT. Subject to the contingencies set forth in Section 7 of this Ordinance, the Board hereby approves of the Project and the Project Participation Agreement attached hereto as Exhibit A; provided, however, the County Manager is authorized to negotiate and agree to on behalf of the County non-substantive changes to the Project Participation Agreement.

6. ECONOMIC ASSISTANCE TO BE PROVIDED. Subject to the provisions of this Ordinance and the Project Participation Agreement, the County shall provide the following economic assistance to SFBC for the Project:

a. \$250,000, via a LEDA grant from EDD to the County, to plan, design, and construct an on-site wastewater treatment system for SFBC's wastewater; and

b. for development applications necessary for the Project submitted after the effective date of the Project Participation Agreement but before the termination of the Project Participation Agreement, the County shall waive all otherwise applicable application and development review fees due under the Land Development Code or Sustainable Land Development Code and Ordinance No. 2008-12 and any future ordinance establishing application or development review fees under the Land Development Code or Sustainable Land Development Code. Notwithstanding anything in the Land Development Code, Ordinance No. 2008-12, the Sustainable Land Development Code, or other ordinance to the contrary, the Land Use Administrator is hereby authorized to waive such application and development review fees in accordance with this Ordinance and the Project Participation Agreement. For the avoidance of doubt, the application and development review fees authorized to be waived hereunder do not include impact fees.

7. CONTINGENCIES. The economic assistance to be provided under this Ordinance and the Project Participation Agreement are contingent upon the following:

a. EDD's approval of the County's application for a \$250,000 LEDA grant for the Project;

b. EDD and the County entering into an Intergovernmental Agreement, pursuant to which EDD grants \$250,000 to the County for the Project;

c. SFBC receiving final development plan approval for the Project; and

d. The City of Santa Fe and County entering into an agreement pursuant to which the City agrees to allow the County to discharge SFBC's wastewater into the City's wastewater collection and treatment system.

These contingencies must be met by December 31, 2015, or the County's approval of the Project and Project Participation Agreement is void.

8. DELEGATION OF AUTHORITY TO THE COUNTY MANAGER. The Board hereby delegates to the County Manager the authority to:

- a. sign on behalf of the County all applications and other documents required to be submitted to EDD for purposes of applying for a LEDA grant for the Project;
- b. execute on behalf of the County an Intergovernmental Agreement between the County and EDD pursuant to which EDD grants \$250,000 to the County for the Project; and
- c. execute on behalf of the County the Project Participation Agreement attached hereto as Exhibit A; provided, however, the County Manager is authorized to negotiate and agree to non-substantive changes to the Project Participation Agreement.

9. PROJECT REVENUE FUND. The County Manager shall cause to be established the SFBC LEDA Grant Fund, in which all revenue and expenditures associated with the Project shall be accounted. Any unexpended balance remaining in the SFBC LEDA Grant Fund as of the date set forth in the Intergovernmental Agreement between the County and EDD shall revert to EDD.

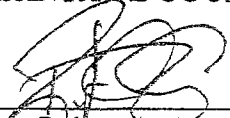
10. SEVERABILITY. If a provision of this Ordinance or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the Ordinance that can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable.

11. NO EFFECT ON DEVELOPMENT APPLICATIONS. The adoption of this Ordinance does not obligate the Board, any County committee, or County staff to approve any application for or issue any development approval or development permit under the Land Development Code or Sustainable Land Development Code. Each such application shall be evaluated on its merits without regard to this Ordinance.

12. EFFECTIVE DATE. This Ordinance shall become effective thirty (30) days after it is recorded in the Office of the County Clerk.

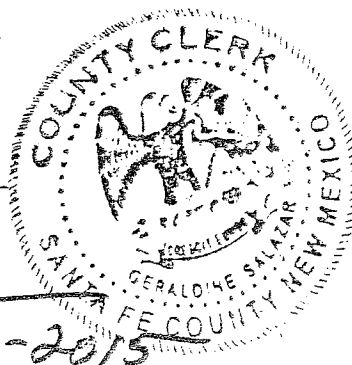
PASSED, APPROVED AND ADOPTED THIS 13TH DAY OF JANUARY, 2015.

**THE BOARD OF COUNTY COMMISSIONERS
OF SANTA FE COUNTY**

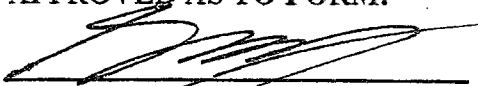
By: 
Robert A. Anaya, Chair

ATTEST:

Geraldine Salazar
County Clerk



APPROVED AS TO FORM:



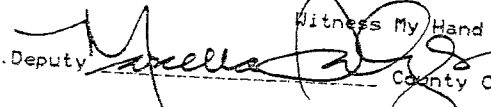
Gregory S. Shaffer
County Attorney



COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss

BCC ORDINANCE
PAGES: 19

I Hereby Certify That This Instrument Was Filed for
Record On The 14TH Day Of January, 2015 at 11:32:06 AM
And Was Duly Recorded as Instrument # 1754910
Of The Records Of Santa Fe County

Witness My Hand And Seal Of Office
Deputy  Geraldine Salazar
County Clerk, Santa Fe, NM

**LEDA PROJECT PARTICIPATION
AGREEMENT FOR SANTA FE BREWING
COMPANY PROJECT**

This Project Participation Agreement ("Agreement" or "PPA") is entered into by and between Santa Fe County, New Mexico ("the County") and Santa Fe Brewing Company, a New Mexico corporation ("the Project Party" or "SFBC"), as of the date it is signed by both parties.

1. Recitals.

A. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Santa Fe Brewing Company LEDA Ordinance.

B. Pursuant to LEDA, the County adopted the Santa Fe County Economic Development Ordinance, Ordinance No. 2014-7, authorizing the County to consider applications for economic assistance.

C. The Project Party has submitted an application to the County for economic assistance under the Santa Fe County Economic Development Ordinance. In the application, the Project Party has proposed that:

- The County grant \$250,000 to the Project Party to plan, design, and construct an on-site wastewater treatment system to treat all the Project Party's wastewater at the Property.
- The County waive all otherwise applicable application and development review fees for development applications necessary for the expansion of the Project Party's manufacturing and related storing, warehousing and distributing facilities.

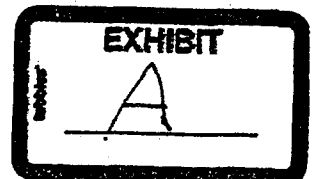
D. The County has adopted the Santa Fe Brewing Company LEDA Ordinance, finding, among other things, that the Project Party is a qualifying entity as defined in Section 5-10-3(I)(1) NMSA 1978 and approving this Agreement.

2. Economic Assistance to be Provided.

A. The County shall provide \$250,000 to the Project Party to plan, design, and construct an on-site wastewater treatment system to treat all the Project Party's wastewater at the Property. This funding shall come from, and is contingent upon the County's receipt of, a \$250,000 LEDA Grant from EDD.

B. For development applications necessary for the expansion of the Project Party's manufacturing and related storing, warehousing, and distributing facilities and related infrastructure submitted after the effective date of this Agreement but before the termination of this Agreement, the County shall waive all otherwise applicable application and development review fees due under the Land Development Code or Sustainable Land Development Code and Ordinance No. 2008-12 and any future ordinance establishing application or development review fees under the Land Development Code or Sustainable Land Development Code. For the avoidance of doubt, the application and development review fees authorized to be waived hereunder do not include impact fees.

3. Substantive Contribution of the Project Party. Per the Economic Impact statement in Attachment 1 and in accordance with NMSA 1978, § 5-10-10(B), the Project Party agrees to



SFC CLERK RECORDED 08/12/2015

SFC CLERK RECORDED 08/14/2015

provide the following substantive contribution in exchange for the economic development assistance set forth in Paragraph 2: SFBC shall have on its payroll a total of 105 employees employed within Santa Fe County by January 1, 2020, as documented by its biannual reports to the County as well as required filings with the New Mexico Department of Workforce Solutions. This represents an increase of 64 jobs above its payroll as of January 5, 2015.

