

1 City and authorizing the City to assist economic development projects in any
2 legally permissible manner, subject to the terms of the LEDA Ordinance; and

3 WHEREAS, pursuant to the LEDA Ordinance, SolAero Technologies
4 Corporation (the "Company"), has submitted to the Council and the Albuquerque
5 Development Commission (the "Commission") an application (the "Application")
6 requesting certain economic development assistance for the expansion and
7 modernization of the Company's compound semiconductor manufacturing
8 capability and capacity that is both sufficient to meet rapidly growing global
9 demand and a significant improvement of the overall economics of compound
10 semiconductor production at the Company's facility in Albuquerque, which will
11 include the addition of 70 new employees (the "Project"); and

12 WHEREAS, the City will administer and disburse to the Company funds
13 totaling up to \$1,750,000, of which \$1,500,000 is to be received by the City from
14 the State Economic Development Department and \$250,000 are to be City funds;
15 and

16 WHEREAS, the Act and the LEDA Ordinance require that the City and the
17 Company enter into a project participation agreement meeting the requirements
18 of the Act and the LEDA Ordinance; and

19 WHEREAS, City staff has worked with the Company to prepare, and has
20 negotiated the terms of, a project participation agreement (the "Agreement") and
21 related documents that will govern the relationship between the City and the
22 Company with respect to the Project; and

23 WHEREAS, the form of the proposed Agreement has been filed with the
24 City Clerk and presented to the Council; and

25 WHEREAS, the proposed Agreement contains the provisions required by
26 the Act and the LEDA Ordinance and, among other things, provides that the
27 Company will grant to the City a security instrument to secure the Company's
28 obligations under the Agreement; and

29 WHEREAS, the City has obtained a cost-benefit analysis with respect to the
30 Project on the basis of information provided to the City by the Company, which

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1 cost-benefit analysis shows that the City will recoup the value of its contribution
2 within ten (10) years; and

3 WHEREAS, the Application, together with the cost-benefit analysis,
4 demonstrates the benefits that will accrue to the community as a result of the
5 donation of public resources and demonstrates that the Company, by completing
6 the Project, will be making a substantive contribution to the community, as
7 required by the LEDA Ordinance; and

8 WHEREAS, the Commission has considered the Project and the proposed
9 Agreement and has recommended that the Council approve the Company's
10 proposal; and

11 WHEREAS, the total amount of public money expended and the value of
12 credit pledged in each fiscal year in which money is expended by the City for the
13 Project (and any other approved projects) pursuant to the Act does not and will
14 not exceed ten percent of the general fund expenditures of the City in such fiscal
15 year; and

16 WHEREAS, the City anticipates that the State will transfer to it, for
17 subsequent transfer to or on behalf of the Company pursuant to an
18 intergovernmental agreement between the City and the State, certain funds of the
19 State that are available for the Project; and

20 WHEREAS, after having considered the Application and the Agreement, the
21 Council has concluded that the economic and other benefits of the Project to the
22 City will be substantial, that it is desirable and necessary at this time to authorize
23 the City to enter into the Agreement, and that the City's provision of the
24 assistance contemplated by the Agreement will constitute a valid public purpose
25 under the Act; and

26 WHEREAS, there has been published in The Albuquerque Journal, a
27 newspaper of general circulation in the City, public notice of the Council's
28 intention to adopt this Ordinance, which notice was published at least fourteen
29 (14) days prior to hearing and final action on this Ordinance.

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1 BE IT ORDAINED BY THE COUNCIL, THE GOVERNING BODY OF THE CITY OF
2 ALBUQUERQUE:

3 Section 1. RATIFICATION. All actions not inconsistent with the provisions
4 of this Ordinance previously taken by the Council and the officials of the City
5 directed toward the provision of economic development assistance in connection
6 with the Project be approved and the same hereby are ratified, approved and
7 confirmed.

8 Section 2. GOALS AND OBJECTIVES. The goals and objectives of the
9 Project are, as set forth in the Agreement, to create and support an economic
10 development project that fosters, promotes and enhances local economic
11 development efforts and that provides job growth and career opportunities for
12 Albuquerque-area residents and otherwise makes a substantive contribution to
13 the community.

14 Section 3. THE PROJECT. The Project will consist of the expansion and
15 modernization of the Company's compound semiconductor manufacturing
16 capability and capacity that is both sufficient to meet rapidly growing global
17 demand and a significant improvement of the overall economics of compound
18 semiconductor production at the Company's facility in Albuquerque, which will
19 include the Company's obligation to hire 70 new employees, and the Company's
20 commitment to operate the facility within the City for a minimum of ten years.

