

**ALBUQUERQUE DEVELOPMENT COMMISSION  
Industrial Revenue Bond Hearing**

**August 15, 2019**

**IRB-19-2:** Nypro Healthcare Baja. Project

**REQUEST:** Approval of \$36,000,000 in City Industrial Revenue Bonds is requested.

**PROJECT SUMMARY:** Nypro Healthcare Baja Project, a Nevada-headquarters providing a wide array of healthcare design and manufacturing services and products, is requesting project assistance in the amount of \$36,000,000 of City of Albuquerque issued Industrial Revenue Bonds (“IRBs”) to acquire advanced manufacturing equipment for their facility at 3801 University Boulevard SE in Albuquerque. City IRBs are issued to support eligible economic development projects that meet established policies and plans. The Company is responsible for funding the purchase of the bonds; no City funds are utilized to purchase or pay off the bonds, and no City credit is used to enhance the bonds.

(The Company also is requesting assistance as a Local Economic Development Act—LEDA—Project, but that will be analyzed separately.)The Company plans to expand the business operations of a facility they have secured under a long-term lease from Ethicon/Johnson&Johnson, which has operated at that location since 1980. This Project results out of an internal site selection competition for their parent company Jabil, Inc., for a location to become their National Center of Excellence for 3-D and Advanced Manufacturing in the medical products field.

Nypro is a subsidiary of Jabil Inc., which is one of the world’s largest contract manufacturing firms for medical products and devices for other companies (like Johnson&Johnson). As stated in their application, “Nypro Healthcare Baja Inc., a Nevada corporation, offers healthcare customers the widest array of design and manufacturing capabilities in the industry. With more than 40 years of experience, our highly-specialized teams meet the complex demands of the diagnostic, medical device, pharmaceutical, and consumer health markets, enabling the world's leading brands to fulfill their market potential. The Company’s customer-focused services range from ideation to device development support, engineering, supply chain optimization, and device assembly operations, all at our purpose-built facilities that support stringent healthcare requirements and protect our customers’ intellectual property.”

The majority of the 120 new positions, 70 will be production jobs with starting average salaries of more than \$40,000 without benefits (\$20/hr) and an average annual salary of \$64,000 (including benefits). The 50 remaining positions are non-production jobs with an average annual salary of \$92,000 (including benefits). All these 120 jobs are considered full time positions, and come with extensive employee benefits. Employee benefits offered by the Company include competitive medical, dental, vision; disability insurance; 401K savings plan; employee stock purchase plan; paid time off; 10 paid holidays; bereavement leave and a shift differential. The Company has an on-site gym.

The Company intends to provide training to all new employees and to avail itself of the State’s Job Training Incentive Program in connection with the training of its employees. As indicated in the Company’s Application, their goal is to have this facility become their National Center of

Excellence for 3-D and Advanced Manufacturing for a wide variety of customers in the medical device manufacturing fields or possibly other areas. They have indicated they would like to add another 120 employees in 2026 and beyond, but that goal is not under evaluation here.

The Company expects to spend approximately \$3.6 million on tenant improvements and expects to work with the landlord to have the work done by local contractors. The Company expects to continue to spend at least \$8.6 million on local goods and services, with annual increases of 5-10%.

Industrial revenue bond projects provide for property tax abatement and gross receipts or compensating tax exemptions for items purchased with bond proceeds. There is no public financing associated with the bonds; the company is responsible for providing all of their own financing. The project plan as shown in Exhibit A provides details of the project.

The facility has a long, successful history in Albuquerque as a significant medical device manufacturing location with a stellar workforce, bolstered over the years by the strong corporate ethics and values of Ethicon/J&J. It is located at the south end of University Boulevard, just south of UNM's south golf course, and between the International Sunport and I-25. Under the City of Albuquerque's Integrated Development Ordinance (IDO), the site is zoned NR-GM to encourage Non-Residential Manufacturing development in areas not adjacent to residential uses in Albuquerque. The proposed use of the facility by the Company would not require a change in zoning. There are no particular environmental impacts associated with this Project.

This project includes a fiscal impact analysis prepared by the University of New Mexico's Bureau of Business and Economic Research (BBER). The fiscal impact determination of the Project is from information the Company provided. The analysis shows that the company will be making a substantive contribution to the community. As Exhibit B indicates, the project will have positive fiscal impacts on the City; there is no property tax abatement associated with land or buildings with this Project. Equipment, once it is fully depreciated, is exempt from taxation in New Mexico. Since this Project is for the purchase of equipment, the impact on long-term property tax revenues is less than would be for a project involving land and new building construction.

This Project is a little different in that it meant the retention of 364 jobs, plus the addition of 120 new high value positions. While there were never any stated plans to reduce the Albuquerque operations, this internal competitive site selection process by the new company was extremely critical for positioning Albuquerque with the new owners to become their national Center of Excellence for 3-D and Advanced Manufacturing. The fiscal impact analyses were conducted in three ways: 1) just showing the impact of the IRB; 2) just showing the impact of the LEDA incentive; and 3: showing the implications and combined impacts. Separate reviews and approvals are required for each part. Each of the incentives analyses shows a positive economic impact. And while the future combined tax revenue benefits for both the IRB and LEDA incentives may take a couple of more years to turn the Project positive, this is a long term investment for the community as well, additionally secured by our sound incentive protection policies. It is also a terrific testament to the employees at this facility who have successfully undergone many changes and competitive restructurings over nearly 40 years.

**FINDINGS:**

1. IRB-19-2 is a qualified project as defined by the State’s Industrial Revenue Bond Act and the City enabling legislation (Resolution R-196, Sixth Council (16-1985) as amended by Resolution 350 Sixth Council.); and
- 2 IRB 19-2 would make positive substantive contributions to the local economy and community by retaining more than 360 high-quality manufacturing jobs and adding another 120; and
3. IRB 19-2 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives; and
4. IRB 19-2 will position the Albuquerque manufacturing facility of Nypro/Jabil as a National Center of Excellence for 3-D and Advanced Manufacturing.
5. IRB 19-2 would adequately meets the evaluation criteria established by the City for industrial revenue bond projects, including the requirement that the City recoup the value of its investment.

**PROJECT ANALYSIS:** The project, as proposed in the project application, will be analyzed in accordance with the City’s IRB project evaluation criteria.

**I. INITIAL QUALIFYING TEST; PASS/FAIL CRITERIA**

1. Economic Base Company * that meets statutory requirements	Pass
2. Satisfactory initial demonstration of ability to service debt or self-fund purchase of the bonds, or evidence of an acceptable financing commitment.	Pass
3. Conforms to City planning and zoning policies.	Pass
4. Firm has no outstanding substantive federal, state or local tax issues.	Pass
5. Proposed project complies with all federal, state, and local environmental laws, regulations, and rules	Pass
6. Jobs created by the project meet or exceed the median wage for similar jobs in the community	Pass
7. Per state requirements, the firm covers 50% of health insurance premiums for employees.	Pass
8. Other additional factors.	
RESULT	PASS

\* Economic Base: Fifty-one percent or more of the revenues of the New Mexico operation are generated outside the Albuquerque Metropolitan Statistical Area. Revenues generated by contracts with Federal entities are considered to be from outside the metropolitan area, but do not include educational or healthcare facilities. Credit may also be assigned to those projects that represent significant “import-substitution.” Import substitution occurs when a manufacturer or

supplier of services provides products or services to a local customer base; which currently has to purchase those products or services from outside of the area.

1. Nypro's contracted manufacturing services are 100% to out-of-state customers. Nypro also qualifies under the IRB Act and the City's Ordinance as:
  - a. "any industry for the manufacturing, processing, or assembling of any agricultural or manufactured products;"
  - b. "any commercial enterprise in storing, warehousing, distributing or selling products of agriculture, mining or industry but does not include facilities designed for the sale of goods or commodities at retail for distribution to the public of electricity, gas, water, or telephone or other services classified as public utilities;"
  - c. "any business in which all or part of the activities of the business involve the supplying of services to the general public or to government agencies or to a specific industry or customer base but does not include establishments primarily engaged in the sale of goods or services at retail."
2. The bonds will be considered a "self-purchase"-- purchased by a subsidiary or affiliate of the Company.
3. The site is zoned NR-GM for General Manufacturing and conforms to City planning and zoning policies. This Project is contained in an existing manufacturing facility. Additional information is contained below in Sections II-1 and II-2
4. Nypro has certified that it has no outstanding substantive federal, state or local tax issues.
5. The Project, in its design, complies with environmental regulations. Permits are required for the renovations. Additional information regarding environmental implications is contained in the following section and in the Project Plan.
6. Jobs for the positions meet or exceed the median wages for similar jobs in the community. The salaries and positions are more fully described in Section II-7 and in the Application.
7. Nypro pays at least 50% percent of the health and dental insurance premiums for its employees.
8. This Project was an internal competitive site selection process for the company between Colorado and New Mexico locations. The Project retains more than 360 existing employees and adds another 120. The Project positions the Albuquerque location to be Nypro/Jabil's National Center of Excellence for 3-D Manufacturing

The Company has requested the approval of LEDA funds in the amount of \$750,000 from the State and \$250,000 from the City, but that will be a separate review and approval process.