4. General Terms and Conditions. The economic assistance to be provided under this Agreement is expressly conditioned upon the following general terms and conditions:

a. The County Utility Department Director must approve of the design documents for the on-site wastewater treatment system in writing, in advance of construction.

b. The Project Party shall keep the County Utility Department Director fully informed as to the progress of the planning, designing, and construction of the on-site wastewater treatment system to treat all the Project Party's wastewater at the Property and shall permit the County Utility Department Director and other County representatives to inspect all work at reasonable times, provided the County provides the Project Party with at least twenty-four hours advance notice of its intention to do so. The Project Party shall provide the County with a construction schedule for the on-site wastewater treatment system and shall update that construction schedule at least weekly to ensure meaningful inspections can be scheduled.

c. Within fifteen days of the on-site wastewater treatment system being fully installed and operational, the Project Party shall permit the County Utility Department Director or designee to conduct a final inspection. The County Utility Department Director shall accept the infrastructure if all design parameters have been met and the infrastructure has been installed in a workmanlike manner.

d. The on-site wastewater treatment system shall be the property of the Project Party. In no event shall the County be liable to the Project Party or its guests for any damage resulting from design or other defects in the construction or installation of the infrastructure.

e. Maintenance and operation of the on-site wastewater treatment system shall be the Project Party's sole responsibility.

f. All conditions set forth in the Intergovernmental Agreement between the County and the EDD concerning the LEDA grant for the Project must be complied with. Without limiting the generality of the foregoing, all expenses for which the Project Party seeks reimbursement under this Agreement must be capital expenditures for the plan, design, and construction of the on-site wastewater system that are properly reimbursable under the Intergovernmental Agreement and appropriation providing funds for the LEDA grant from EDD to the County.

g. Expenditures for which SFBC seeks reimbursement under this Agreement must be made by the earlier of the date set forth in the Intergovernmental Agreement between the County and EDD or the end of the expenditure period set forth in law for the appropriation providing funds for the LEDA grant from EDD to the County.

h. The Project Party must obtain any necessary permits and other approvals from the New Mexico Department of Environment and City of Santa Fe concerning the on-site wastewater treatment system.

5. Events of Default; Recovery of Proportionate Share of Economic Development Assistance.

a. The following are Events of Default (i) entitling the County to terminate this Agreement; (ii) causing the amounts set forth in subparagraph b of this Section 5 to be immediately due and payable upon demand; and (iii) entitling the County to execute its rights under the Security Agreement:

- i. The failure of SFBC to create 64 new jobs by January 1, 2020;
- ii. The failure of SFBC to pay when due all local, state, and federal taxes, including property taxes;
- iii. The failure of SFBC to continually maintain a County business license;
- iv. Breach of any covenant or agreement or warranty by SFBC to the County, whether such covenant, agreement, or warranty is set forth in this Agreement or the Security Agreement;
- v. Any attempt by SFBC to sell, transfer, or otherwise encumber its Accounts, as defined in the Security Agreement, without first obtaining written consent of the County and EDD;
- vi. Abandonment of the Property by SFBC;
- vii. The filing, execution or occurrence of:
 - a) A petition in bankruptcy by or against SFBC which remains undismissed or unstayed for sixty (60) calendar days;
 - b) A petition or answer seeking a reorganization, composition, readjustment, liquidation, dissolution or other relief of the same or different kind under any provision of the federal Bankruptcy Code, 11 U.S.C., which remains undismissed or unstayed for sixty (60) calendar days;
 - c) Adjudication of SFBC as a bankrupt or insolvent, or insolvency in the bankruptcy equity sense which remains undischarged or unstayed for sixty (60) calendar days;
 - d) An assignment by SFBC for the benefit of creditors, whether by trust, mortgage or otherwise;
 - e) A petition or other proceeding by or against SFBC for the appointment of a trustee, receiver, guardian, conservator or liquidator with respect to all or substantially all of SFBC's property which remains undischarged or unstayed for sixty (60) calendar days; or
 - f) SFBC's dissolution or liquidation, or the taking of possession of SFBC's property by any governmental authority in connection with dissolution or liquidation; or
- viii. A reasonable determination by the County that the collateral in the Security Agreement is inadequate or in danger of being impaired or threatened from any cause whatsoever.

SFC CLERK RECORDED 08/12/2015

SFC CLERK RECORDED 08/14/2015

b. Should an Event of Default occur and should SFBC have not fully met its substantive contribution under Paragraph 3 of this Agreement as of the date of the Event of Default, the following amounts shall be immediately due and payable from SFBC to the County upon demand:

i. a proportionate share of the economic assistance provided through the date of the Event of Default, calculated as follows: the amount due shall equal (i) the amount of economic assistance provided through the date of the Event of Default multiplied by (ii) the recovery percentage, where the recovery percentage is equal to 1 minus the quotient derived by dividing the number of new jobs actually created as of the date of the Event of Default or 64, whichever is less, by 64. By way of example, if \$250,000 of economic assistance had been provided to SFBC as of the date of the Event of Default and SFBC had created 50 new jobs as of the date of the Event of Default, the amount immediately due and payable from SFBC to the County would be \$54,687.50; that is, $\$250,000 \times (1 - (50/64))$;

ii. interest on the amount due under Section 5(b)(i) from the date of the Event of Default through the date of payment by SFBC at the prime rate on the date of the Event of Default as published by the Wall Street Journal; and

iii. any and all costs and fees incurred by the County in enforcing this Agreement or the Security Agreement or collecting amounts due from Santa Fe Brewing under this Agreement or the Security Agreement, including reasonable attorney's fees.

6. Security Provided by SFBC. Contemporaneously with its execution of this Agreement, SFBC shall execute and deliver to the County a Security Agreement in substantially the form as the Security Agreement attached hereto as Attachment 2.

7. Requests for Reimbursement. This section governs SFBC's requests for reimbursement from the LEDA Grant for expenditures to plan, design, and construct an on-site wastewater treatment system to treat all the Project Party's wastewater at the Property ("Reimbursable Expenditures").

a. SFBC shall submit Requests for Reimbursement to the County's Economic Development Manager.

b. SFBC may seek reimbursement of Reimbursable Expenditures no more frequently than once per month.

c. SFBC may only seek reimbursement of Reimbursable Expenditures that it has already paid, as evidenced by cashed checks or other proof of payment satisfactory to the County.

d. All requests for reimbursement must be made on forms provided by the County, be submitted in accordance with procedures developed by the County, and be supported by such documentation as the County may reasonably require.

e. Submission of a request for reimbursement constitutes SFBC's express representation and warranty that all conditions precedent to its reimbursement have been met and that there exists no Event of Default, as defined in Section 5 of this Agreement.

f. The County shall complete the requisite review of each request for reimbursement within fifteen days of receipt of each request. When additional documentation is necessary to support the request for reimbursement, the County shall notify SFBC of the need in writing

SUB 7-19 10:00 AM 11-14-2015

one instrument. This Agreement is governed by and is to be construed in accordance with the substantive laws of the State of New Mexico, without giving effect to its choice-of-law principles.

12. No Commitment of County Funds. Project Party acknowledges and agrees that the LEDA grant from EDD to the County is the sole and exclusive source of reimbursement for expenditures it occurs to plan, design, or construct the on-site wastewater treatment system to treat all the Project Party's wastewater at the Property. In no event shall the County be obligated to reimburse the Project Party unless it receives LEDA grant funds from EDD with which to do so.

13. Merger and Integration Clause. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, understandings, or negotiations, whether written or oral.

14. Written Amendments Required. This Agreement may only be amended in writing, which written amendment must be duly executed by all parties.

15. Representations and Warranties of SFBC. SFBC hereby represents and warrants as follows:

- a. SFBC is a New Mexico corporation, duly organized and in good standing;
- b. The person signing this Agreement has the authority to bind SFBC to the terms hereof;
- c. This Agreement and the actions contemplated hereunder do not conflict with SFBC's Articles of Incorporation, Bylaws, any agreement to which SFBC is a party, any law or regulation applicable to SFBC, or any court order to which SFBC is bound; and
- d. Once duly executed by all parties, this Agreement shall be valid and enforceable against SFBC according to its terms.

16. Termination Clauses Related to Intergovernmental Agreement and LEDA Grant.

a. The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the Legislature of New Mexico for the performance of this Agreement. If sufficient appropriations and authorization are not made by the Legislature, the County may immediately terminate this Agreement by giving the Project Party written notice of such termination. The County's decision as to whether sufficient appropriations are available shall be accepted by the Project Party and shall be final. The Project Party hereby waives any rights to assert an impairment of contract claim against the County or EDD or the State of New Mexico in the event of immediate or Early Termination of this Agreement by the County or EDD.

b. This Agreement is funded in whole or in part by funds made available under an EDD Grant Agreement. Should EDD early terminate the grant agreement, the County may early terminate this Agreement by providing the Project Party written notice of such termination. In the event of termination pursuant to this paragraph, the County's only liability shall be to pay the Project Party for acceptable goods delivered and services rendered before the termination date.