21 Section 4. FINDINGS. The Council hereby declares that it has considered
22 all relevant information presented to it relating to the Project and the Agreement
23 and hereby finds and determines that the provision of economic development
24 assistance for the Project is necessary and advisable and in the interest of the
25 public and will promote the public health, safety, morals, convenience, economy,
26 and welfare of the City and its residents.

27 Section 5. AUTHORIZATION AND APPROVAL OF THE PROJECT AND THE
28 AGREEMENT; APPROPRIATION OF FUNDS. The City hereby approves the Project
29 and the Agreement, which provides, among other things, that the City will
30 administer and disburse to the Company funds totaling up to \$1,750,000, of which

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1 \$1,500,000 is to be received by the City from the State Economic Development
2 Department and \$250,000 are to be City funds, in exchange for which the
3 Company will complete the Project as specified in the Agreement. There is
4 hereby appropriated for the Project up to \$1,500,000 of funds received from the
5 State Economic Development Department and up to \$250,000 of City funds.

6 Section 6. AUTHORIZATION OF OFFICERS; APPROVAL OF DOCUMENTS.

7 (A) The form, terms, and provisions of the Agreement in the form
8 presented to the Council with this Ordinance are in all respects approved,
9 authorized, and confirmed, and the City is authorized to enter into the Agreement
10 in substantially the form thereof, with only such changes as are not inconsistent
11 with this Ordinance or such other changes as may be approved by supplemental
12 resolution of the Council.

13 (B) The Council authorizes the Mayor or the Chief Administrative
14 Officer of the City to execute and deliver the Agreement in the name and on
15 behalf of the City, with only such changes therein as are not inconsistent with this
16 Ordinance or such changes as may be approved by supplemental resolution of
17 the Council.

18 (C) The Mayor, Chief Administrative Officer, Chief Financial
19 Officer, City Treasurer, and City Clerk are further authorized to execute,
20 authenticate and deliver such certifications, instruments, documents, letters and
21 other agreements, including an intergovernmental agreement with the State
22 Economic Development Department, and any appropriate security agreements,
23 and to do such other acts and things, either prior to or after the date of delivery of
24 the executed Agreement, as are necessary or appropriate to consummate the
25 transactions contemplated by the Agreement.

26 (D) City officials shall take such action as is necessary in
27 conformity with the Act, the LEDA Ordinance and this Ordinance to effectuate the
28 provisions of the Agreement and carry out the transactions as contemplated by
29 this Ordinance and the Agreement, including, without limitation, the execution

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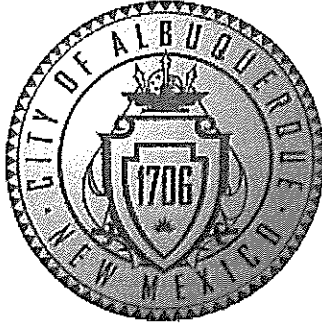
1 and delivery of any documents deemed necessary or appropriate in connection
2 therewith.

3 Section 7. SEVERABILITY. If any section, paragraph, clause or provision
4 of this Ordinance shall for any reason be held to be invalid or unenforceable, the
5 invalidity or unenforceability of that section, paragraph, clause, or provision shall
6 not affect any of the remaining provisions of this Ordinance.

7 Section 8. REPEALER. All bylaws, ordinances, resolutions, and orders, or
8 parts thereof, inconsistent with this Ordinance are repealed by this Ordinance but
9 only to the extent of that inconsistency. This repealer shall not be construed to
10 revive any bylaw, ordinance, resolution, or order, or part thereof, previously
11 repealed.

12 Section 9. RECORDING; AUTHENTICATION; PUBLICATION; EFFECTIVE
13 DATE. This Ordinance, immediately upon its final passage and approval, shall be
14 recorded in the ordinance book of the City, kept for that purpose, and shall be
15 there authenticated by the signature of the Mayor and the presiding officer of the
16 City Council, and by the signature of the City Clerk or any Deputy City Clerk, and
17 notice of adoption thereof shall be published once in a newspaper that maintains
18 an office in, and is of general circulation in, the City, and shall be in full force and
19 effect five (5) days following such publication.

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Mayor Timothy M. Keller

CITY OF ALBUQUERQUE
Albuquerque, New Mexico
Office of the Mayor

INTER-OFFICE MEMORANDUM

November 22, 2024

TO: Dan Lewis, President, City Council

FROM: Timothy M. Keller, Mayor 

SUBJECT: Approving an Ordinance Involving SolAero Technologies Corporation Project Pursuant to the Local Economic Development Act (LEDA Project 25-4)

Attached for your consideration and approval is an Ordinance involving SolAero Technologies Corporation LEDA Project, Pursuant to the Local Economic Development Act (LEDA 25-4).