## II. LAND USE, PLAN AND DESIGN ELEMENTS

### 1. PLAN & ZONING:

The proposed project is located at 3801 University Boulevard SE, Albuquerque, NM. The project is more particularly described as:

TRACT B SUMMARY PLAT6 OF LANDS OF THE UNIVERSITY OF NEW MEXICO SEC 9 T9N R3 E CONT 65.485 AC

The site is zoned NR-GM, for Non-Residential Manufacturing under the new Integrated Development Ordinance (zoning code). As stated in the IDO, “The purpose of the NR-GM zone district is to accommodate a wide variety of industrial, manufacturing, and heavy commercial uses, particularly those with noise, glare, or heavy traffic impacts, in areas separated from Residential and Mixed use areas and less intense, lighter impact businesses.” Nypro does not have any surrounding residential areas, and has, in fact, few other impacts (more fully described in other sections).

### 2. LAND USE:

The Project will occupy an existing manufacturing facility of approximately 233,136 rentable square feet. The building was constructed in 1980 for Ethicon, a subsidiary of Johnson&Johnson for medical device manufacturing. J&J continues to own the facility, and has leased the facility to Nypril/Jabil for 25 years, with the expectation of selling the facility to them at the end of that time.

The Company is a medical device manufacturing company, which provides contract manufacturing services to a wide variety of companies across the country. The Albuquerque Site will be manufacturing medical devices utilizing the 3D Additive technology. Secondary processes include CNC machining, Sterile Packaging, and Sterilization. The final products will then be distributed from the Albuquerque plant.

The facility sits on a bluff overlooking the I-25 freeway to the west. Just to the north is the University of New Mexico’s South Golf Course, and to the south is vacant land. Across University to the east is vacant land that is part of the Albuquerque International Sunport. Although not be covered under the IRBs, the Company anticipates investing approximately \$3.6 million in improving and renovating certain portions of the existing facility. More specifically, such improvements renovations will include the following:

- DI Water installation
- Fire protection building improvements
- Air handling unit upgrades
- Floor replacement – Antistatic flooring

The impact on existing industry and commerce after construction is anticipated to be favorable. The project will likely be awarded to local construction companies, infusing capital into the local economy. More detail is provided in the fiscal impact analysis.

The project would support: a) An Economic Development Strategy for Albuquerque/Bernalillo County to attract, develop and retain responsible and responsive businesses; nourish expansion of existing and new local businesses; and emphasize economic base companies; and b) The Comprehensive Plan Economic Development Policies to: encourage expansion of export-based business to customers across the country that strengthen the economy; encourage prospective employers willing to hire local residents and able to diversify the employment base; development of local business enterprises as well as the recruitment of outside firms. The project also supports the economic development priorities and objectives of the City's Local Economic Development Act.

The Nypro Healthcare Project further supports the Economic Development Department's criteria for the use of incentives with by Leveraging our Core Assets, Focusing on High-Growth Specialties, Supporting Focused and Positive ROI Projects, and retaining more than 300 Economic Base employees and adding another 120 in high quality positions.

### 3. INFILL:

The project involves an existing building constructed in 1980, which has undergone a number of upgrades and renovations over the years. The Application provides a map of the area. As mentioned above, no extension or relocation of utility or road systems is anticipated. There are adequate utilities and roads to the facility.

### 4. DESIGN AND CONSERVATION:

The facility is an existing facility with suitable mature landscaping. It has been kept in exceptionally good condition and repair over the years as it has undergone a number of renovations and improvements, to maintain its high-quality FDA-certified status with product sterilization capabilities for medical device manufacturing.

The company has stated that the water usage for the site should increase to a maximum of 13,000 gallons per day for deionized water (DI) production and associated waste water, which is well below what is considered a "large water user." The initial and final clean lines will use the DI water and discharge waste water to a treatment system at a maximum rate of 9 gallons per minute. The waste water for the clean lines will then be treated for pH adjustment and sent to the Public Operating Treatment Works.

They have also stated that they have a general company commitment to preserving the environment through reforestation efforts, recycling programs and the beautification of our local communities. At other facilities employees are involved in neighborhood cleanups, tree plantings, habitat restoration and bike-to-work initiatives.

No historic properties are involved.

No individuals, families, or businesses will be displaced by the activities outlined in this plan. The project is to be located within an existing manufacturing facility.

5. RENEWABLE ENERGY:

The Company will not create or produce renewable energy from the facility. The Company anticipates using renewable energy in a manner consistent with its parent company's Energy Policy. More specifically, Jabil, the Company's ultimate parent, recognizes the importance of renewable energy as a vital solution in mitigating the threat of climate change. Renewable energy adoption represents a significant part of not only Jabil's energy goals but also its customers' sustainability goals. Many Jabil company sites have already made the switch to using renewable energy solutions, and Jabil continuously investigates how it and its affiliates and subsidiaries can integrate more renewables both on a site-by-site basis and as part of a global strategy. The Company would anticipate exploring all such renewable energy options with respect to the Albuquerque facility.

In addition, Jabil has stated their commitment to preserving the environment through reforestation efforts, recycling programs and the beautification of their local communities. Their employees are involved in neighborhood cleanups, tree plantings, habitat restoration and bike-to-work initiatives.

6. COMPETITION:

There does not appear to be any local competition for the contract medical device manufacturing services, or the products manufactured.

7. JOBS:

The salaries for the jobs profiled meet or exceed the average for similar positions within the community.

Job growth will occur over approximately seven years, adding 120 new positions to the existing 364, over a variety of production and non-production positions. The Company expects that the first phase of the Project will be completed at the end of the first quarter of 2020 and that by the end of 2022 it will have generated 69 jobs. The Company anticipates that by the end of the project in 2026, the Company will generate 120 jobs. The jobs will be either production jobs, relating directly to the production of the components manufactured at the Project, or non-production jobs, including management, engineering, human resources, accounting and other functions necessary to the functioning of the Company and the Project, but not directly related to production. The Company will try to fill as many positions as possible with local residents, however, given the technical expertise required for certain position the Company may need relocate certain Jabil employees from out of state and/or recruit from out of state. The Company anticipates that it may need to relocate or recruit approximately 15-20% of the new employees from out of state.

The majority of jobs, 70 will be production jobs with starting average salaries of more than \$40,000 without benefits (\$20/hr) and an average annual salary of \$64,000 (including benefits). Production line worker jobs should benefit low and moderate income residents by providing them with opportunities for employment, training and growth within the Company. Depending on the role and individual applicants, jobs may match the skills of the current city residents. The opportunities for advancement will be reliant on business needs and on the performance and capabilities of the employee. The 50 remaining positions are non-production jobs with an average annual salary of \$92,000 (including benefits).

All these 120 jobs are considered full time positions, and come with extensive employee benefits. These employment classifications, salaries, and benefits are more fully detailed below and attached as an exhibit to the Application. The Company intends to provide training to all new employees and to avail itself of the State’s Job Training Incentive Program in connection with the training of its employees. As indicated in the Company’s Application, their goal is to have this facility become their National Center of Excellence for 3-D and Advanced Manufacturing for a wide variety of customers in the medical device manufacturing fields or possibly other areas. They have indicated they would like to add another 120 employees in 2026 and beyond, but that goal is not under evaluation here.