17. Notices. All notices required to given in writing shall be sent by facsimile or regular mail, addresses as follows:

SFC CLERK RECORDED 08/12/2015

SFC CLERK RECORDED 08/14/2015

If to County:

County Manager
102 Grant Avenue
PO Box 276
Santa Fe NM 87504-0276
Facsimile: (505) 995-2740

with a copy to

County Economic Development Manager
102 Grant Avenue
PO Box 276
Santa Fe NM 87504-0276
Facsimile: (505) 820-1394

If to SFBC:

Brian Lock
35 Fire Place
Santa Fe NM 87508
Facsimile: (505) 424-1184

In the case of mailings, notices shall be deemed to have been given and received upon the date of the receiving party's actual receipt or five calendar days after mailing, whichever shall first occur. In the case of facsimile transmissions, the notice shall be deemed to have been given and received on the date reflected on the facsimile confirmation indicating a successful transmission of all pages included in the writing.

A party may change the person or address to which notice shall be sent by giving the other party written notice of such change in accordance with this paragraph.

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Attachment 1

LEDA Santa Fe Brewing Company Economic Impact Statement Regarding Proposed Expansion/Sewer Connection

Santa Fe Brewing Company (SFBC), located at 35 Fire Place in Santa Fe, has grown aggressively over the past 5 years and will reach maximum, practical capacity of the present 12,800 sq. ft. building within the next 12 to 18 months. Please note the attached Reference Table that outlines both historical and forecast growth for SFBC's business. The present brewing facility is currently served by a commercial Water Well, County Water, and utilities providing electricity (supplemented by a solar installation on the building roof) as well as natural gas. However, there is no sewer service available which creates a financial penalty for SFBC approaching \$75,000 annually.

SFBC is in the final stage of determining how it can best meet growing market demand for its products. One option SFBC has explored is to contract with another craft brewing company, located in either Colorado or Texas, for a portion of its output and use that product to meet growing market demand for SFBC products. This path is financially attractive in that it reduces capital investment risk and would accelerate the addition of incremental capacity, although it will result in some loss of control over the brewing process.

From SFBC's perspective, the preferred alternative is to initiate a 1 or 2 phase expansion at the present brewery production location, ultimately adding about 63,500 sq. ft. of building space with project investment of \$8 million depending on the ability to build out in just 1 phase. Employment growth at SFBC would approximate 65 jobs plus the employment created in the construction sector during the project duration. This would result in 105 ultimate jobs at SFBC and SFBC continuing to expand its demonstrated commitment to Santa Fe and the State of New Mexico. Some steps have been taken to make this a potentially feasible option including acquisition of an adjacent 3.5 acre property (necessary for the expansion) and a firm financing commitment from a financial institution. The ultimate capacity once both phases are complete would be 200,000 Barrels a year.

In the event that there would be 2 phases, phase I of the two step project would begin late this year/early next year and include a new building to house a laboratory, a waste water treatment plant, packaging hall, loading dock, a beer garden, an expanded tasting room at the brewery, a new tasting room in Albuquerque, and office / event space. Phase I investment would approximate \$5 million (\$2.2 million for new equipment and \$2.8 million in building construction) and will create approximately 30 new jobs. If SFBC were able to combine phase 1 and 2 the additional investment would be \$3 million and would include an additional 27,000 square foot building for storage and finished product.

If the project was split into 2 phases, phase II of the project would kick off in either 2016 or 2017 with total capital spending estimated at \$3 million (\$1 million for a new brew house and \$2 million for additional building space) and will create approximately 35 jobs.

The purpose of this application is two- fold. First, it is imperative to the success of this project that SFBC's facility be connected to the sewer line running along Hwy. 14. The cost penalty to SFBC in managing waste water effluent in the present configuration is the most significant

competitive disadvantage faced by SFBC relative to other craft brewers. The 3.5 acre plot acquired in the past 6 months will enable direct access to an existing sewer line without the necessity of acquiring easement rights. A sewer connection will remove SFBC's competitive cost disadvantage, one that presently amounts to nearly \$70,000 annually. Timing is important. The decision to proceed with expansion at the present site vs. contracting with another craft brewer hinges upon a commitment to allow SFBC immediate sewer connection.

Second, as a part of the sewer connection request, SFBC has budgeted \$435,000 for a new, comprehensive waste water treatment system. The treatment system will be designed and installed by VM Technology, a company with extensive experience in this field. Test results, illustrating a positive environmental impact, for the treatment system are included in this proposal. The request for a direct grant from the State of New Mexico, was approved, and will improve the overall project economics toward selecting the option to expand at SFBC's present site as opposed to entering into a contract brewing arrangement with a craft brewer in Colorado or Texas.

Finally, an expansion of the scope outlined in this document will enable SFBC to expand geographically beyond the 9 states now served by the company into new domestic and international markets. This will increase the flow of dollars into the State of New Mexico from consumers located outside the state, creating a net positive impact upon New Mexico's economy.

SFBC Expansion Economic Impact Reference Table

	<u>2009</u>	<u>2013</u>	<u>2017</u> <u>Forecast</u>	<u>2020</u> <u>Forecast</u>	<u>2025 Forecast</u>
SFBC Production Capacity	9,500 BBL	17,000 BBL	42,000 BBL	80,000 BBL	200,000 BBL
SFBC Sales Revenue	1,449,000	4,269,000	9,000,000	17,000,000	42,000,000
SFBC Employee Population					
Production	8	13	23	30	40
Sales/Marketing/Admin	7	8	18	40	55
Retail Servers	3	10	25	35	50
Total	18	31	66	105	145
SFBC Taxes Paid in NM					
NM Excise Tax	8,125	77,000	80,000	100,000	225,000
State Gross Receipts Tax	7,500	25,700	90,875	115,000	145,000
State Payroll Tax	42,000	80,000	170,000	300,000	440,000
Property Tax	9,000	9,000	19,000	19,000	19,000
Total	66,625	191,700	359,875	534,000	829,000

SFC CLERK RECORDED 08/12/2015

SFC CLERK RECORDED 01/14/2015

Attachment 1

LEDA Santa Fe Brewing Company Economic Impact Statement Regarding Proposed
Expansion/Sewer Connection

Santa Fe Brewing Company (SFBC), located at 35 Fire Place in Santa Fe, has grown aggressively over the past 5 years and will reach maximum, practical capacity of the present 12,800 sq. ft. building within the next 12 to 18 months. Please note the attached Reference Table that outlines both historical and forecast growth for SFBC's business. The present brewing facility is currently served by a commercial Water Well, County Water, and utilities providing electricity (supplemented by a solar installation on the building roof) as well as natural gas. However, there is no sewer service available which creates a financial penalty for SFBC approaching \$75,000 annually.

SFBC is in the final stage of determining how it can best meet growing market demand for its products. One option SFBC has explored is to contract with another craft brewing company, located in either Colorado or Texas, for a portion of its output and use that product to meet growing market demand for SFBC products. This path is financially attractive in that it reduces capital investment risk and would accelerate the addition of incremental capacity, although it will result in some loss of control over the brewing process.

From SFBC's perspective, the preferred alternative is to initiate a 1 or 2 phase expansion at the present brewery production location, ultimately adding about 63,500 sq. ft. of building space with project investment of \$8 million depending on the ability to build out in just 1 phase. Employment growth at SFBC would approximate 65 jobs plus the employment created in the construction sector during the project duration. This would result in 105 ultimate jobs at SFBC and SFBC continuing to expand its demonstrated commitment to Santa Fe and the State of New Mexico. Some steps have been taken to make this a potentially feasible option including acquisition of an adjacent 3.5 acre property (necessary for the expansion) and a firm financing commitment from a financial institution. The ultimate capacity once both phases are complete would be 200,000 Barrels a year.

In the event that there would be 2 phases, phase I of the two step project would begin late this year/early next year and include a new building to house a laboratory, a waste water treatment plant, packaging hall, loading dock, a beer garden, an expanded tasting room at the brewery, a new tasting room in Albuquerque, and office / event space. Phase I investment would approximate \$5 million (\$2.2 million for new equipment and \$2.8 million in building construction) and will create approximately 30 new jobs. If SFBC were able to combine phase 1 and 2 the additional investment would be \$3 million and would include an additional 27,000 square foot building for storage and finished product.

If the project was split into 2 phases, phase II of the project would kick off in either 2016 or 2017 with total capital spending estimated at \$3 million (\$1 million for a new brew house and \$2 million for additional building space) and will create approximately 35 jobs.

The purpose of this application is two- fold. First, it is imperative to the success of this project that SFBC's facility be connected to the sewer line running along Hwy. 14. The cost penalty to SFBC in managing waste water effluent in the present configuration is the most significant

FILED 01/14/2016

competitive disadvantage faced by SFBC relative to other craft brewers. The 3.5 acre plot acquired in the past 6 months will enable direct access to an existing sewer line without the necessity of acquiring easement rights. A sewer connection will remove SFBC's competitive cost disadvantage, one that presently amounts to nearly \$70,000 annually. Timing is important. The decision to proceed with expansion at the present site vs. contracting with another craft brewer hinges upon a commitment to allow SFBC immediate sewer connection.