SolAero Technologies Corp. ("SolAero") is one of the world's leading manufacturers of highly-efficient radiation-hard solar cells and solar panels for space power applications. Since 2001, their solar cells or panels have supplied primary power to nearly 200 successful space missions with zero on-orbit failures. The proposed project is an expansion and modernization of SolAero's compound semiconductor manufacturing capability and capacity of compound semiconductor production. The company is seeking the City of Albuquerque to be the fiscal agent for State LEDA funds and for the City to directly provide LEDA funds to be used for the construction and renovation of a manufacturing facility (the "Project"). The State has agreed to provide \$1,500,000 and the City proposes to provide \$250,000. SolAero will be eligible for reimbursement for costs of the renovation, expansion and improvement incurred following execution of the Project Participation Agreement ("PPA"). (The Company also is requesting assistance as an Industrial Revenue Bond —IRB—Project, but that will be analyzed separately.)

The expansion and modernization of SolAero's compound semiconductor manufacturing will allow the Company to meet rapidly growing global demand and a significant improvement of the overall economics of compound semiconductor production. SolAero is seeking to build the facility at its existing site in the Sandia Science & Technology Park (SS&TP) located at 10420 Research Rd SE, and 1600 Eubank Blvd SE, Albuquerque, New Mexico 87123.

The majority of the 70 new positions will be primarily engineering and technical positions, are considered full time positions, and come with full employee benefits with the company paying approximately 80% of benefits' costs. The salaries for the new positions range from \$40,000 to \$150,000. Currently, the Company has over 380 employees locally.


This legislation is a vital component in the overall incentive package for SolAero's planned expansion. In June 2024, it was announced that the Department of Commerce and Rocket Lab, the parent company of space power provider SolAero Technologies Corp., agreed to terms to provide up to \$23.9M in direct funding under the CHIPS and Science Act.

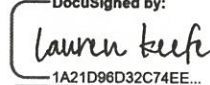

This project includes a fiscal impact analysis provided to the City from the New Mexico Economic Development Department, using a model developed by the New Mexico Economic Development Department. The analysis estimates the impact that a potential project may have on the state and local economies and estimates the costs and benefits for the state and local economies over a 10-year period. The report and analysis uses RIMS II Multipliers produced by the U.S. Bureau of Economic Analysis (BEA). 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. Overall, the City will receive approximately \$6,258,195 in net benefits over the 10-year period, equating to a Present Value of \$5,172,562. The Project will have an Estimated Total Public Net Benefit of \$15,324,116 over the 10-year period.

Your consideration and approval are requested.


Approved:

Approved as to Legal Form:


Samantha Sengel, EdD Date
Chief Administrative Officer

DocuSigned by:
 11/27/2024 |  12:05 PM MST
1A21D96D32C74EE...
Lauren Keefe Date
City Attorney

Recommended:

DocuSigned by:
 11/27/2024 | 11:58 AM MST
24B657A550B94A0
Max Gruner, Date
Director

Cover Analysis

1. What is it?

This is an ordinance authorizing a Local Economic Development Act (LEDA) Project for SolAero Technologies Corporation (the “Company” or “SolAero”) in the amount of \$250,000 from the City of Albuquerque (LEDA Project 25-4). The company is seeking the City of Albuquerque to be the fiscal agent for State LEDA funds and for the City to directly provide LEDA funds to be used for the renovation and construction of a manufacturing facility (the “Project”). The State has agreed to provide \$1,500,000 and the City proposes to provide \$250,000. SolAero will be eligible for reimbursement for costs of the renovation, expansion and improvement incurred following execution of the Project Participation Agreement (“PPA”).

SolAero is one of the world’s leading manufacturers of highly-efficient radiation-hard solar cells and solar panels for space power applications. Since 2001, their solar cells or panels have supplied primary power to nearly 200 successful space missions with zero on-orbit failures. The proposed project is an expansion and modernization of SolAero’s compound semiconductor manufacturing capability and capacity of compound semiconductor production. The Company is seeking to build the facility at its existing site in the Sandia Science & Technology Park (SS&TP) located at 10420 Research Rd SE, and 1600 Eubank Blvd SE, Albuquerque, New Mexico 87123.

The increased capacity will position the Company to meet rapidly growing global demand and will be a significant improvement of the overall economics of compound semiconductor production at SolAero.

The project represents more than a \$95 million investment by the company by the end of 2028 and the creation of 70 new high-quality jobs. The majority of the new positions will be primarily engineering, manufacturing and technical positions. The jobs are considered full time positions and include full employee benefits, with the company paying approximately 80% of employee healthcare premiums. The salaries for the new positions range from \$40,000 to \$150,000.