		Cumulative Total Year after Year					Average Salary	Salary Range	Average Benefits	Total Average Salary w/benefits
Function/Item		2020	2021	2022	2026	2030				
Work cell Staff Costing	Direct Labor - Wage	14	14	41	82	120	\$ 41,600.00	\$ 29,120.00 \$ 54,080.00	\$ 22,000.00	\$ 63,600.00
	Quality Engineers	1.00	1.00	1.00	2.00	3.00	\$ 82,500.00	\$ 57,000.00 \$ 108,000.00	\$ 22,000.00	\$ 104,500.00
	Quality Techs	4.00	4.00	5.67	9.50	15.17	\$ 41,600.00	\$ 29,120.00 \$ 54,080.00	\$ 22,000.00	\$ 63,600.00
	Lead Test Engineer	1.00	1.00	1.00	1.00	1.00	\$ 82,500.00	\$ 57,000.00 \$ 108,000.00	\$ 22,000.00	\$ 104,500.00
	Test Engineers	-	-	1.00	2.00	2.00	\$ 66,500.00	\$ 46,000.00 \$ 87,000.00	\$ 22,000.00	\$ 88,500.00
	Test Techs-Functional	4.00	4.00	5.67	9.50	15.17	\$ 41,600.00	\$ 29,120.00 \$ 54,080.00	\$ 22,000.00	\$ 63,600.00
	Line Managers	1.00	1.00	1.00	1.00	1.00	\$ 82,500.00	\$ 57,000.00 \$ 108,000.00	\$ 22,000.00	\$ 104,500.00
	Mfg Supervisors/MIT	3.00	3.00	3.00	6.00	6.00	\$ 69,000.00	\$ 48,000.00 \$ 90,000.00	\$ 22,000.00	\$ 91,000.00
	Project Eng Tier 1	1.00	1.00	2.00	2.00	1.00	\$ 55,000.00	\$ 38,000.00 \$ 72,000.00	\$ 22,000.00	\$ 77,000.00
	Mfg Eng Tier 2	1.00	1.00	2.00	3.00	3.00	\$ 66,000.00	\$ 45,000.00 \$ 87,000.00	\$ 22,000.00	\$ 88,000.00
	Mach Support Techs Tier 3	4.00	4.00	5.67	9.50	15.17	\$ 50,960.00	\$ 35,360.00 \$ 66,560.00	\$ 22,000.00	\$ 72,960.00
	Materials Supervisors	0.25	0.25	0.25	0.50	1.00	\$ 68,500.00	\$ 47,000.00 \$ 90,000.00	\$ 22,000.00	\$ 90,500.00
	Buyers	1.00	1.00	1.00	2.00	2.00	\$ 82,500.00	\$ 57,000.00 \$ 108,000.00	\$ 22,000.00	\$ 104,500.00
	PC Analysts	0.50	0.50	0.50	1.00	1.00	\$ 118,000.00	\$ 81,000.00 \$ 155,000.00	\$ 22,000.00	\$ 140,000.00
	Inventory Control	3.00	3.00	3.00	3.00	3.00	\$ 41,600.00	\$ 29,120.00 \$ 54,080.00	\$ 22,000.00	\$ 63,600.00
	Work cell Manager	0.50	0.50	0.50	1.00	1.00	\$ 102,000.00	\$ 70,000.00 \$ 134,000.00	\$ 22,000.00	\$ 124,000.00
	IL Count	25.25	25.25	33.25	53.00	70.50				
IL+DL Count	39.25	39.25	74.00	135.00	190.50					
<b>Benefits Include:</b>										
	Medical Insurance	PPO, HSA, HRA								
	Dental Insurance	PPO								
	Vision Plan									
	Disability Insurance									
	401K Savings Plan									
	Employee Stock Purchase Plan									
	Paid Time Off	10-25 days based on time with company								
	10 Paid Holidays									
	Bereavement									
	Shift Differential									



The Project involves the use of an existing facility and is continuing with more than 360 existing retained jobs.

- 1) The Company reasonably anticipates that 80-85% of permanent new jobs will be filled by current Albuquerque residents.
- 2) Yes, jobs could benefit lower and moderate income residents. Nypro is likely to be looking for job candidates with some experience, but the manufacturing technician jobs do not require a college degree.
- 3) Yes, jobs will meet the median wages for the industry within the community.
- 4) Yes, the Company believes that the Albuquerque workforce contains significant potential to adequately fulfill all of their business needs. In fact, Nypro/Jabil went above and beyond to create incentive compensation packages to retain many of the skilled long-time workers previously employed by Ethicon/J&J. The Company also invests heavily into training each and every single employee to confidently perform the responsibilities required by their positions.
- 5) Yes, as stated above, new employees will be trained for their respective positions and will continue to receive professional education during their career at Nypro.
- 6) Nypro employees have the potential to advance their careers as business needs expand. Employees amongst all ranks will have equal opportunities to seek, utilize, and work towards these career advancements.
- 7) Yes, the Company anticipates utilizing the “Job Training Incentive Program” to assist with their corporate training.
- 8) Yes, at least 50% of health insurance premiums will be covered by the company.

Employee benefits offered by the Company include competitive medical, dental, vision; disability insurance; 401K savings plan; employee stock purchase plan; paid time off; 10 paid holidays; bereavement leave and a shift differential. The Company has an on-site gym.

The Company anticipates an annual payroll of approximately \$9 million by 2025.

## 8. LOCAL PURCHASES

The Company anticipates spending \$3.6 million on tenant improvements. Annual expenditures at the existing facility have been \$8.6 million and they anticipate that amount could increase 5%-10% annually for utilities and other local operating expenses that might be subject to gross receipts taxes.

All project costs will be funded internally by Jabil Inc., a vast-reaching multinational corporation with more than \$22 billion in annual revenues. Additional information on the company is contained in Section 10.

#### IV. PROJECT FEASIBILITY

##### 9. COST/ FEASIBILITY/ FINANCING:

As stated above, the Company intends to spend approximately \$3.6 million in facility upgrades and renovations with completion and occupancy planned by late December, 2018 to early January 2019.

Upon completion of the project, the estimated appraised value of the facility is anticipated to be greater than the current assessed value of \$9,975,800, due to the probable re-valuation by the Assessor after the purchase by the new owners and the \$3.6 million of real property improvements.

Funding is subject to City Council approval. Nypros is responsible for their own and the City's fees related to the IRB applications and associated legal or other administrative fees, including the fiscal impact analysis.

##### 10. DEVELOPER'S RECORD:

As stated in their application, "Nypro Healthcare Baja Inc., a Nevada corporation, offers healthcare customers the widest array of design and manufacturing capabilities in the industry. With more than 40 years of experience, our highly-specialized teams meet the complex demands of the diagnostic, medical device, pharmaceutical, and consumer health markets, enabling the world's leading brands to fulfill their market potential. The Company's customer-focused services range from ideation to device development support, engineering, supply chain optimization, and device assembly operations, all at our purpose-built facilities that support stringent healthcare requirements and protect our customers' intellectual property."

Further information from the company's website states:

The Nypro Engineering and Technology (NET) group services the world's leading healthcare customers from early research and design, to product development and test, new product introduction and into a seamless transition to full scale manufacturing. Customers who utilize the NET services gain access to cutting-edge technologies, experts in product and process design and experience an overall accelerated time to market.

The NET team consists of Program Managers, Supply Chain Managers, System Architects, Engineers (Mechanical, Electrical, Software, Firmware, DFx, Test, Verification Reliability, etc.), experts in Quality, Tooling, Materials and more.

Core capabilities include:

- Product Architecture and Development
- Power Solutions
- Sensors, Optics and Cameras
- Wireless Technologies
- Human Machine Interface
- Adhesives, polymers, material science

Textiles, Lamination Processes  
Molding, Extrusion and Tooling  
Dfx and Product Launch Support  
DfMold and Mold Flow Analysis  
Data Solutions, Apps and Dashboards  
Fluidics and Microfluidics  
Additive Manufacturing (Printed Electronics and 3DP)  
Thermal Analysis and Simulation  
Factory Automation

Product Domains includes:

Analytical Instrumentation – Chromatography and Spectroscopy  
Anesthesia & Respiratory Devices  
Diagnostic Imaging  
Blood Management  
Cardiovascular/Neurology Products – External and Implanted  
Dental Equipment  
Diabetes Care  
ENT Devices  
Infusion Systems  
Pharmaceutical Drug Delivery Devices – Injection & Inhalation  
IVD Point of Care and Molecular Diagnostics  
Medical Dispensing Systems  
Minimally Invasive Devices/Catheters  
Ophthalmology  
Patient Monitoring  
Sterilization and Disinfection  
Surgical Devices  
Test and Measurement  
Wearables – Consumer and Clinical  
Wound Care Management

The Company is a wholly-owned subsidiary of Nypro Inc., which, in turn, is wholly owned by Jabil Inc. (“Jabil”). Jabil is a leading manufacturing services company headquartered in St. Petersburg, Florida, with operations around the world. Jabil serves customers in a variety of end-markets, including mobility, automotive, consumer lifestyle, consumer packaging, aerospace, defense, industrial, energy, instrumentation, medical, printing, telecom and enterprise infrastructure. Jabil is a publicly traded, US based company with financial information filed with the SEC. FY18 revenue was approximately \$22 billion. Jabil’s annual reports are available on <https://investors.jabil.com/financial-information>.

## 11. EQUITY:

The funds will be used to purchase advanced manufacturing equipment and will be wholly financed by the Company or an affiliate/subsidiary.

Based on financial information provided, the Company appears capable of managing and completing the Project.

## 12. MANAGEMENT:

The principal individuals who are involved with the financing and development of the Project are:

1. John Silva [Project General Manager]
2. Christina Chavez [Work Sale Manager]

Biographies of these individuals are attached in the Application.

John Silva has risen through the ranks on-site at the facility for decades, while also serving at times at other J&J facilities.

Based on the description given in the project plan, management appears to be qualified to manage the project.

## 13. FISCAL IMPACT ANALYSIS

This Project includes an impact analysis prepared by the University of New Mexico's Bureau of Business and Economic Research (BBER) as required given the project is a recipient of City funds.

The fiscal impact analysis demonstrates that the City will recoup the value of its investment.