Second, as a part of the sewer connection request, SFBC has budgeted \$435,000 for a new, comprehensive waste water treatment system. The treatment system will be designed and installed by VM Technology, a company with extensive experience in this field. Test results, illustrating a positive environmental impact, for the treatment system are included in this proposal. The request for a direct grant from the State of New Mexico, was approved, and will improve the overall project economics toward selecting the option to expand at SFBC's present site as opposed to entering into a contract brewing arrangement with a craft brewer in Colorado or Texas.

Finally, an expansion of the scope outlined in this document will enable SFBC to expand geographically beyond the 9 states now served by the company into new domestic and international markets. This will increase the flow of dollars into the State of New Mexico from consumers located outside the state, creating a net positive impact upon New Mexico's economy.

SFBC Expansion Economic Impact Reference Table

	<u>2009</u>	<u>2013</u>	<u>2017</u> <u>Forecast</u>	<u>2020</u> <u>Forecast</u>	<u>2025 Forecast</u>
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Production	8	13	23	30	40
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State Payroll Tax	42,000	80,000	170,000	300,000	440,000
Property Tax	9,000	9,000	19,000	19,000	19,000
Total	66,625	191,700	359,875	534,000	829,000

SFC CLERK RECORDED 98/12/2015

SFC CLERK RECORDED 01/14/2015

IN WITNESS WHEREOF, the undersigned have signed and sealed this Security Agreement this _____ day of January, 2015.

Santa Fe Brewing Company

By: _____ (signature)

Name: _____ (printed)

Its: _____ (title)

Address: _____

STATE OF NEW MEXICO)

COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this _____ day of January, 2015, by _____ (name), _____ (title) of Santa Fe Brewing Company, a New Mexico corporation, on behalf of the corporation.

Notary Public

My Commission Expires:

RECORDS SECTION 01-14-2015

**NEW MEXICO ECONOMIC DEVELOPMENT DEPARTMENT AND
SANTA FE COUNTY
INTERGOVERNMENTAL AGREEMENT**

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”), acting through its cabinet secretary, and Santa Fe County (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 allow “public support of economic development to foster, promote and enhance local economic development efforts...”; and

WHEREAS, Santa Fe County has adopted Ordinance No. 2014-7 pursuant to LEDA, which established the Santa Fe County Economic Development Plan that promotes economic development within Santa Fe County; and

WHEREAS, Santa Fe County has adopted Ordinance No. 2015-1 (“Ordinance”) to approve the economic development project (“Project”) proposed by Santa Fe Brewing Company (“SFBC” or “Qualifying Entity”).

SECTION 2. SCOPE OF WORK:

Santa Fe County will act as fiscal agent for the Appropriation supporting the Project. Santa Fe County will be reimbursed, pursuant to Section 5-10-3(D) of LEDA, up to two hundred fifty thousand dollars (\$250,000), for costs and expenses incurred relating to the implementation of the Project. In exchange for the Appropriation, the SFBC has certified it will:

- Create a minimum of 105 jobs within Santa Fe County by January 1, 2020.

- Design, construct, and implement a state of the art wastewater treatment system to treat all of its effluent.
- Engineer and install a pipeline to connect to the City of Santa Fe's Waste Water Treatment Plant via the Abajo Lift Station.

Review: Santa Fe County will review project timeline, progress and job creation in May and November of each year and send such reports to EDD until January, 2020. Job creation reporting will be supported by reports and documentation from the New Mexico Department of Workforce Solutions demonstrating the headcount of the operation to demonstrate compliance with this Agreement at each bi-annual review, and another at thirty (30) days prior to the anniversary date of this Agreement, for a period of five years.

EDD and Santa Fe County agree that failure of the Qualifying Entity to create and/or maintain the minimum number of jobs, and failure of the Qualifying Entity to meet its obligations set forth under the Project Participation Agreement (sometimes, "PPA") entered into by and between Santa Fe County and Santa Fe Brewing Company, requires that Santa Fe County enforce the PPA and, if necessary, foreclose on the security. Within thirty (30) days after they are received by Santa Fe County, Santa Fe County shall remit to EDD its proportionate share of any monies received as a result of the sale or foreclosure of the security and any funds recovered by Santa Fe County pursuant to the PPA and security agreement, up to a maximum of \$250,000 and excluding any costs and fees that Santa Fe County incurs in enforcing the PPA and Security Agreement and recovers from the Qualifying Entity. Any property acquired or developed by Santa Fe County as a result of this Project shall be used by Santa Fe County for future economic development purposes only. All the terms, conditions and requirements set forth under the PPA are incorporated into this Agreement by reference.

SECTION 3. SANTA FE COUNTY RESPONSIBILITIES:

Santa Fe County shall:

A. Request to be reimbursed from the Appropriation for economic development purposes as set forth in the Appropriation, the Ordinance, the PPA and this Agreement. Santa Fe County shall submit requests for reimbursement, with supporting documentation, for activities associated with the Project to EDD;

B. Serve as Fiscal Agent for the funds transferred to it under this Agreement;

C. Complete all of the following goals identified in this Agreement within the time limits agreed upon by the Parties:

1. distribute the funds transferred to Santa Fe County by the State Board of Finance to Santa Fe Brewing Company;
2. account for receipts and disbursements of said monies; and
3. provide EDD with the required financial documentation pertaining to such disbursements;
4. submit all required and reasonably requested documentation to EDD, including an endorsed and recorded copy of the Ordinance approved by the Board of County Commissioners of Santa Fe County accepting the Santa Fe Brewing Company Project as a qualifying entity for LEDA, with the accompanying endorsed Project Application and PPA entered into by Santa Fe County and Santa Fe Brewing Company, a fully executed copy of the Security Agreement by which SFBC granted to Santa Fe County a Security Interest in all of SFBC's current and after-acquired Accounts, as defined in NMSA 1978, § 55-9-102(A)(2), and copies of invoices and other documentation as required by EDD within the time required; and

D. Not impose any obligations on EDD with respect to the administration of this Project, other than the reimbursement of funds described in this agreement.

SECTION 4. SANTA FE COUNTY CERTIFICATIONS:

As Fiscal Agent, Santa Fe County hereby assures and certifies that:

A. It will comply with all applicable State laws, regulations, policies, guidelines, and requirements with respect to the acceptance and use of State funds, including but not limited to Article IX, Section 14, of the New Mexico Constitution known as the "anti-donation clause";

B. It has the legal authority to receive and expend the funds;

C. It will enforce the provisions of the Ordinance approving a LEDA Project for Santa Fe Brewing Company, which requires the Qualifying Entity to:

- Create approximately 105 new jobs within Santa Fe County by January 1, 2020;
- Design, construct, and implement a state of the art wastewater treatment system to treat all the Project Party's effluent; and
- Engineer and install a pipeline to connect to the City of Santa Fe's Waste Water Treatment Plant via the Abajo Lift Station;

D. It has exercised due diligence in certifying that Santa Fe Brewing Company Project is a viable economic development initiative with potential long term economic development benefits. Upon request, Santa Fe County will provide EDD all documentation and references to expertise it has relied upon in approving this Project;

E. It has entered into a PPA requiring (1) a substantive contribution of value from the qualifying entity, (2) the security provided to Santa Fe County by the qualifying entity in the form of a lien, mortgage or other indenture, (3) the pledge of the qualifying business's financial or material participation and cooperation to guarantee the qualifying entity's performance pursuant to the project participation agreement, (4) a schedule for project development and completion, including measurable goals and time limits for those goals, and (5) provisions for performance review and actions to be taken upon a determination that project performance is unsatisfactory. The qualifying entity's substantive contribution may be paid in money, in-kind services, jobs, expanded tax base, property or other thing or service of value for the expansion of the economy.

F. It has entered into the Security Agreement proposed by EDD for purposes of securing EDD's and Santa Fe County's respective contributions to the Project;

G. 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;

H. It will notify EDD of any default on the part of Santa Fe Brewing Company under the Project Participation Agreement within 10 days of the event of default;

I. No member, officer or employee of Santa Fe County or its designees or agents, no member of the governing body of the locality of which the program is situation,

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 interests, 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. Santa Fe County shall incorporate in all contracts or subcontracts a provision prohibiting such interest pursuant to this certification.

SECTION 5. EDD RESPONSIBILITIES AND CERTIFICATIONS:

A. EDD shall reimburse qualifying expenditures made to implement the Project.

B. EDD shall, at its discretion, review and audit the Project if it is deemed to be necessary or desirable.

C. Prior to execution of this Agreement, EDD reviewed and approved the Ordinance, PPA, and Security Agreement, and hereby confirms that approval. EDD certifies (i) that it has independently determined that the Security Agreement and the Security Interest created thereby is acceptable to EDD based upon EDD's own due diligence and (ii) that it is not relying upon any certifications or representations by the County as to the adequacy of the Security Interest to protect EDD's and the County's respective contribution to the Project.