2. What will this piece of legislation do?

The ordinance would support the modernization and expansion of the Company’s facility. The Project would increase SolAero’s compound semiconductor production by 50% within the next three years – helping to meet the growing national security and commercial demand for these solar cells in the United States. The Project will maximize technical, operational and industrial efficiency, and mitigate cost and schedule risks by minimizing new construction and leveraging existing facility systems. The project represents a \$95,000,000 million investment by the company. SolAero will create at least 70 new high-paying economic base jobs.

The legislation will allow the City of Albuquerque to be the fiscal agent for State LEDA funds and for the City to directly provide LEDA funds to be used for the renovation and construction of the manufacturing facility. The State has agreed to provide \$1,500,000 and the City proposes to provide \$250,000.

3. Why is this project needed?

The Project represents a significant capital investment in our community and the creation of 70 high-quality, permanent jobs ranging from \$40,000 to \$150,000. Albuquerque already has the talent, workforce development programs, infrastructure and intellectual capital to drive sustainable long-term growth and future investment in this industry.

This legislation is a vital component in the overall incentive package for SolAero's planned expansion. In June 2024, it was announced that the Department of Commerce and Rocket Lab, the parent company of space power provider SolAero Technologies Corp., agreed to terms to provide up to \$23.9M in direct funding under the CHIPS and Science Act. In addition to leveraging significant federal funds, the State of New Mexico has committed LEDA funds to the Project.

This project includes a fiscal impact analysis provided to the City from the New Mexico Economic Development Department, using a model developed by the New Mexico Economic Development Department. The analysis estimates the impact that a potential project may have on the state and local economies and estimates the costs and benefits for the state and local economies over a 10-year period. The report and analysis uses RIMS II Multipliers produced by the U.S. Bureau of Economic Analysis (BEA). 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. Overall, the City will receive approximately \$6,258,195 in net benefits over the 10-year period, equating to a Present Value of \$5,172,562. The Project will have an Estimated Total Public Net Benefit of \$15,324,116 over the 10-year period.

4. How much will it cost and what is the funding source?

\$250,000. General Fund.

5. Is there a revenue source associated with this contract? If so, what level of income is projected?

No. There is no direct revenue to the City.

6. What will happen if the project is not approved?

The incentive is critical to the success of the Project. If the legislation does not pass, the result would be a potential cancellation of the Project and the associated loss of new jobs and revenue. The Company would not be able to pursue the Project without approval.

7. Is this service already provided by another entity?

No.

**ALBUQUERQUE DEVELOPMENT COMMISSION
Local Economic Development Act Hearing**

November 10, 2024

Case #2024-15

LEDA-25-4: SolAero Technologies Corporation Project

REQUEST: Approving an Ordinance for SolAero Technologies Corporation Project Pursuant to the Local Economic Development Act (LEDA)

PROJECT SUMMARY: SolAero Technologies Corp. (“SolAero”) is one of the world’s leading manufacturers of highly-efficient radiation-hard solar cells and solar panels for space power applications. Since 2001, their solar cells or panels have supplied primary power to nearly 200 successful space missions with zero on-orbit failures. The proposed project is an expansion and modernization of SolAero’s compound semiconductor manufacturing capability and capacity of compound semiconductor production.

SolAero Technologies Corporation registered to do business in New Mexico, is seeking the City of Albuquerque to be the fiscal agent for State LEDA funds and for the City to directly provide LEDA funds to be used for the construction of a solar advanced manufacturing facility (the “Project”). SolAero is seeking LEDA funding in the amount of \$1,750,000. The State has agreed to provide \$1,500,000 and the City proposes to provide \$250,000. SolAero will be eligible for reimbursement for costs of the renovation, expansion and improvement incurred following execution of the Project Participation Agreement (“PPA”). (The Company also is requesting assistance as an Industrial Revenue Bond—IRB—Project, but that will be analyzed separately.)

The proposed project is an expansion and modernization of SolAero’s compound semiconductor manufacturing capability and capacity that is both sufficient to meet rapidly growing global demand and a significant improvement of the overall economics of compound semiconductor production at SolAero. Project will start at CHIPS award date and will be completed within 48 months. Estimated Timeline is October 2024 thru October 2028.

The operations includes the building at 10420 Research Rd SE, and 1600 Eubank Blvd SE, Albuquerque, NM in the Sandia Science & Technology Park. 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.

The majority of the 70 new positions will be primarily engineering, project support and manufacturing positions, are considered full time positions, and come with full employee benefits with the company paying approximately 80% of basic healthcare premiums. Engineering and Project Support Function positions will be filled early in the project and the manufacturing positions later, once the project is near completion to allow for additional capacity on the site.