### **FINDINGS:**

1. IRB-19-2 is a qualified project as defined by the State's Industrial Revenue Bond Act and the City enabling legislation (Resolution R-196, Sixth Council (16-1985) as amended by Resolution 350 Sixth Council.); and

2 IRB 19-2 would make positive substantive contributions to the local economy and community by retaining more than 360 high-quality manufacturing jobs and adding another 120; and

3. IRB 19-2 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives; and

4. IRB 19-2 will position the Albuquerque manufacturing facility of Nypro/Jabil as a National Center of Excellence for 3-D and Advanced Manufacturing.

5. IRB 19-2 would adequately meets the evaluation criteria established by the City for industrial revenue bond projects, including the requirement that the City recoup the value of its investment.

**STAFF RECOMMENDATION:**

Based on the above findings, staff recommends approval of IRB 18-1 as proposed in the project plan application

Deirdre M. Firth, Deputy Director  
Economic Development Department

Table 2. IRB Analysis: Estimated Tax Revenues for Proposed Nypro Project, Including Incremental Tax, Present Value of City Taxes and Net Tax Increment, and Cumulative Net Present Value by Year (\$-dollars)

Percent Abatement: Percent Occurring in ABQ:	95% (Personal Property)		75% (HH consumption, company expenditures, employee property tax)		Property Tax		Gross Receipts Taxes (GRT)		Foregone		City		Fiscal Impact					
	City Donation	Company Employees	Indirect and Induced Employees	Company Purchases	Construction G&S	Construction Employees	Real (Company)	Personal (Company)	Real (Employees)	Other Taxes	Total Revenues	Real Property Tax	Personal Property Tax	GRT	Costs	Annual	Present Value	Cum.
2019	-	-	-	-	100,350	4,973	13,824	314	-	-	119,461	-	5,969	-	-	113,492	113,492	113,492
2020	-	10,640	7,687	8,990	-	-	14,100	1,212	1,809	597	45,034	-	23,025	-	8,011	13,999	13,650	127,142
2021	-	14,281	10,249	9,169	-	-	14,382	1,975	2,397	791	53,245	-	37,572	-	10,614	5,108	4,857	132,000
2022	-	32,553	12,811	9,353	-	-	14,670	2,603	3,030	1,000	76,020	-	49,461	-	13,418	13,141	12,185	144,184
2023	-	39,161	15,373	9,540	-	-	14,964	3,097	3,618	1,194	86,946	-	58,842	-	16,022	12,083	10,925	155,109
2024	-	45,685	17,935	9,731	-	-	15,263	3,456	4,206	1,388	97,664	-	65,664	-	18,625	13,375	11,792	166,902
2025	-	52,293	20,497	9,925	-	-	15,568	3,680	4,794	1,582	108,340	-	69,928	-	21,229	17,184	14,774	181,676
2026	-	58,699	23,060	10,124	-	-	15,879	3,770	5,427	1,791	118,750	-	71,633	-	24,032	20,084	19,354	201,030
2027	-	60,956	23,735	10,326	-	-	16,197	2,828	5,535	1,827	121,404	-	53,725	-	24,513	43,166	35,291	236,320
2028	-	63,258	24,424	10,533	-	-	16,521	2,020	5,646	1,864	124,265	-	38,375	-	25,003	60,887	48,540	284,860
2029	-	65,605	25,127	10,744	-	-	16,851	1,346	5,759	1,901	127,334	-	25,583	-	25,503	76,247	59,274	344,135
2030	-	68,000	25,843	10,958	-	-	17,188	808	5,874	1,939	130,612	-	15,350	-	26,013	89,248	67,656	411,791
2031	-	70,443	26,575	11,178	-	-	17,532	404	5,992	1,978	134,101	-	7,675	-	26,534	99,892	73,842	485,632
2032	-	72,935	27,320	11,401	-	-	17,883	135	6,111	2,017	137,802	-	2,558	-	27,064	108,180	77,980	563,612
2033	-	75,476	28,081	11,629	-	-	18,240	-	6,234	2,058	141,718	-	-	-	27,606	114,112	80,211	643,823
2034	-	78,068	27,530	11,862	-	-	18,605	-	6,358	2,099	144,522	-	-	-	28,158	116,364	79,760	723,583
2035	-	80,712	28,124	12,099	-	-	18,977	-	6,486	2,141	148,539	-	-	-	28,721	119,818	80,085	803,668
2036	-	83,409	28,731	12,341	-	-	19,357	-	6,615	2,184	152,637	-	-	-	29,295	123,342	80,390	884,058
2037	-	86,160	29,350	12,588	-	-	19,744	-	6,748	2,227	156,817	-	-	-	29,881	126,935	80,675	964,734
2038	-	88,966	29,981	12,839	-	-	20,139	-	6,883	2,272	161,080	-	-	-	30,479	130,601	80,941	1,045,675
2039	-	91,828	30,625	13,096	-	-	20,542	-	7,020	2,317	165,428	-	-	-	31,089	134,340	81,188	1,126,863

Gross Receipts Taxes, Company Employees: Gross receipts taxes on local purchases by new operating personnel employed by applicant.

Gross Receipts Taxes, Indirect and Induced Employees: Gross receipts taxes on local spending by those supported by company's purchases of local goods and services and by spending by operating personnel.

Gross Receipts Taxes, Company Purchases: Gross receipts taxes on increased company purchases of local goods and services as a result of the project.

Gross Receipts Taxes, Company Sales: Only sales in-state generate gross receipts taxes.

Gross Receipts Taxes, Construction: Gross receipts taxes on contractor receipts and on local spending by construction workers and those supported indirectly by the project.

Other Revenues: Increased employment, resulting from the project, will increase Albuquerque's local population and this new population will pay taxes and various City charges for services. Taxes include property tax operating and debt service taxes, franchise fees, State-shared revenue distributions other than gross receipt, permits and charges for services, including rent on city properties.

Total Revenues: Gross receipt tax revenues and other revenues associated with the additional population resulting from the project.

Foregone Property Taxes: Property taxes that would have been paid on land, buildings and equipment financed by the IRB. Title to properties financed are held by the City and the properties are exempt from taxes during the life of the bond. There is a minimum Payment in Lieu of Taxes of 5% of the taxes foregone.

Foregone Sales Taxes: Gross receipts taxes that would have been owed on local equipment purchases in the absence of the IRB.

City Costs: Costs of providing City services and infrastructure to the additional population and additional employment supported by the project. Costs include general fund expenditures, the subsidy for Transit, city street fund expenditures and average spending over past 5 years in the City's Capital Acquisition less that supported by Federal funds or transfers. The cost of services provided by the city is split between businesses (based on employment) and residents (based on additional population).

Fiscal Impact, Annual: The annual fiscal impact is the total revenue less the cost for each year of the Industrial Revenue Bond.

Fiscal Impact, Present Value: Present value of the stream of annual net fiscal impacts discounted to current values. Here the discount rate is the real rate of interest on GO bonds.

Fiscal Impact, Cumulative: The running total of state present value fiscal impacts over the life of the Industrial Revenue Bond, where the last year is the net present value of the Industrial Revenue Bond.

Company Purchases includes employer paid health care insurance as well as G&S expenditures.

Property Tax includes Real and Personal property for applicant and employees.



## **John Silva**

*Plant General Manager,  
Jabil Albuquerque*



John has 29 years in the medical device and consumer industry. He started his career with Johnson and Johnson as a Co-Op with Ethicon Inc. As a Tech Services Engineer and progressed through various engineering and operations experiences while at Ethicon and Ethicon Endo in Albuquerque. As the Technical Services Engineering manager, he developed and led a five-year transformation strategy for the Albuquerque site, saving over \$20 million dollars in labor, material, and efficiencies. In 2012, John was asked to support the Consent Decree efforts at McNeil Consumer as a Quality Systems Lead in Fort Washington, PA. In this role, John was the Global Process Owner for Commissioning & Qualification, Facilities & Equipment, and Calibration. John completed and verified workplan steps with Enterprise Regulator Compliance and 3rd party inspectors. In 2016, John transferred to Depuy Synthes as the Director of Quality Operations and management representative for the Depuy Synthes Monument Colorado campus. John returned back to Albuquerque in March 2018, as Plant Manager of Ethicon Plant. Jabil entered a strategic collaboration with J&J in Feb 2019. As a result, John is currently the Plant General Manger for the Jabil plant in Albuquerque. John is known for his collaborative approach, people development and change management. He has a record of demonstrating results and leading teams. John is a 2018 graduate of the J&J Supply Chain Plant Leader Development Program. John received his BS in Electrical Engineering from University of New Mexico and is a J&J Six Sigma Green Belt.