SECTION 6. TERM OF AGREEMENT:

This Agreement shall become effective on the date it is fully executed and shall terminate on January 1, 2020, unless the PPA between Santa Fe County and the Santa Fe Brewing Company is terminated prior to above date.

SECTION 7. 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. Santa Fe County and EDD may agree to reimburse one another under these liability provisions, pursuant to a subsequent written agreement and 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 8. DISPOSITION OF PROPERTY; RECORDS; RETURN OF SURPLUS FUNDS:

A. Property purchased under this Agreement for the Project shall remain with the purchasing party unless otherwise agreed upon.

B. Santa Fe County 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 EDD may reasonably require.

C. If, upon the expiration of the Project or the termination date of this Agreement, any surplus funds are possessed by Santa Fe County, Santa Fe County shall return said funds to EDD for reversion to the appropriate fund in accordance with law.

SECTION 9. STRICT ACCOUNTABILITY:

Santa Fe County 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 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 10. REPORTS:

Santa Fe County shall submit reports in May and November of each year during the life of this Agreement to EDD respecting direct and indirect job creation attributable to the State appropriation and a Final Report to EDD either on or before the termination of this Agreement or upon final reimbursement to Santa Fe County, whichever occurs first. 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 reasonably requested by EDD.

SECTION 11. NOTICES; REPRESENTATIVES OF THE PARTIES:

Any notice required to be given to either 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. Notices delivered other than by personal service shall be deemed to have been given upon receipt or five days after

mailing, whichever occurs first.

To EDD:

Economic Development Department
ATTN: Finance Development Team Leader
Joseph M. Montoya State Office Building
1100 St. Francis Drive
Santa Fe NM 87505

To Santa Fe County:

Santa Fe County
ATTN: Economic Development Manager
PO Box 276
102 Grant Ave.
Santa Fe NM 87504-0276

With a copy to:

Santa Fe County
ATTN: Santa Fe County Manager
PO Box 276
102 Grant Ave.
Santa Fe NM 87504-0276

The parties hereby designate the Finance Development Team Leader (EDD) and Economic Development Manager (Santa Fe County) as their representatives responsible for overall administration of this Agreement.

SECTION 12. AMENDMENTS:

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

SECTION 13. GOVERNING LAW:

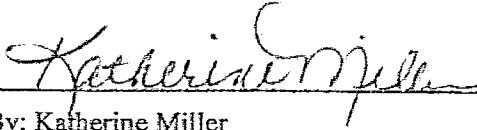
This Agreement shall be governed by the laws of the State of New Mexico.

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SEC CLERK RECORDED 08/12/2015

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

SANTA FE COUNTY, NEW MEXICO

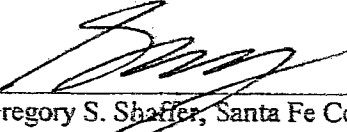


By: Katherine Miller

Its: County Manager

Date: 5.15.15

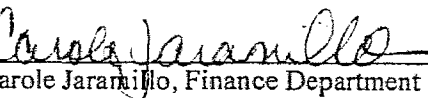
Approved as to Form:



Gregory S. Shaffer, Santa Fe County Attorney

5/15/15
Date

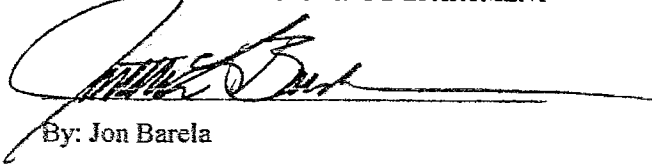
Finance Department Approval:



Carole Jaramillo, Finance Department Director

5/18/15
Date

ECONOMIC DEVELOPMENT DEPARTMENT

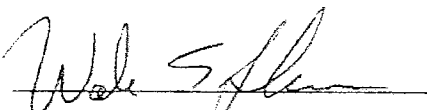


By: Jon Barela

Its: Cabinet Secretary

Date: _____

Approved as to Form:



By: Wade Jackson

General Counsel

**AGREEMENT GOVERNING PRIORITY OF SECURITY INTERESTS
IN THE "ACCOUNTS" OF SANTA FE BREWING COMPANY**

This is an Agreement made effective as of the date of last signature below between and among the County of Santa Fe ("County"), New Mexico Bank & Trust, a New Mexico banking corporation ("NMB&T"), and Santa Fe Brewing Company, a New Mexico corporation ("Santa Fe Brewing"), with respect to the security interests of NMB&T and the County in the "Accounts" of Santa Fe Brewing. For the purposes of this Agreement, "Accounts" shall have the same meaning as the definition of that term in NMSA 1978, §55-9-102(a)(2), and includes all Accounts which Santa Fe Brewing now has or may have in the future.

This Agreement is made with respect to the following facts:

A. Santa Fe Brewing entered into Security Agreements with NMB&T which granted NMB&T a security interest in certain assets and property of Santa Fe Brewing, including, but not limited to, its Accounts. The most recent Security Agreement is dated December 19, 2014. New Mexico Bank & Trust's security interest is evidenced and was perfected by the financing statement filed in the office of the New Mexico Secretary of State on March 7, 2011, as file number 20110003573C and 20110003574E.

B. On May 27, 2015, Santa Fe Brewing entered into a Security Agreement with the County, which granted the County a security interest in the Accounts of Santa Fe Brewing. That security interest is evidenced and was perfected by the financing statement filed in the office of the New Mexico Secretary of State on or about May 27, 2015. But for this Agreement, the County would not have advanced funds to Santa Fe Brewing under the Project Participation Agreement between the County and Santa Fe Brewing.

The parties agree as follows:

1. As between NMB&T and the County, the security interest of NMB&T and the security interest of the County in the Accounts of Santa Fe Brewing shall have equal priority, notwithstanding the order in which those security interests were granted and perfected.

2. In the event of a default by Santa Fe Brewing under either of the security agreements described above or the debts and obligations thereby secured, any sums realized by either NMB&T or the County under their respective security interests in the Accounts of Santa Fe Brewing shall be divided between the County and NMB&T on a pro-rata basis, in proportion of the indebtedness of Santa Fe Brewing to each of them.

3. Any continuation statement or other agreement pertaining to the security interest of either NMB&T or the County or both of them shall be subject to the terms of this Agreement.

4. This Agreement relates only to the priority of the security interests of the County and NMB&T in the Accounts of Santa Fe Brewing and does not modify or amend any agreement between either creditor and Santa Fe Brewing. No future amendment of any agreement between either NMB&T or the County and Santa Fe Brewing shall modify or amend this Agreement unless such amendment is in writing and signed by each party to this Agreement.

5. This Agreement shall remain in effect until the security interest of either NMB&T or the County in the Accounts of Santa Fe Brewing is terminated or lapses.

6. This Agreement may be filed in the office of the New Mexico Secretary of State.

7. By its signature below, Santa Fe Brewing acknowledges and assents to this Agreement.

8. This Agreement shall be binding on and inure to the benefit of each party to this Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement.

COUNTY OF SANTA FE, NEW MEXICO

By: Katherine Miller (signature)

Name: Katherine Miller (printed)

Its: County Manager (title)

Address: PO Box 276 Santa Fe NM 87504-0276

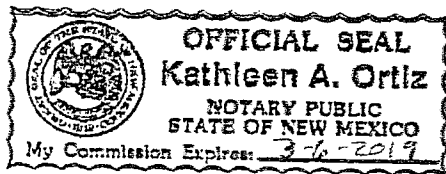
ACKNOWLEDGMENT

State of New Mexico _____)

ss)

County of Santa Fe _____)

This instrument was acknowledged before me on May 27, 2015, by Katherine Miller as the County Manager of Santa Fe County.



Kathleen A. Ortiz

Notary Public

NEW MEXICO BANK & TRUST

By: [Signature] (signature)
Name: Max Myers (printed)
Its: E.V.P (title)
Address: 1592 St. Michael's Drive

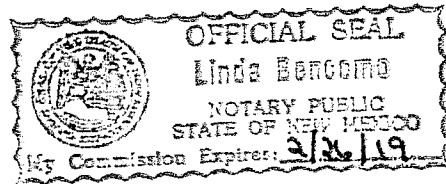
ACKNOWLEDGMENT

State of New Mexico)
 ss)
County of Santa Fe)

This instrument was acknowledged before me on May 28th, 2015, by
Max Myers as the
EVP of New Mexico Bank & Trust.

[Signature]

Notary Public



SFC CLERK RECORDED 8/12/2015

SANTA FE BREWING COMPANY

By:  (signature)

Name: Brian Lock (printed)

Its: President (title)

Address: 35 Fire Place Santa Fe NM 87508

ACKNOWLEDGMENT

State of New Mexico)

ss)

County of Santa Fe)

The foregoing instrument was acknowledged before me on May 27, 2015, by Brian Lock, as President of Santa Fe Brewing Company.