The wage ranges and types of positions will consist of:

- 14 design and engineering exempt professionals - \$90k to \$150k Annual

LEDA 25-4: SolAero Technologies Corporation Project

- 39 manufacturing non-exempt personnel deployed across four work shifts - \$40K - \$50K Annual
- 17 exempt and non-exempt personnel in quality assurance, logistics, and support roles - \$65K - \$90K Annual

This project builds upon Albuquerque and New Mexico's legacy in the development of alternative energy technologies and advanced manufacturing.

The Project is also expected to create approximately 182 indirect and induced jobs. Additionally, the Project will lead to the creation of 187 construction jobs sourced from local labor pools, as much as possible.

The State of New Mexico and its local governments are empowered to offer discretionary incentives to companies that support economic development projects that foster, promote, and enhance local economic development efforts. Qualifying entities for these projects include:

A corporation, limited liability company, partnership, joint venture, syndicate, association or other person that is one or a combination of two (2) or more of the following:

A. A business in which all or part of the activities of the business involves the supplying of services to the general public or to governmental agencies or to a specific industry or customer, but, other than as provided in paragraph E. of this subsection, not including businesses primarily engaged in the sale of goods or commodities at retail;

The LEDA application, as shown in Exhibit 1 provides details of the Project and the number and types of jobs to be created.

Exhibit 2 delineates the required Project Participation Agreement ("PPA") between SolAero Technologies Corporation and the City. The PPA is summarized in Section V.

This project includes a fiscal impact analysis provided to the City from the New Mexico Economic Development Department, using a model developed by the New Mexico Economic Development Department. The analysis estimates the impact that a potential project may have on the state and local economies and estimates the costs and benefits for the state and local economies over a 10-year period. The report and analysis uses RIMS II Multipliers produced by the U.S. Bureau of Economic Analysis (BEA). 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. Overall, the City will receive approximately \$6,258,195 in net benefits over the 10-year period, equating to a Present Value of \$5,172,562. The Project will have an Estimated Total Public Net Benefit of \$15,324,116 over the 10-year period.

The project plan as shown in Exhibit A provides details of the project.

FINDINGS:

1. LEDA 25-4 is a qualified project as defined by the State’s Local Economic Development Act and the City enabling legislation (F/S O-04-10); and
2. LEDA 25-4 would make positive substantive contributions to the local economy and community by creating 70 high-wage economic base jobs; and
3. Subject to the development of acceptable Security documents, LEDA 25-4 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives, including remaining in operation for ten years; and
4. Subject to the development of acceptable Security documents, LEDA 25-4 would adequately meet the evaluation criteria established by the City for Local Economic Development Act projects, including the requirement that the City recoup the value of its investment within ten years.

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

I. PROJECT ELIGIBILITY

1. QUALIFYING ENTITY

City enabling legislation (F/S O-04-10), as well as the State Local Economic Development Act, establishes a definition for a “Qualifying Entity” eligible for LEDA funding assistance. SolAero qualifies under the Act and the Ordinance by meeting the following definition:

As stated in the Summary, qualifying entities for these projects include:

A corporation, limited liability company, partnership, joint venture, syndicate, association or other person that is one or a combination of two (2) or more of the following:

A. A business in which all or part of the activities of the business involves the supplying of services to the general public or to governmental agencies or to a specific industry or customer, but, other than as provided in paragraph E. of this subsection, not including businesses primarily engaged in the sale of goods or commodities at retail;

2. ECONOMIC DEVELOPMENT POLICIES AND OBJECTIVES

The City’s enabling legislation also states that applications for LEDA assistance, which meet the policies and objectives of the City’s community economic development plans, shall receive priority. SolAero qualifies as the type of project that meets the City’s identified economic development priorities under (F/S O-04-10) in the following categories:

- (2) Private companies seeking to build, expand or relocate facilities;**
- (4) Projects in industry clusters listed above are particularly encouraged,**

II. LAND USE, PLAN AND DESIGN ELEMENTS

1. PLAN & ZONING:

Legal Description

The legal description of the site, where SolAero currently has operations, consists of the following:

The proposed project is located at 10420 Research Rd SE, Albuquerque, New Mexico 87123 and 1600 Eubank Blvd SE, Albuquerque, New Mexico 87123. The UPCs for the project site are 102105505041520166 and 102105504637420115L1, respectively, and the abbreviated legal descriptions for each are LOT 2-A BLOCK 4 PLAT OF LOT 2-A IN BLOCK 4 SANDIARESEARCH PARK CONT 7.0406 AC and TR A PLAT FOR TRACTS A & B EMCORE DEVELOPEMENTCONT 8.9380 AC, respectively.

Prevailing Site Conditions

Site is used for production of solar cells that are used on satellite solar panels for power creation. The project to add metal organic chemical vapor deposition (MOCVD) reactors and additional production equipment will take place internal to the current structures at SolAero. There may be new Power Switch Gear added and rooftop air handlers, but the physical structure will be unchanged.