## **Christina Chavez**

*Work Cell Manager – Additive  
Manufacturing*



Christina started her professional career in assembly missile systems prior to joining J&J in 2007. She has held positions of increased responsibility in the Engineering, Packaging, and Planning departments delivering business results as an individual contributor and leading through others. Through these different roles she has gained experience in validations, manufacturing, lean, supervision, planning, distribution and analytics. Christina has made process improvements in production, lead lean initiatives, participated in a rotation at Advanced Sterilization Process (ASP), led the Direct Ship initiative for the Albuquerque site, and managed key business processes such as Business Planning, Capacity Planning, and Inventory management. She was the Materials Manager for the site with oversight of Production, Planning & Logistics (PP&L). Most recently, Christina served as the Site Integration Lead and led the site through the transition activities for the J&J and Jabil strategic partnership, ensuring site readiness for the transfer. Now as a Jabil team member, she has accepted the position of the Work Cell Manager for the Additive Manufacturing Business Unit and will be introducing and managing this new technology in the Albuquerque site. Christina has a B.S. in Industrial Engineering from New Mexico State University and an M.B.A. from the University of New Mexico. Christina is a certified Process Excellence Green Belt, attained her CPIM (Certified in Production and Inventory Management) certification and CSCP (Certified Supply Chain Professional) certification. In 2017, she was named one of Albuquerque's Business First 40 under Forty.



APPLICATION  
for  
INDUSTRIAL REVENUE BOND  
Project Approval

---

Name of Project: Nypro Healthcare Baja Project

Location of Project: 3801 University Blvd. SE Alb. NM. 87106

Company Name: Nypro Healthcare Baja Inc.

Contact Person: John Silva

Address: 3801 University Blvd. SE Alb. NM. 87106

---

Telephone: (505) 764-2185

Email: john\_silva@jabil.com

Bond Counsel: Sutin Thayer & Browne

Address: 6100 Uptown Blvd, Suite 400

Alb., NM 87110

Telephone: 505. 883-2500

Bond Amount Requested: \$36,000,000 Fee Submitted: \_\_\_\_\_

**FOR STAFF USE**

Staff Assigned: \_\_\_\_\_

Case Number: \_\_\_\_\_

Fee Received: \$ \_\_\_\_\_

ADC Hearing Date: \_\_\_\_\_

Council Dates (Tentative): Introduction \_\_\_\_\_  
Committee \_\_\_\_\_ Council Hearing \_\_\_\_\_

## PREFACE

This Plan is being submitted to the Development commission of the City of Albuquerque for review prior to consideration by the City Council of an Inducement Resolution for Industrial Revenue Bonds in accordance with Council Ordinance 12-1985 and Resolution 16-1985. Pursuant to those Council actions this is the first step towards the issuance of bonds pursuant to: the Industrial Revenue Bond Act (Sections 3-32-1 to 3-32-16 NMSA 1978 as amended); or, pursuant to the home rule powers of the City given by Article X, Section 6 of the New Mexico Constitution and the City's Charter.

The Plan contains the information required by City Council Resolution 16-1985 and conforms with and compliments the policies established for the issuance of Bonds pursuant to that Council action.

The purpose of the Plan is to identify the project area and to present the plan and the uses to which the proceeds of the Bonds will be put if issued. This Plan is presented to demonstrate to the City of Albuquerque the public benefits of this project and to help the City evaluate its merit in comparison to other projects submitted. The applicant and its agent will endeavor to provide the City any additional information reasonably requested.

## APPLICATION DESCRIPTION

Please prepare the IRB application according to the following outline. Headings must be present and visible and all required information included. Please prepare the information needed for the fiscal impact analysis in the same manner but attached separately from the following outline.

### I. GENERAL DESCRIPTION

Give a brief overview of the project, including general location, proposed development, use, and total bond amount requested. Include a statement of the benefit to be gained by the Albuquerque community from this development. The General Description should explain what will be done with the IRB if approved.

**Nypro Healthcare Baja Inc. ("Nypro" or the "Company") is requesting that the City of Albuquerque (the "City") issue \$36 million in City of Albuquerque Industrial Revenue Bonds (the "Bonds") with a term of 20 years to finance the equipping and retooling of its medical device manufacturing facility (the "Project") located within the geographic boundaries of the City. Medical devices manufactured at the site will include implantable devices. In addition to manufacturing implantable devices, the company will package and sterilize product from the site. As a result of the expansion contemplated under the Project, the Company anticipates significantly increasing output from the facility necessary to meet the Company's growing customer demands. The Company will invest approximately \$3.6 million in certain building improvements and renovations in anticipation of the equipment purchases contemplated under the Project. Shipments of equipment for the facility are expected to begin in September 2019 and continue through 2026. As of June 30, 2019, the Company employed 364 full**

time employees. Operations at the facility will create approximately up to 120 new jobs by the end of 2026 with 70 production jobs with average salaries of \$64,000 (including benefits) per year and 50 non-production jobs with average salaries of \$ 92,000 (including benefits). All full-time Company employees will receive a competitive benefits package including medical insurance (with company covering between 70% and 80% of each employees health insurance costs, depending on which program the employee selects), dental and eye insurance and eligibility to participate in the Company's retirement plan.

The Company's investment in the Project will provide Albuquerque with a significant presence in the medical device manufacturing market and provide significant employment opportunities for Albuquerque residents in this rapidly growing field.

## II. SITE AND EXISTING CONDITIONS

### A. Legal Description

Give both the precise and complete legal description and address or identification of location. (For example: The proposed project is located at 5300 2<sup>nd</sup> Street N.W. The site is more particularly described as Tracts B-1 and C of the Plan of Division of Lands of Mel Sanchez and Lath & Plaster Supply Company, as the same is shown and designated on the plat of said land filed in the office of the County Clerk on April 27, 1979 in Bernalillo County, New Mexico, containing approximately 11.15 acres.)

The facility is located at 3801 University Blvd. SE The Company currently leases the facility from the current property owner with a lease term extending through February 2025. Upon the expiration of the lease, the Company is, subject to certain conditions, obligated to purchase the facility from the landlord. The legal description of the Project Site is:

A certain tract or parcel of land lying and being situate within Section 9, Township 9 North, Range 3 East, New Mexico Principle Meridian, County of Bernalillo, State of New Mexico, said same tract or parcel of land being more particularly bounded and described as follows to wit:

Beginning at a point for the Northwest corner of said tract or parcel of land, said same point of beginning being the intersection of the line common to Sections 4 and 9, Township 9 North, Range 3 East and the East Right-of-Way line of U.S. Interstate Highway Number 25 as said same Right-of-Way is shown and designated on New Mexico State Highway Commission Right-of- Way Map, New Mexico Project No. 1-IG-025-4(14)217 having New Mexico (Central Zone) State Plane Coordinate Values  $X = 384, 108.75$ ,  $Y = 1,466,090.82$  and from whence Section Corner 4,5, 8 and 9, Township 9 North, Range 3 East bears  $S87^{\circ}49'22''W$  a distance of 578.60 feet; thence on a bearing of  $N87^{\circ}49'22''E$  along the line common to Sections 4 and 9, Township 9 North, Range 3 East a distance of 1970.80 feet to a point on the West Right-of-Way of the proposed University Boulevard-Rio Bravo Boulevard Extension; thence on a bearing of  $S25^{\circ}35'10''W$  along said proposed Right-of-Way a distance of 1082.79 feet to a point of

curve having a Delta of 15°13'19" bearing to the right (Radius equals 3766.72 feet); thence along the Arc a distance of 1000.72 feet to a point on curve; thence 011 a bearing of N49°11'31"W a distance of 42.00 feet to a point on curve having a Delta of 03°14'16" bearing to the right (Radius equals 3724.72 feet); thence along the Arc a distance of 210.48 feet to a point of compound curve having a Delta of 46°48'16" bearing to the right (Radius equals 508.11 feet); thence along the arc a distance of 415.07 feet to a point of tangent; thence on a bearing of N89°08'59"W a distance of 235.98 feet to a point on said East Right-of-Way of U.S. Interstate Highway Number 25; thence on a bearing of N00°51'01"E along said East Right-of-Way a distance of 26.84 feet; thence on a bearing of N89°08'59' W along said East Right-of-Way a distance of 80.16 feet; thence on a bearing of N 07°38'59"W along said East Right-of-Way a distance of 830.09 feet; thence on a bearing of N00°51'01"E along said East Right of-Way a distance of 1165.23 feet to the true point and place of beginning.

Containing 65.485 acres, more or less.

B. Prevailing Site Conditions

Describe the present use and development of the site, including any improvements, vacant land, etc.

**The project site consists of an approximately 65 acre parcel of land and a 233,136 square foot building. The facility is currently being occupied by the Company which uses the site for its manufacturing operations.**

C. Present Assessed Value

Give the present assessed value according to the Bernalillo County Assessor's office. You may also list a current appraised value if you feel it will make the post-development value clearer.

**The present value of the property according to the Bernalillo County Assessor's office is \$9,975,800**

D. Present and Proposed Zoning

Give the current zoning of the property. If any change in zoning is required for the proposed use, give the proposed new zone. We recommend that zoning changes required be requested before the project plan reaches the Development Commission.

**The building is currently zoned for manufacturing.**

E. Renewable Energy

Indicate in detail if and how the Project will create, produce or use renewable energy and renewable energy technology.