Notary Public



**LEDA PROJECT PARTICIPATION
AGREEMENT FOR SANTA FE BREWING
COMPANY PROJECT**

This Project Participation Agreement (“Agreement” or “PPA”) is entered into by and between Santa Fe County, New Mexico (“the County”) and Santa Fe Brewing Company, a New Mexico corporation (“the Project Party” or “SFBC”), as of the date it is signed by both parties.

1. Recitals.

A. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Santa Fe Brewing Company LEDA Ordinance.

B. Pursuant to LEDA, the County adopted the Santa Fe County Economic Development Ordinance, Ordinance No. 2014-7, authorizing the County to consider applications for economic assistance.

C. The Project Party has submitted an application to the County for economic assistance under the Santa Fe County Economic Development Ordinance. In the application, the Project Party has proposed that:

- The County grant \$250,000 to the Project Party to plan, design, and construct an on-site wastewater treatment system to treat all the Project Party’s wastewater at the Property.
- The County waive all otherwise applicable application and development review fees for development applications necessary for the expansion of the Project Party’s manufacturing and related storing, warehousing and distributing facilities.

D. The County has adopted the Santa Fe Brewing Company LEDA Ordinance, finding, among other things, that the Project Party is a qualifying entity as defined in Section 5-10-3(I)(1) NMSA 1978 and approving this Agreement.

2. Economic Assistance to be Provided.

A. The County shall provide \$250,000 to the Project Party to plan, design, and construct an on-site wastewater treatment system to treat all the Project Party’s wastewater at the Property. This funding shall come from, and is contingent upon the County’s receipt of, a \$250,000 LEDA Grant from EDD.

B. For development applications necessary for the expansion of the Project Party’s manufacturing and related storing, warehousing, and distributing facilities and related infrastructure submitted after the effective date of this Agreement but before the termination of this Agreement, the County shall waive all otherwise applicable application and development review fees due under the Land Development Code or Sustainable Land Development Code and Ordinance No. 2008-12 and any future ordinance establishing application or development review fees under the Land Development Code or Sustainable Land Development Code. For the avoidance of doubt, the application and development review fees authorized to be waived hereunder do not include impact fees.

3. Substantive Contribution of the Project Party. Per the Economic Impact statement in Attachment 1 and in accordance with NMSA 1978, § 5-10-10(B), the Project Party agrees to

provide the following substantive contribution in exchange for the economic development assistance set forth in Paragraph 2: SFBC shall have on its payroll a total of 105 employees employed within Santa Fe County by January 1, 2020, as documented by its biannual reports to the County as well as required filings with the New Mexico Department of Workforce Solutions. This represents an increase of 64 jobs above its payroll as of January 5, 2015.

4. General Terms and Conditions. The economic assistance to be provided under this Agreement is expressly conditioned upon the following general terms and conditions:

a. The County Utility Department Director must approve of the design documents for the on-site wastewater treatment system in writing, in advance of construction.

b. The Project Party shall keep the County Utility Department Director fully informed as to the progress of the planning, designing, and construction of the on-site wastewater treatment system to treat all the Project Party's wastewater at the Property and shall permit the County Utility Department Director and other County representatives to inspect all work at reasonable times, provided the County provides the Project Party with at least twenty-four hours advance notice of its intention to do so. The Project Party shall provide the County with a construction schedule for the on-site wastewater treatment system and shall update that construction schedule at least weekly to ensure meaningful inspections can be scheduled.

c. Within fifteen days of the on-site wastewater treatment system being fully installed and operational, the Project Party shall permit the County Utility Department Director or designee to conduct a final inspection. The County Utility Department Director shall accept the infrastructure if all design parameters have been met and the infrastructure has been installed in a workmanlike manner.

d. The on-site wastewater treatment system shall be the property of the Project Party. In no event shall the County be liable to the Project Party or its guests for any damage resulting from design or other defects in the construction or installation of the infrastructure.

e. Maintenance and operation of the on-site wastewater treatment system shall be the Project Party's sole responsibility.

f. All conditions set forth in the Intergovernmental Agreement between the County and the EDD concerning the LEDA grant for the Project must be complied with. Without limiting the generality of the foregoing, all expenses for which the Project Party seeks reimbursement under this Agreement must be capital expenditures for the plan, design, and construction of the on-site wastewater system that are properly reimbursable under the Intergovernmental Agreement and appropriation providing funds for the LEDA grant from EDD to the County.

g. Expenditures for which SFBC seeks reimbursement under this Agreement must be made by the earlier of the date set forth in the Intergovernmental Agreement between the County and EDD or the end of the expenditure period set forth in law for the appropriation providing funds for the LEDA grant from EDD to the County.

h. The Project Party must obtain any necessary permits and other approvals from the New Mexico Department of Environment and City of Santa Fe concerning the on-site wastewater treatment system.

5. Events of Default; Recovery of Proportionate Share of Economic Development Assistance.

a. The following are Events of Default (i) entitling the County to terminate this Agreement; (ii) causing the amounts set forth in subparagraph b of this Section 5 to be immediately due and payable upon demand; and (iii) entitling the County to execute its rights under the Security Agreement:

- i. The failure of SFBC to create 64 new jobs by January 1, 2020;
- ii. The failure of SFBC to pay when due all local, state, and federal taxes, including property taxes;
- iii. The failure of SFBC to continually maintain a County business license;
- iv. Breach of any covenant or agreement or warranty by SFBC to the County, whether such covenant, agreement, or warranty is set forth in this Agreement or the Security Agreement;
- v. Any attempt by SFBC to sell, transfer, or otherwise encumber its Accounts, as defined in the Security Agreement, without first obtaining written consent of the County and EDD;
- vi. Abandonment of the Property by SFBC;
- vii. The filing, execution or occurrence of:
 - a) A petition in bankruptcy by or against SFBC which remains undismissed or unstayed for sixty (60) calendar days;
 - b) A petition or answer seeking a reorganization, composition, readjustment, liquidation, dissolution or other relief of the same or different kind under any provision of the federal Bankruptcy Code, 11 U.S.C., which remains undismissed or unstayed for sixty (60) calendar days;
 - c) Adjudication of SFBC as a bankrupt or insolvent, or insolvency in the bankruptcy equity sense which remains undischarged or unstayed for sixty (60) calendar days;
 - d) An assignment by SFBC for the benefit of creditors, whether by trust, mortgage or otherwise;
 - e) A petition or other proceeding by or against SFBC for the appointment of a trustee, receiver, guardian, conservator or liquidator with respect to all or substantially all of SFBC's property which remains undischarged or unstayed for sixty (60) calendar days; or
 - f) SFBC's dissolution or liquidation, or the taking of possession of SFBC's property by any governmental authority in connection with dissolution or liquidation;
- viii. A reasonable determination by the County that the collateral in the Security Agreement is inadequate or in danger of being impaired or threatened from any cause whatsoever.

b. Should an Event of Default occur and should SFBC have not fully met its substantive contribution under Paragraph 3 of this Agreement as of the date of the Event of

Default, the following amounts shall be immediately due and payable from SFBC to the County upon demand:

i. a proportionate share of the economic assistance provided through the date of the Event of Default, calculated as follows: the amount due shall equal (i) the amount of economic assistance provided through the date of the Event of Default multiplied by (ii) the recovery percentage, where the recovery percentage is equal to 1 minus the quotient derived by dividing the number of new jobs actually created as of the date of the Event of Default or 64, whichever is less, by 64. By way of example, if \$250,000 of economic assistance had been provided to SFBC as of the date of the Event of Default and SFBC had created 50 new jobs as of the date of the Event of Default, the amount immediately due and payable from SFBC to the County would be \$54,687.50; that is, $\$250,000 \times (1 - (50/64))$;

ii. interest on the amount due under Section 5(b)(i) from the date of the Event of Default through the date of payment by SFBC at the prime rate on the date of the Event of Default as published by the Wall Street Journal; and

iii. any and all costs and fees incurred by the County in enforcing this Agreement or the Security Agreement or collecting amounts due from Santa Fe Brewing under this Agreement or the Security Agreement, including reasonable attorney's fees.

6. Security Provided by SFBC. Contemporaneously with its execution of this Agreement, SFBC shall execute and deliver to the County a Security Agreement in substantially the form as the Security Agreement attached hereto as Attachment 2.