Aerial photographs of the SolAero parcel. In the left photo the area shown in black is the northeastern corner of Kirtland Air Force Base and Sandia National Laboratory. The balance of the area shown is the Sandia National Laboratory Science and Technology Park. The right photo is a perspective view of the SolAero site.



Present Assessed Value

The current 2023 assessed property values is \$36,418,847. The valuation information is from the Bernalillo County Assessor website.

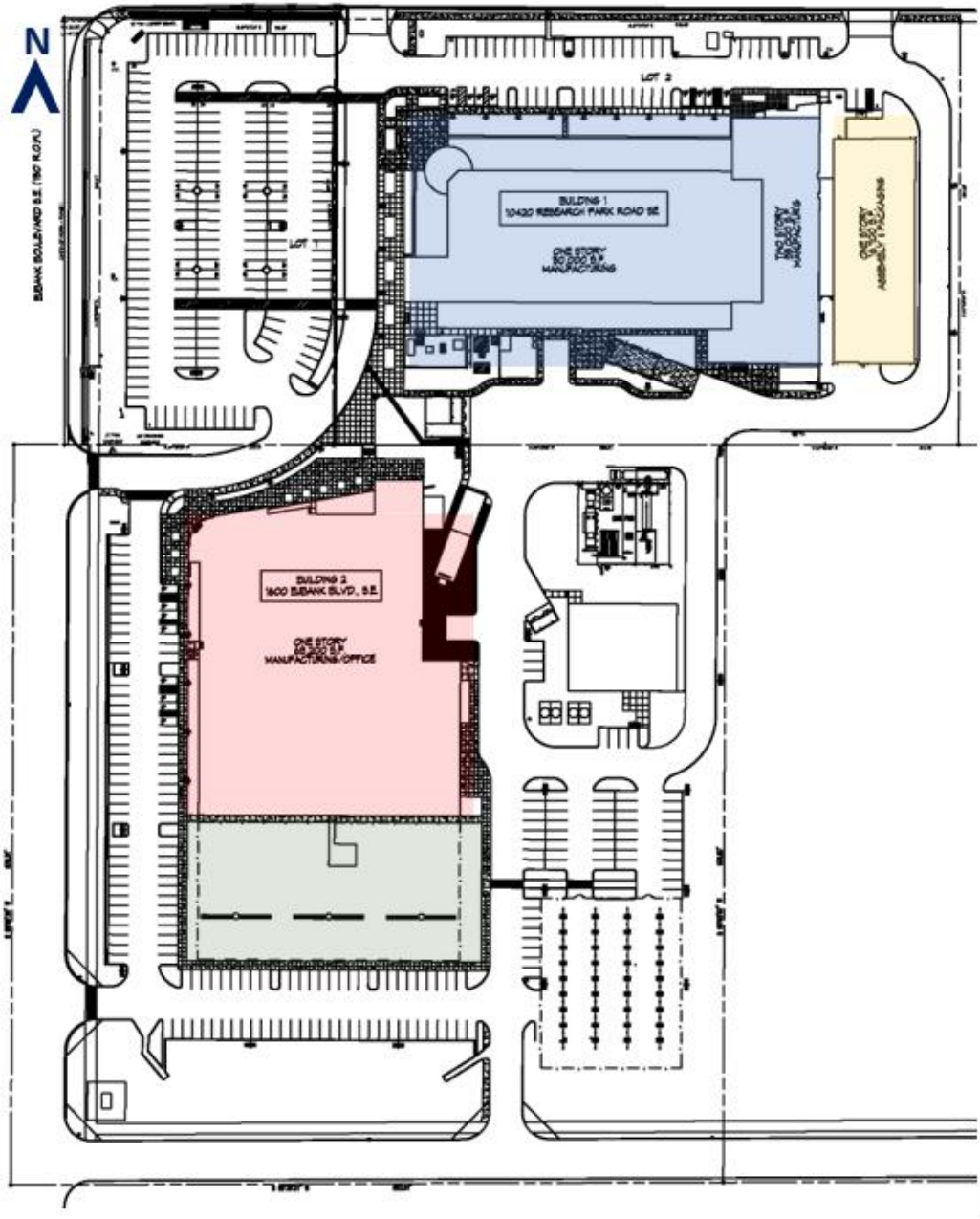
Present and Proposed Zoning

Current Zoning for the sites are NON-RESIDENTIAL – BUSINESS PARK ZONE DISTRICT (NR-BP) and NON-RESIDENTIAL – COMMERCIAL ZONE DISTRICT (NR-C). No changes to zoning requested or required at this time.