The Company will not create or produce renewable energy from the facility. The Company anticipates using renewable energy in a manner consistent with its parent company's Energy Policy. More specifically, Jabil, the Company's ultimate parent, recognizes the importance of renewable energy as a vital solution in mitigating the threat of climate change. Renewable energy adoption represents a significant part of not only Jabil's energy goals but also its customers' sustainability goals. Many Jabil company sites have already made the switch to using renewable energy solutions, and Jabil continuously investigates how it and its affiliates and subsidiaries can integrate more renewables both on a site-by-site basis and as part of a global strategy. The Company would anticipate exploring all such renewable energy options with respect to Albuquerque facility.

### III. PROJECT PLAN

#### A. Information Concerning Applicant

Describe the development entity – corporation, syndicate, individual, etc., and give information about the experience of the company or of significant individuals involved in the type of development or industry proposed. Include as an attachment resumes of main principles, or other information which will bear on the experience and credibility of the development entity.

**Nypro Healthcare Baja Inc., a Nevada corporation, offers healthcare customers the widest array of design and manufacturing capabilities in the industry. With more than 40 years of experience, our highly-specialized teams meet the complex demands of the diagnostic, medical device, pharmaceutical, and consumer health markets, enabling the world's leading brands to fulfill their market potential. The Company's customer-focused services range from ideation to device development support, engineering, supply chain optimization, and device assembly operations, all at our purpose-built facilities that support stringent healthcare requirements and protect our customers' intellectual property. The Company began its operation in Albuquerque on February 25, 2019, through its acquisition of a business formerly operated by Johnson & Johnson Medical Devices Companies. Such predecessor business operated in Albuquerque for a number of years prior to its acquisition by the Company.**

**The Company is a wholly-owned subsidiary of Nypro Inc., which, in turn, is wholly owned by Jabil Inc. ("Jabil"). Jabil is a leading manufacturing services company headquartered in St. Petersburg, Florida, with operations around the world. Jabil serves customers in a variety of end-markets, including mobility, automotive, consumer lifestyle, consumer packaging, aerospace, defense, industrial, energy, instrumentation, medical, printing, telecom and enterprise infrastructure. Jabil is a publicly traded, US based company with financial information filed with the SEC. FY18 revenue was approximately \$22 billion. Jabil's annual reports are available on <https://investors.jabil.com/financial-information>.**

**The principal individuals who are involved with the financing and development of the Project are:**

1. **John Silva                    Plant General Manager]**
2. **Christina Chavez        Work Cell Manager**

**Biographies of these individuals are attached hereto as Exhibit A.**

**B.        Tax Issues**

Please provide a statement declaring that the applicant has no outstanding substantive federal, state or local tax issues. If, however, there are pending issues, thoroughly describe all issues and their status.

**The Company certifies that it has no outstanding substantive federal, state or local tax issues.**

**C.        Information Concerning Products and Process**

Identify the products and/or processes involved with this project. Specifically address the question of whether the proposed development will generate air, noise, or waste pollution or traffic congestion. Include any plans for the reduction and disposal of waste and/or project emissions.

**The Facility will be manufacturing medical devices utilizing the 3D Additive technology. Secondary processes include CNC Machining, sterile packaging and sterilization. The final product will then be distributed from the Albuquerque plant.**

**Through Nypro, Jabil will be expanding it's growing healthcare division in Albuquerque. This is consistent with the diversification of Jabil's growing capabilities. Nypro's Albuquerque facility will expand Jabil's medical device research, design and production. As the brand behind the brand Jabil is careful to not disclose customers or products. All production will adhere to Federal, State and local regulation. Products from this facility will be used in medical facilities throughout the world. The Albuquerque facility will have special capabilities in packaging, sterilization and 3D printing**

**The proposed development will not generate air, noise, or waste pollution or traffic congestion**

**D.        Competition**

Please describe any competition in the same area of commerce or industry existing in the City. Since the Development Commission and City Council do not wish to make industrial revenue bonds, with their associated tax abatements, available for projects with local competition, this statement is very important.

**The Company has no known competition in the City with respect to the manufacture of medical devices.**

E. Effect on Existing Industry and Commerce during and after Construction  
Describe the predicted effects of the project including construction jobs generated, increased employment, increased sales, new industrial base, possible spin-off business, etc.

**In connection with the proposed Project, the Company will need to make certain renovations and improvements to the existing facility, however, such renovations are not expected to generate a significant number of construction jobs. As described herein, the Project is anticipated to create 120 new jobs by 2026. After the project is completed, the Company anticipates that its annual gross sales will increase by approximately 8%-10%.**

F. Land Acquisition  
Indicate if IRB proceeds will be used to acquire land, and whether land is presently owned by the applicant, or is under option.

**The IRBs will not be used for the acquisition of land. The Company currently leases the Project Site from a third party.**

G. Description of Proposed Development  
Describe the construction to be undertaken in the project, including square footage, construction type, and location of construction on the project site. Indicate whether existing buildings on the site will be rehabilitated or incorporated in the construction. Detail any demolition which will be required by the project, and indicate whether demolition involves any identified historic properties. If possible, attach a conceptual site plan and elevation (alternately, these may be presented at the Development Commission hearing).

**Although not be covered under the IRBS, the Company anticipates investing approximately \$3.6 million in improving and renovating certain portions of the existing facility. More specifically, such improvements renovations will include the following:**

- DI Water installation**
- Fire protection building improvements**
- Air handling unit upgrades**
- Floor replacement – Antistatic flooring**

H. Infrastructure  
Indicate if Project will require any extension or relocation of utility or road systems. If additional infrastructure is required, what cost sharing agreements have been reached between the applicant and the city?

**The Project will not require any extension or relocation of utility or road systems.**

I. Area Enhancement

Describe how project design and placement will enhance the area.

**Renovations and improvements to the building will not require a significant redesign of the area. Accordingly, no changes to the area are anticipated.**

J. Local Purchasing

Please provide an estimated annual expenditure of goods and services locally procured that are subject to the New Mexico gross receipts tax, and an estimated annual increase in such an expenditure.

**The Company anticipates that in each year of its operation it will need to make \$8.6M of purchases locally for the general operation and maintenance of the facility.**

A. Water Conservation

Estimate average daily and monthly water consumption and include any plans for the reduction or re-use of water.

**Current water usage at the facility is 15,000 gallons per day. The water usage for the site should increase to a maximum of 25,000 gallons per day for deionized water (DI) production and associated waste water by the year 2030. The initial and final clean lines will use the DI water and discharge waste water to a treatment system at a maximum rate of 9 gallons per minute. The waste water for the clean lines will then be treated for pH adjustment and sent to the Public Operating Treatment Works.**

L. Relocation of Individuals or Businesses

No individuals, families or businesses should be displaced by the activities outlined in this plan. If any relocation is required, detail the assistance the applicant will give in relocation.

**No individuals, families, businesses will be displaced as the result of the operation of the Project.**

M. Number and Types of Jobs Created

Identify the number and type (i.e., professional, clerical, assembly line, etc.) of permanent jobs which will be created in the project. If any existing jobs are to be retained to the project site, describe separately. Please include the wages of all positions to be created. The following questions must also be answered:

- 1) What percentage of the permanent new jobs is expected to be filled by current Albuquerque area residents, as opposed to people relocated from elsewhere?
- 2) Will jobs benefit low and moderate income residents?



- 3) Will the jobs meet or exceed median wages for the industry within the community?
- 4) Will the jobs match skills of current city residents?
- 5) Will new employees be trained to fill the positions?
- 6) What stated advancement opportunities are there?
- 7) Will "Job Training Incentive Program" or other job training programs be used?
- 8) Will at least 50% of health insurance premiums be covered for employees?

The Company expects that the first phase of the Project will be completed at the end of the first quarter of 2020 and that by the end of 2020 it will generate 40 jobs. The Company anticipates that by the end of the project in 2026, the Company will generate 120 jobs. The jobs will be either production jobs, relating directly to the production of the components manufactured at the Project, or non-production jobs, including management, engineering, human resources, accounting and other functions necessary to the functioning of the Company and the Project, but not directly related to production. The Company will try to fill as many positions as possible with local residents, however, given the technical expertise required for certain position the Company may need relocate certain Jabil employees from out of state and/or recruit from out of state. The Company anticipates that it may need to relocate or recruit approximately 15-20% of the new employees from out of state.

The majority of jobs, 70 will be production jobs with an average annual salary of \$64,000 (including benefits). Production line worker jobs should benefit low and moderate income residents by providing them with opportunities for employment, training and growth within the Company. Depending on the role and individual applicants, jobs may match the skills of the current city residents. The opportunities for advancement will be reliant on business needs and on the performance and capabilities of the employee

The 50 remaining positions are non-production jobs with an average annual salary of \$92,000 (including benefits).

All these 120 jobs are considered full time positions, and come with extensive employee benefits. These benefits are more fully detailed on Exhibit B hereto. The Company intends to provide training to all new employees and to avail itself of the State's Job Training Incentive Program in connection with the training of its employees.

A more detailed breakdown of jobs and benefits is attached hereto as Exhibit B.

N. Corporate Citizenship Policy/Plan

List any company policies/plans regarding the promotion of donations and volunteerism policy.