7. Requests for Reimbursement. This section governs SFBC's requests for reimbursement from the LEDA Grant for expenditures to plan, design, and construct an on-site wastewater treatment system to treat all the Project Party's wastewater at the Property ("Reimbursable Expenditures").

a. SFBC shall submit Requests for Reimbursement to the County's Economic Development Manager.

b. SFBC may seek reimbursement of Reimbursable Expenditures no more frequently than once per month.

c. SFBC may only seek reimbursement of Reimbursable Expenditures that it has already paid, as evidenced by cashed checks or other proof of payment satisfactory to the County.

d. All requests for reimbursement must be made on forms provided by the County, be submitted in accordance with procedures developed by the County, and be supported by such documentation as the County may reasonably require.

e. Submission of a request for reimbursement constitutes SFBC's express representation and warranty that all conditions precedent to its reimbursement have been met and that there exists no Event of Default, as defined in Section 5 of this Agreement.

f. The County shall complete the requisite review of each request for reimbursement within fifteen days of receipt of each request. When additional documentation is necessary to support the request for reimbursement, the County shall notify SFBC of the need in writing within the fifteen day review period. The County shall have an additional fifteen days to review any additional documentation supplied by SFBC.

g. If the County rejects a request for reimbursement, the County shall notify SFBC of the rejection and the reasons therefore. If the County approves of the request for reimbursement, reimbursement shall be mailed to SFBC within thirty days of the County's receipt of LEDA Grant funds from EDD.

8. Term; Early Termination; Limitation on Damages.

a. This Agreement shall be effective upon the date it is executed by both parties. It shall terminate on January 1, 2020, unless the County terminates the agreement early:

- i. Due to an Event of Default as defined in Section 5 of this Agreement;
- ii. Pursuant to Section 16 of this Agreement; or
- iii. Due to SFBC having met its substantive contribution by creating 64 new jobs prior to January 1, 2020.

The County shall provide written notice of early termination to SFBC and EDD in accordance with Section 17 of this Agreement.

b. In the event of early termination, the County's sole liability shall be to reimburse the Project Party for expenditures made prior to the effective date of termination that are properly reimbursable under this Agreement and the Intergovernmental Agreement between EDD and the County for the LEDA grant. WITHOUT IN ANY WAY LIMITING THE GENERALITY OF THE FOREGOING, IN NO EVENT SHALL THE COUNTY BE LIABLE TO THE PROJECT PARTY FOR ANY INCIDENTAL, CONSEQUENTIAL, SPECIAL, OR PUNITIVE DAMAGES OF ANY KIND OR NATURE, WHETHER LIABILITY FOR SUCH DAMAGES IS ASSERTED ON THE BASIS OF CONTRACT, TORT, OR OTHER THEORY, AND REGARDLESS OF WHETHER THE COUNTY HAD BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES PRIOR TO EXECUTION OF THIS AGREEMENT.

9. Reporting and Review. By May 15 and November 15 of each year during the term of this Agreement, the Project Party will submit to the County, and the County will review and provide to EDD, a project report in such format and containing such information and supporting documentation as the County may reasonably require. At a minimum, each project report shall include the following: a 1-page narrative on project progress and a jobs spreadsheet listing all employees, their titles, and salaries as of the last day of the month preceding the project report. Project report must be supported by any reports and documentation from the New Mexico Department of Workforce Solutions, including form ES-903, demonstrating the headcount of the operation.

10. Ratification. The County and the Project Party hereby ratify all actions consistent with this Agreement that the County or the Project Party or their respective agents may have taken in furtherance of the Project.

11. Miscellaneous. This Agreement binds and inures to the benefit of the County and the Project Party and their respective successors and assigns. This Agreement may be amended or modified, and the performance by any party of its obligations hereunder may be waived, only in a written instrument duly executed by the 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 substantive laws of the State of New Mexico, without giving effect to its choice-of-law

principles.

12. No Commitment of County Funds. Project Party acknowledges and agrees that the LEDA grant from EDD to the County is the sole and exclusive source of reimbursement for expenditures it occurs to plan, design, or construct the on-site wastewater treatment system to treat all the Project Party's wastewater at the Property. In no event shall the County be obligated to reimburse the Project Party unless it receives LEDA grant funds from EDD with which to do so.

13. Merger and Integration Clause. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, understandings, or negotiations, whether written or oral.

14. Written Amendments Required. This Agreement may only be amended in writing, which written amendment must be duly executed by all parties.

15. Representations and Warranties of SFBC. SFBC hereby represents and warrants as follows:

- a. SFBC is a New Mexico corporation, duly organized and in good standing;
- b. The person signing this Agreement has the authority to bind SFBC to the terms hereof;
- c. This Agreement and the actions contemplated hereunder do not conflict with SFBC's Articles of Incorporation, Bylaws, any agreement to which SFBC is a party, any law or regulation applicable to SFBC, or any court order to which SFBC is bound; and
- d. Once duly executed by all parties, this Agreement shall be valid and enforceable against SFBC according to its terms.

16. Termination Clauses Related to Intergovernmental Agreement and LEDA Grant.

a. The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the Legislature of New Mexico for the performance of this Agreement. If sufficient appropriations and authorization are not made by the Legislature, the County may immediately terminate this Agreement by giving the Project Party written notice of such termination. The County's decision as to whether sufficient appropriations are available shall be accepted by the Project Party and shall be final. The Project Party hereby waives any rights to assert an impairment of contract claim against the County or EDD or the State of New Mexico in the event of immediate or Early Termination of this Agreement by the County or EDD.

b. This Agreement is funded in whole or in part by funds made available under an EDD Grant Agreement. Should EDD early terminate the grant agreement, the County may early terminate this Agreement by providing the Project Party written notice of such termination. In the event of termination pursuant to this paragraph, the County's only liability shall be to pay the Project Party for acceptable goods delivered and services rendered before the termination date.

17. Notices. All notices required to given in writing shall be sent by facsimile or regular mail, addresses as follows:

If to County:

County Manager
102 Grant Avenue
PO Box 276
Santa Fe NM 87504-0276
Facsimile: (505) 995-2740

with a copy to

County Economic Development Manager
102 Grant Avenue
PO Box 276
Santa Fe NM 87504-0276
Facsimile: (505) 820-1394

If to SFBC:

Brian Lock
35 Fire Place
Santa Fe NM 87508
Facsimile: (505) 424-1184

In the case of mailings, notices shall be deemed to have been given and received upon the date of the receiving party's actual receipt or five calendar days after mailing, whichever shall first occur. In the case of facsimile transmissions, the notice shall be deemed to have been given and received on the date reflected on the facsimile confirmation indicating a successful transmission of all pages included in the writing.

A party may change the person or address to which notice shall be sent by giving the other party written notice of such change in accordance with this paragraph.

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SEC CLERK RECORDED 08/12/2015

Attachment 1

LEDA Santa Fe Brewing Company Economic Impact Statement Regarding Proposed
Expansion/Sewer Connection

Santa Fe Brewing Company (SFBC), located at 35 Fire Place in Santa Fe, has grown aggressively over the past 5 years and will reach maximum, practical capacity of the present 12,800 sq. ft. building within the next 12 to 18 months. Please note the attached Reference Table that outlines both historical and forecast growth for SFBC's business. The present brewing facility is currently served by a commercial Water Well, County Water, and utilities providing electricity (supplemented by a solar installation on the building roof) as well as natural gas. However, there is no sewer service available which creates a financial penalty for SFBC approaching \$75,000 annually.

SFBC is in the final stage of determining how it can best meet growing market demand for its products. One option SFBC has explored is to contract with another craft brewing company, located in either Colorado or Texas, for a portion of its output and use that product to meet growing market demand for SFBC products. This path is financially attractive in that it reduces capital investment risk and would accelerate the addition of incremental capacity, although it will result in some loss of control over the brewing process.

From SFBC's perspective, the preferred alternative is to initiate a 1 or 2 phase expansion at the present brewery production location, ultimately adding about 63,500 sq. ft. of building space with project investment of \$8 million depending on the ability to build out in just 1 phase. Employment growth at SFBC would approximate 65 jobs plus the employment created in the construction sector during the project duration. This would result in 105 ultimate jobs at SFBC and SFBC continuing to expand its demonstrated commitment to Santa Fe and the State of New Mexico. Some steps have been taken to make this a potentially feasible option including acquisition of an adjacent 3.5 acre property (necessary for the expansion) and a firm financing commitment from a financial institution. The ultimate capacity once both phases are complete would be 200,000 Barrels a year.

In the event that there would be 2 phases, phase I of the two step project would begin late this year/early next year and include a new building to house a laboratory, a waste water treatment plant, packaging hall, loading dock, a beer garden, an expanded tasting room at the brewery, a new tasting room in Albuquerque, and office / event space. Phase I investment would approximate \$5 million (\$2.2 million for new equipment and \$2.8 million in building construction) and will create approximately 30 new jobs. If SFBC were able to combine phase 1 and 2 the additional investment would be \$3 million and would include an additional 27,000 square foot building for storage and finished product.