2. LAND USE:

The project will expand and modernize manufacturing capability, keep operations co-located in order to maximize technical, operational and industrial efficiency, and mitigate cost and schedule risks by minimizing new construction and leveraging existing facility systems. To size capital investment for the project, SolAero used a parametric model to match tool capacities. As 5 MOCVD tools (i.e. wafer production capacity) are added, the model identifies production constraints and increments the corresponding FE and/or BE tool count. The total investment required to add 5 MOCVD tools of total capacity and modernize the facility and infrastructure is ~\$95.5M.

Schematic view of the current SolAero site. Building 1, is 84,500 sq. ft. housing a 40,000 sq. ft. cleanroom for compound semiconductor production operations. To the east of Building 1 is 17,000 sq. ft. of Class 10000 cleanroom space for satellite solar panel manufacturing operations. Building 2, shaded in red, is 63,000 square feet housing a 40,000 sq. ft. open highbay for solar panel manufacturing operations. The area shaded in green below Building 2 is available for expansion of the facility.



3. Competition

There are only three suppliers of space-grade solar cells in the world and two in the US. There are no other manufacturers of compound semiconductor devices in the city of Albuquerque nor the state of New Mexico.

4. Effect on Existing Industry and Commerce during and after Construction

Project will be completed at our Albuquerque location and thus local city and state resources will be used to complete the project over the planned 4-year project schedule. This will include local architect and construction firms along with electrical and mechanical firms. An estimate of \$30M

LEDA 25-4: SolAero Technologies Corporation Project

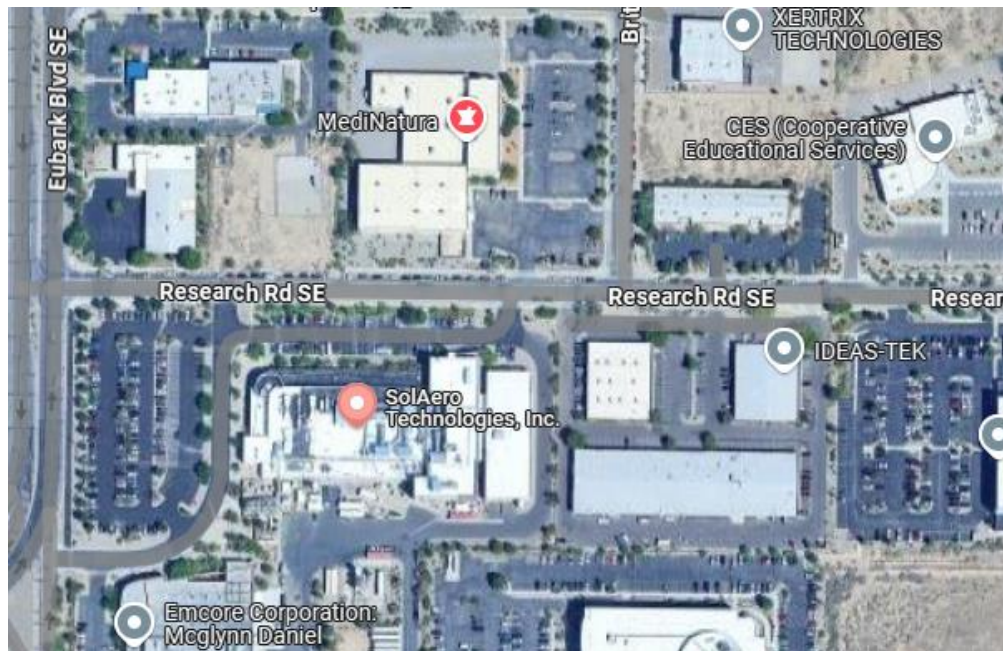
of the project will be spent with local firms. SolAero customers are worldwide and the overall growth in the space industry will continue to grow and we will engage new customers that will benefit from our expansion and modernization project. No plan for spin off businesses or definable impact to the local industrial base at this time. 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 SolAero Project further supports the EDD's criteria for the use of incentives by Leveraging our Core Assets, Implementing Place-Based Strategies, Supporting Focused and Positive ROI Projects, and creating 70 high-paying Economic Base jobs.

5. INFILL:

Albuquerque's Sandia Science & Technology Park (SS&TP) is home to companies, engineers, and researchers involved in advancing new technologies. Currently 41 companies and organizations and over 2,000 employees reside in SS&TP's 340-acre high-tech campus. The SS&TP is in the high desert Manzano Mountain foothills of Albuquerque, New Mexico. The Park is strategically located east of Kirtland Air Force Base. It extends along the south end of Eubank Boulevard, adjacent to Sandia National Laboratories.