**Jabil Cares, our community outreach, volunteerism and corporate philanthropy platform, supports a localized strategy where sites are empowered to foster relationships with community organizations to maximize impact, charitable giving and employee volunteer opportunities. Jabil Cares focuses its efforts around specific causes related to *Education, Empowerment, and the Environment*, Each detailed further below:**

**Education. Jabil supports education around specific issues such as living a healthy lifestyle and providing the tools and resources necessary for the next generation to succeed. Examples of our outreach efforts include Manufacturing Day events, supporting local robotics teams and ensuring children have the school supplies they need to foster their growth and intellectual curiosity.**

**Empowerment. Jabil believes in empowering others to help improve their lives and overcome challenges. This includes providing meals to the homeless, helping out at local orphanages, building homes for families in need and mentoring students to achieve their greatest potential**

**Environment. Jabil is committed to preserving the environment through reforestation efforts, recycling programs and the beautification of our local communities. Our employees are involved in neighborhood cleanups, tree plantings, habitat restoration and bike-to-work initiatives.**

O. Positive Contributions

List all positive contributions that the project will make to the neighborhood.

**The primary positive impact of the Project will be employment. The Project will create 120 job opportunities for residents of the City with possibilities for advancement within the Company. The Company is also pursuing partnerships with CNM and UNM in order to provide specialized technical training to students.**

P. Management

Who will manage the project? If the project will be managed by someone other than the applicant, does the applicant have any long-range involvement?

**The project will be managed by the Company. The Company officer overseeing the construction and operation of the Project is Christina Chavez, Work sale Manager.**

IV. PROJECT FINANCING

A. Cost of Improvements, Bond Amount and Private Financing

Provide the total cost of the improvements to be constructed and the amount of bonds requested. The amount requested should be no more than that needed to complete the project in addition to equity or conventional financing. Also provide the amount of private financing (equity or conventional financing) involved in this project; this may include the value of land and existing facilities, if relevant.

**The Company is requesting that the City issue its Bonds in the amount of \$36 million. The Project will be financed, and the proposed Bonds will be wholly purchased by a subsidiary or affiliate of the Company. The Company anticipates using the entire amount of the Bond proceeds to finance the equipping of the facility.**

**The Company has requested a total of \$1,000,000 of local economic development funds (“LEDA funds”) from public entities to finance the renovation of the facility, with \$750,000 being requested from the State, and \$250,000 being requested from the City. Those funds will be used to finance renovation of the facility, to pay for permits and licenses, and to pay for professional services associated with the building renovation, subject to Council approval of the City LEDA Agreement. If funds available from these sources are not sufficient to complete the renovation, the Company will obtain the necessary additional financing from the Company or an affiliate, or from another source.**

**B. Estimated Value After Completion**

Indicate the estimated appraised value of the project after completion.

**The estimated value of the Project following completion (consisting of the equipment installed in the facility) is \$36 million**

**C. Feasibility**

Present information to show that the project can reasonably be expected to generate sufficient revenue to liquidate the debt. This information may be an attached pro forma, and should be sufficiently detailed to show the assumptions on which the projections are based. However, a firm commitment to provide financing for the project will be considered sufficient evidence of feasibility, and no pro forma will be needed in such cases.

**Jabil, Inc., the parent of the Company, a well-established company with \$22 billion in revenues, is committed to financing the estimated full \$36 million cost of the Project.**

**D. Construction Schedule**

Give the date of anticipated beginning and completion of construction.

**The Company will commence renovating and making improvements to the facility in May 2019 and anticipates that such renovations will be done by December 2019. .**

**The Company is expected to acquire equipment covered by the Project for the facility beginning in 2019 and continuing through 2026. Below is the Company’s estimate of the timelines pertaining to capital investment in project equipment.**

Time Period	Capital Investment in Equipment
September 2019-December 2020	\$13M
January 2021- December 2021	\$10M
January 2022- December 2022	-0-
January 2023- December 2023	-0-
January 2024- December 2024	-0-
January 2025- December 2025	\$13M*
<b>TOTAL</b>	<b>\$36M</b>

\* Increased investment in 2025 due to a major anticipated equipment purchase which will enable expanded business. The increased investment in the equipment is warranted by the anticipated ramp up of customer activity. The lead time is necessary to expand the business.

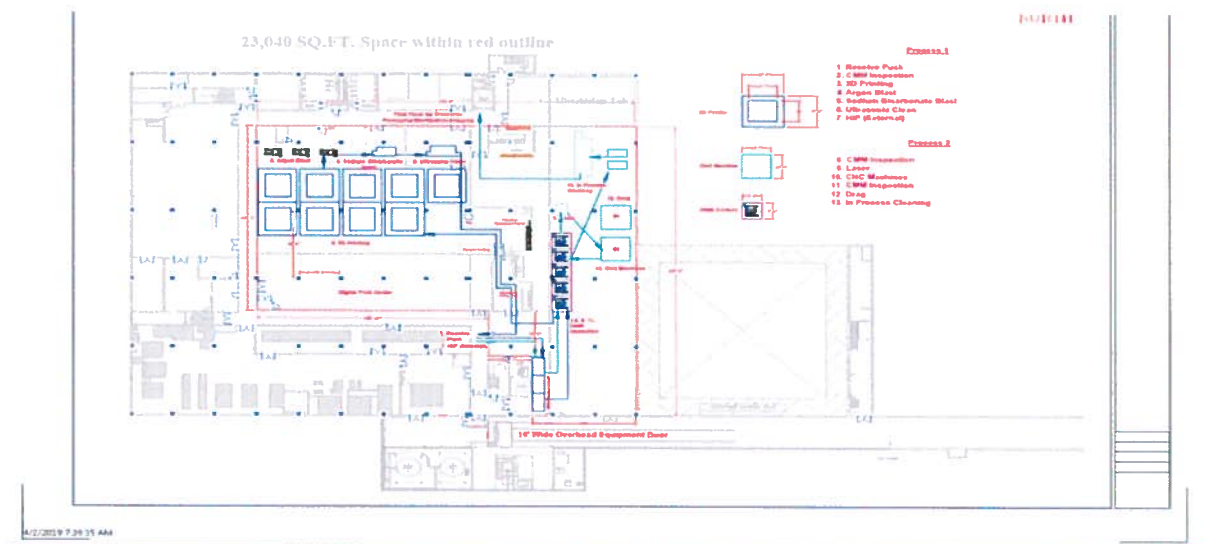
**E. Issuance of Bonds**

Provide the anticipated date of bond issuance.

**The Company is requesting that the City close on the Bond transaction on or about September 15, 2019.**

Attachments: Attach to the plan a map location of the project (you may use the base maps from the City Zone Atlas if you wish), and any other information as desired to supplement the plan. If you are attaching glossy or colored printed material, please submit 25 copies.

**A map showing the location of the project is attached as below.**





---

## FISCAL IMPACT ANALYSIS

Please provide the following information necessary to complete a Fiscal Impact Analysis. Attach as a separate document. (Information asked may be repetitive to the IRB Application).

1. Describe the type or nature of project operations.

**The Company is a medical device manufacturing company. The Albuquerque Site will be manufacturing medical devices utilizing the 3D Additive technology. Secondary processes include CNC machining, Sterile Packaging, and sterilization. The final product will then be distributed from the Albuquerque plant.**

2. Total number of new employees to be created as a result of the proposed Industrial Revenue Bond project, a total net payroll and an estimated annual pay increase in future years.

**See Exhibit B hereto.**

3. Number of new employees by title or job classification and respective salaries.

**See Exhibit B hereto.**

4. Optional employee benefits and an estimated value of such benefits and an estimated value of such benefits, either by amount or percentage of net pay. If employees contribute to such benefits, indicate their contributions in amount or percentage.

**The Company offers its employees health insurance coverage, eligibility to participate in a 401(k) retirement plan, and in the Company's employees stock purchase program. See Exhibit B hereto for more details on the benefits. The Company estimates that the average value of such benefits is \$22,000.**

5. An estimated total annual expenditure of goods and services locally procured, identification of such goods and services (only those over \$10,000 per year), and an estimated annual increase in total expenditure.

**The Company estimates that approximately \$8.6M were spent on goods and services locally. Exhibit C contains the detail of all goods and services procured locally in 2018. Although not subject to gross receipts taxes, Exhibit C includes**

---

**the company's NM payroll in 2018. The company expects that such local expenditures will increase annually by estimated 5%.**

6. An estimated annual expenditure of goods and services locally procured that are subject to the New Mexico gross receipts tax, and an estimated annual increase in such an expenditure.

**The Company estimates that approximately \$8.6M were spent on goods and services locally. The company expects that such local expenditures subject to gross receipts taxes will increase annually by estimated 5%- 10%.**

7. An estimated total annual expenditure of goods procured out-of-state and subject to the New Mexico compensating tax, and an estimated annual increase in total expenditure.