If the project was split into 2 phases, phase II of the project would kick off in either 2016 or 2017 with total capital spending estimated at \$3 million (\$1 million for a new brew house and \$2 million for additional building space) and will create approximately 35 jobs.

The purpose of this application is two- fold. First, it is imperative to the success of this project that SFBC's facility be connected to the sewer line running along Hwy. 14. The cost penalty to SFBC in managing waste water effluent in the present configuration is the most significant

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competitive disadvantage faced by SFBC relative to other craft brewers. The 3.5 acre plot acquired in the past 6 months will enable direct access to an existing sewer line without the necessity of acquiring easement rights. A sewer connection will remove SFBC's competitive cost disadvantage, one that presently amounts to nearly \$70,000 annually. Timing is important. The decision to proceed with expansion at the present site vs. contracting with another craft brewer hinges upon a commitment to allow SFBC immediate sewer connection.

Second, as a part of the sewer connection request, SFBC has budgeted \$435,000 for a new, comprehensive waste water treatment system. The treatment system will be designed and installed by VM Technology, a company with extensive experience in this field. Test results, illustrating a positive environmental impact, for the treatment system are included in this proposal. The request for a direct grant from the State of New Mexico, was approved, and will improve the overall project economics toward selecting the option to expand at SFBC's present site as opposed to entering into a contract brewing arrangement with a craft brewer in Colorado or Texas.

Finally, an expansion of the scope outlined in this document will enable SFBC to expand geographically beyond the 9 states now served by the company into new domestic and international markets. This will increase the flow of dollars into the State of New Mexico from consumers located outside the state, creating a net positive impact upon New Mexico's economy.

**SFBC Expansion Economic Impact Reference
Table**

	<u>2009</u>	<u>2013</u>	<u>2017</u> <u>Forecast</u>	<u>2020</u> <u>Forecast</u>	<u>2025 Forecast</u>
SFBC Production Capacity	9,500 BBL	17,000 BBL	42,000 BBL	80,000 BBL	200,000 BBL
SFBC Sales Revenue	1,449,000	4,269,000	9,000,000	17,000,000	42,000,000
SFBC Employee Population					
Production	8	13	23	30	40
Sales/Marketing/Admin	7	8	18	40	55
Retail Servers	3	10	25	35	50
Total	18	31	66	105	145
SFBC Taxes Paid in NM					
NM Excise Tax	8,125	77,000	80,000	100,000	225,000
State Gross Receipts Tax	7,500	25,700	90,875	115,000	145,000
State Payroll Tax	42,000	80,000	170,000	300,000	440,000
Property Tax	9,000	9,000	19,000	19,000	19,000
Total	66,625	191,700	359,875	534,000	829,000

Attachment 2

SECURITY AGREEMENT

This Security Agreement is made this 27th day of May, 2015, by Santa Fe Brewing Company, a New Mexico corporation ("Santa Fe Brewing" or "SFBC").

Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in Santa Fe County Ordinance No. 2015-1 and that certain Project Participation Agreement ("PPA") by and between Santa Fe Brewing and the County.

For and in consideration of the economic assistance provided to SFBC for the Project by EDD and the County pursuant to the PPA, Santa Fe Brewing agrees as follows:

1. Santa Fe Brewing hereby grants to EDD and the County a Security Interest in Santa Fe Brewing's current and after-acquired Accounts. For the purposes of this Security Agreement, Accounts shall have the same meaning as NMSA 1978, § 55-9-102(a)(2) and includes all Accounts which Santa Fe Brewing now has or may have in the future.
2. This Security Agreement secures to the County and EDD the repayment of all amounts that may become due pursuant to and under the PPA and this Security Agreement, up to a maximum amount of three hundred thousand dollars (\$300,000).
3. This Security Agreement will continue in effect until discharged in writing by the County and EDD.
4. Santa Fe Brewing represents and warrants that it is the sole owner of the Accounts subject to this Security Agreement and has not given or offered any interest in them to any other party, except for security interests in the Accounts given by Santa Fe Brewing to New Mexico Bank & Trust prior to the execution of this Security Agreement. Prior to the advancement of any funds under the PPA to Santa Fe Brewing by the County and as an additional condition precedent to the County's obligation to advance funds, Santa Fe Brewing shall cause New Mexico Bank & Trust to enter into any necessary agreements with the County so as (i) to cause the security interest created by this Security Agreement to be coequal in priority with New Mexico Bank & Trust's and (ii) to provide that, in the event Santa Fe Brewing defaults under the PPA and its agreements with New Mexico Bank & Trust, the Accounts shall be divided among the secured parties on a pro-rata basis in proportion to the parties' secured indebtedness.
5. Santa Fe Brewing will not sell, transfer, or otherwise encumber its Accounts without first obtaining written consent of the County and EDD. Any attempted sale, transfer, or encumbrance of its Accounts without the prior written consent of the County and EDD shall be null and void and without effect.
6. In the event that Santa Fe Brewing owes any money to the County or EDD under and pursuant to the PPA and this Security Agreement, the County shall have the following rights with respect to the Accounts:
 - a. The County may notify any account debtor of the County's interest in Santa Fe Brewing's Accounts and direct the account debtor to make payment directly to the County. Santa Fe County may endorse on Santa Fe Brewing's behalf any checks received from its account debtors.

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b. The County may demand, collect, endorse, receive and give a receipt for, compromise, settle and handle suits or other proceedings involving the Accounts in Santa Fe Brewing's name.

c. The County may take any action it feels is necessary in order to take possession of the Accounts, including performing any part of a contract or endorsing it in Santa Fe Brewing's name.

d. The County may take action or pay money, on Santa Fe Brewing's behalf, to preserve or protect the Accounts. The County may treat such payments made or the reasonable value of services performed as advances to be added to the principal amount due from Santa Fe Brewing and secured by this Security Agreement.

e. The County, as a secured party, shall have all rights and may take any other action with respect to the Accounts allowed under the Uniform Commercial Code, NMSA 1978, Chapter 55, Article 9.

7. This Security Agreement constitutes a security agreement, as defined under the Uniform Commercial Code, NMSA 1978, Chapter 55, Article 9.

8. Santa Fe Brewing agrees to execute, deliver, file, and record all such notices, affidavits, assignments, financing statements such as an UCC1 Financing Statement, and other instruments that, in the judgment of the County, are necessary to evidence and validate the security interest created hereby. Should Santa Fe Brewing refuse to timely do so, Santa Fe County may do so on Santa Fe Brewing's behalf.

9. Santa Fe Brewing hereby irrevocably appoints Santa Fe County as its attorney-in-fact for purposes of doing all actions and exercising all remedies authorized under this Security Agreement, the PPA, or at law or equity.

10. This Security Agreement shall be governed by the substantive laws of New Mexico, without regard to its choice of law rules.

11. Upon demand, Santa Fe Brewing shall reimburse the County any and all costs and fees incurred by the County in enforcing the PPA or this Security Agreement or collecting amounts due from Santa Fe Brewing, including reasonable attorney's fees. All such costs and fees shall be treated as an advance and shall constitute additional indebtedness secured by this Security Agreement.


12. In the event the Accounts are insufficient to repay the County all amounts due under the PPA or this Security Agreement, Santa Fe Brewing shall be liable for any deficiency.

13. Remedies Cumulative, Concurrent and Nonexclusive. The County shall have all rights, remedies and recourses granted in the PPA and this Security Agreement and available at law or in equity (including the Uniform Commercial Code), which rights (a) shall be cumulative and concurrent; (b) may be pursued separately, successively or concurrently against Santa Fe Brewing or against the Accounts, or against anyone or more of them, at the sole discretion of the County; (c) may be exercised as often as occasion therefor shall arise, and the exercise or failure to exercise any of them shall not be construed as a waiver or release thereof or of any other right, remedy or recourse, and (d) are intended to be, and shall be, nonexclusive. No action by the County in the enforcement of any rights, remedies or recourse under the PPA or this Security Agreement or otherwise at law or in equity shall be deemed to cure any default by Borrower.

14. Santa Fe Brewing will at all times keep accurate and complete records of the Accounts, and the County, or any of its agents, shall have the right at all reasonable times to examine, inspect, and make extracts from Santa Fe Brewing's books and records and to arrange for verification of accounts directly with account debtors or by other methods.

IN WITNESS WHEREOF, the undersigned has signed and sealed this Security Agreement this 27 day of May, 2015.

Santa Fe Brewing Company

By: 

(signature)

Name: Brian Lock

Its: President

Address: 35 Fire Place Santa Fe NM 87508

STATE OF NEW MEXICO)

ss)

COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 27 day of May, 2015, by Brian Lock, as President of Santa Fe Brewing Company, a New Mexico corporation, on behalf of the corporation.


Notary Public

My Commission Expires: 3-6-2019



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