**The Company would not expect any purchases of materials that will flow into goods being sold or used up directly in manufacturing to be included in amounts reported. We unfortunately don't have visibility on what will be purchased in-state vs out-of-state at this early date.**

8. An estimated annual local sale of goods and services that are subject to the New Mexico gross receipts.

**The majority of Jabil's sales are for resale. Taxable sales are typically nonrecurring and therefore the Company does not have an accurate estimate for what these will be annually.**

9. Costs of land, site improvement, and building, respectively.

**None – Company is currently leasing the facility**

10. Total costs of equipment, fixtures, and furnishings to be purchased with the proceeds of the bond, and an amount of such purchases in New Mexico and out-of-state, respectively.

**\$36 million, all of which are anticipated to be out-of state purchases.**

11. An estimated incremental New Mexico corporate income tax as a result of the proposed Industrial Revenue Bond project, and an estimated annual increase.

**No expected income tax expected to be paid.**

- 
12. An estimated amount of capital expenditures to be qualified for the New Mexico investment tax credit.

**The Company will pursue investment tax credits for the full amount of the anticipated \$36M in equipment.**





## Jabil Salary and Benefit Analysis

Function/Item	Cumulative Total Year after Year					Average Salary	Salary Range	Average Salary Hourly Rate	Average Benefits	Total Average Salary w/benefits
	2020	2021	2022	2026	2030					
Direct Labor - Wage	14	14	41	68	120	\$ 41,600.00	\$ 29,120.00 \$ 54,080.00	\$ 20.00	\$ 22,000.00	\$ 63,600.00
Quality Engineers	1	1	1	2	3	\$ 82,500.00	\$ 57,000.00 \$ 108,000.00	\$ 39.66	\$ 22,000.00	\$ 104,500.00
Quality Techs	4	4	6	9	15	\$ 41,600.00	\$ 29,120.00 \$ 54,080.00	\$ 20.00	\$ 22,000.00	\$ 63,600.00
Lead Test Engineer	1	1	1	1	1	\$ 82,500.00	\$ 57,000.00 \$ 108,000.00	\$ 39.66	\$ 22,000.00	\$ 104,500.00
Test Engineers			1	2	2	\$ 66,500.00	\$ 46,000.00 \$ 87,000.00	\$ 31.97	\$ 22,000.00	\$ 88,500.00
Test Techs-Functional	4	4	6	9	15	\$ 41,600.00	\$ 29,120.00 \$ 54,080.00	\$ 20.00	\$ 22,000.00	\$ 63,600.00
Line Managers	1	1	1	1	1	\$ 82,500.00	\$ 57,000.00 \$ 108,000.00	\$ 39.66	\$ 22,000.00	\$ 104,500.00
Mfg Supervisors/MIT	3	3	3	6	6	\$ 69,000.00	\$ 48,000.00 \$ 90,000.00	\$ 33.17	\$ 22,000.00	\$ 91,000.00
Project Eng Tier 1	1	1	2	2	1	\$ 55,000.00	\$ 38,000.00 \$ 72,000.00	\$ 26.44	\$ 22,000.00	\$ 77,000.00
Mfg Eng Tier 2	1	1	2	3	3	\$ 66,000.00	\$ 45,000.00 \$ 87,000.00	\$ 31.73	\$ 22,000.00	\$ 88,000.00
Mach Support Techs Tier 3	4	4	6	9	15	\$ 50,960.00	\$ 35,360.00 \$ 66,560.00	\$ 24.50	\$ 22,000.00	\$ 72,960.00
Materials Supervisors	0	0	0	1	1	\$ 68,500.00	\$ 47,000.00 \$ 90,000.00	\$ 32.93	\$ 22,000.00	\$ 90,500.00
Buyers	1	1	1	2	2	\$ 82,500.00	\$ 57,000.00 \$ 108,000.00	\$ 39.66	\$ 22,000.00	\$ 104,500.00
PC Analysts	1	1	1	1	1	\$ 118,000.00	\$ 81,000.00 \$ 155,000.00	\$ 56.73	\$ 22,000.00	\$ 140,000.00
Inventory Control	3	3	3	3	3	\$ 41,600.00	\$ 29,120.00 \$ 54,080.00	\$ 20.00	\$ 22,000.00	\$ 63,600.00
Workcell Manager	1	1	1	1	1	\$ 102,000.00	\$ 70,000.00 \$ 134,000.00	\$ 49.04	\$ 22,000.00	\$ 124,000.00
<b>IL Count</b>	<b>25</b>	<b>25</b>	<b>33</b>	<b>52</b>	<b>71</b>					
<b>IL+DL Count</b>	<b>39</b>	<b>39</b>	<b>74</b>	<b>120</b>	<b>191</b>					
<b>Benefits Include:</b>										
Medical Insurance	PPO, HSA, HRA									
Dental Insurance	PPO									
Vision Plan										
Disability Insurance										
401K Savings Plan										
Employee Stock Purchase Plan										
Paid Time Off	10-25 days based on time with company									
10 Paid Holidays										
Bereavement										
Shift Differential										

Work cell Staff Costing

# 3801 University Blvd SE



Map data ©2019 Google 1000 ft



## 3801 University Blvd SE

Albuquerque, NM 87106



Directions



Save



Nearby



Send to your phone



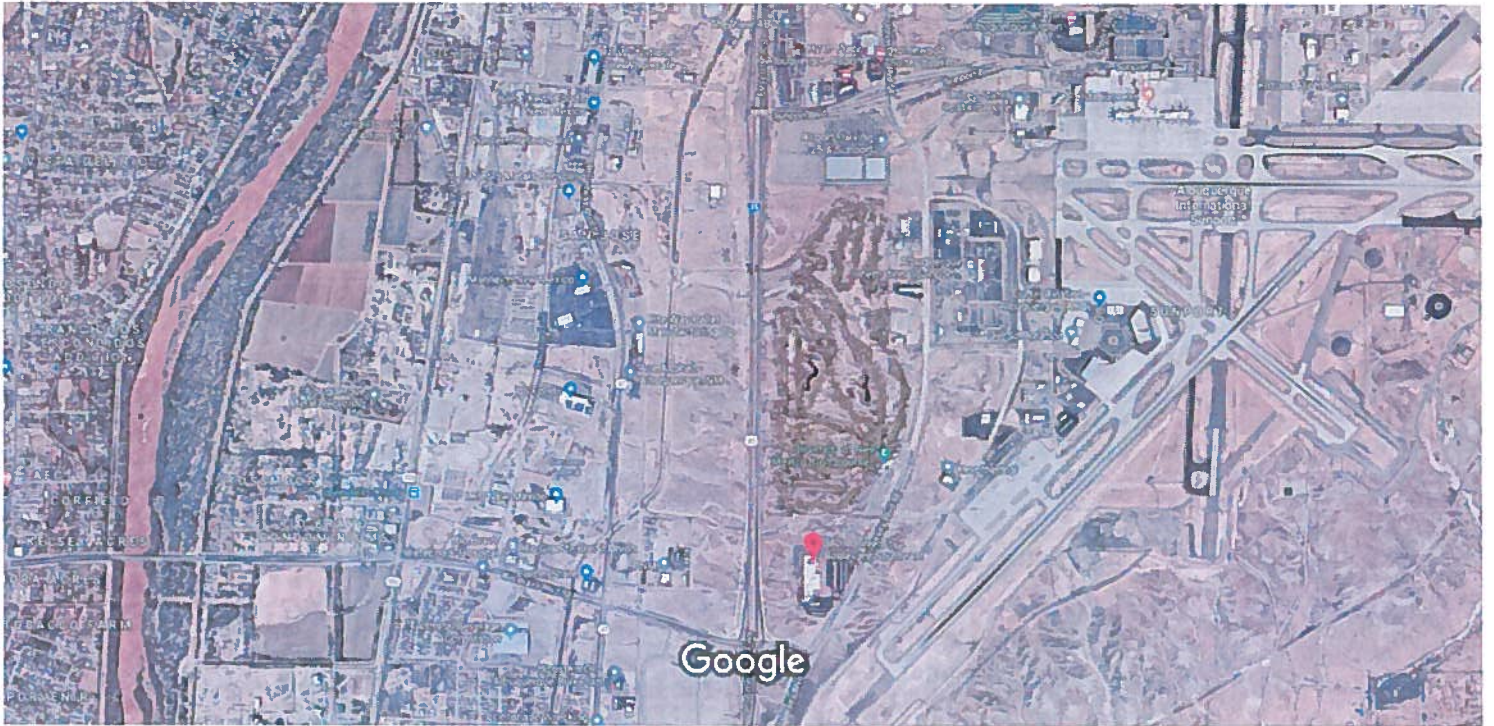
Share



29G8+R2 Albuquerque, New Mexico

### At this location

# Google Maps 3801 University Blvd SE



Imagery ©2019 Google, Map data ©2019 Google 1000 ft



## 3801 University Blvd SE

Albuquerque, NM 87106



Directions



Save



Nearby



Send to your phone



Share



29G8+R2 Albuquerque, New Mexico

### At this location