6. DESIGN AND CONSERVATION:

The facility is an existing area designed as a science and technology park. 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.

Semiconductor manufacturing is a water-intense operation, and New Mexico's arid climate and limited water resource make conservation an imperative. In typical semiconductor manufacturing operations, ~40% of water use is for rinsing operations and another 40% is equally distributed between cleanroom HVAC systems and exhaust scrubbing systems. Thus, ~80% of the water utilization is related to manufacturing processes. In addition, in compound semiconductor manufacturing, it is common for wet chemistries (e.g. acids, rinsates) to contain contaminants such as arsenic, meaning water use and the potential for it to become a hazardous waste are high. To combat this problem, SolAero has made considerable investments in managing water use that enables recycling of over 30% of process water and complete segregation & treatment of hazardous rinsate.

First, SolAero segregated potentially hazardous aqueous waste streams from all other waste streams, a major infrastructure design change from how the facility was originally constructed. This immediately allowed all non-hazardous aqueous waste streams to be recycled, and SolAero implemented reuse programs for a variety of non-potable applications, including in cooling systems, scrubbers and other systems. This step also reduced the volume of water that required treatment by over 90% since the majority of process water is used in non-hazardous applications. Second, SolAero re-directed all potentially hazardous aqueous waste streams to an on-site treatment facility of SolAero's own design. There, all process contaminants and metals are precipitated and pressed into "cakes", and the aqueous effluent is treated to bring it into compliance with applicable discharge requirements. The "cakes" are suitable for landfill disposal and the aqueous effluent is discharged to the storm sewer, in accordance with SolAero's discharge permit. No aqueous waste is disposed of as hazardous waste despite the fact that over 30,000 gallons of water per day flow into various process operations.

7. RENEWABLE ENERGY:

SolAero's local utility, PNM, offers solar energy programs in which participants can tie private sources of solar power to the electrical grid and/or pay PNM to have a portion of their solar power demand met by renewable sources. SolAero participates in both programs. SolAero is a partner in and the sole offtaker from a 2MW solar power installation located directly south of its facilities. The Company has signed a 25-year Purchased Power Agreement (PPA) with the field operator and PNM. PNM limits private, grid-tied sources of solar power to 1MW per electrical meter/address. SolAero installed \$375,000 of electrical switchgear to route incoming power from two separate utility feeders to each of SolAero's buildings and to tie 1MW of the solar power installation into each of those feeders. This enabled SolAero to operate its buildings on separate feeders, so that the entire factory would not be taken offline by the loss of one feeder or local substation, and to maximize utilization of the power produced by the 2MW installation. No additional solar power can be added to either of SolAero's buildings because they already

operate at the maximum allowed by PNM. So, SolAero subscribes to PNM's Blue Sky program in which apportioned 100kWh "blocks" of electricity are sourced from solar and wind facilities in New Mexico. As SolAero's demand for electricity grows in connection with the expansion of factory capacity contemplated in this Application, SolAero is committed to growing its subscriptions to the Blue Sky program commensurately.

III. ECONOMIC BENEFITS

1. COMPETITION:

There are only three suppliers of space-grade solar cells in the world and two in the US. There are no other manufacturers of compound semiconductor devices in the city of Albuquerque nor the state of New Mexico.

2. JOBS:

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

Number and Types of Jobs Created

70 New Positions will be created over the span of the project. Engineering and Project Support Function early in the project and the manufacturing positions once the project is near completion to allow for additional capacity on the site. These new 70 positions will consist of:

- 14 design and engineering exempt professionals
- 39 manufacturing non-exempt personnel deployed across four work shifts
- 17 exempt and non-exempt personnel in quality assurance, logistics, and support roles

Exempt Engineering Professionals - \$90k to \$150k Annual

Non-Exempt personnel - \$40K - \$50K Annual

Exempt and Non-Exempt Quality, Logistics or Support Functions \$65K - \$90K Annual

The Project is also expected to create approximately 182 indirect and induced jobs. Additionally, the Project will lead to the creation of 187 construction jobs sourced from local labor pools, as much as possible.

- 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?

80%-90% of the new positions will be filled locally.

- 2) Will jobs benefit low- and moderate-income residents?

Yes. SolAero's CHIPS and Science Act award includes a statutory requirement for a Workforce Development Plan. SolAero's Workforce Development Plan includes a \$2M award to local workforce and economic development partner, New Space Nexus, as well as \$3M additional dollars to be invested in recruiting and on-the-job training, all in support of the project being funded. SolAero is a majority minority employer, sourcing more than 2/3rds of its ~400-person workforce from within New Mexico. By partnering with New Space Nexus, SolAero intends to expand its reach to underrepresented and underserved individuals and communities within New Mexico. An additional statutory requirement for a CHIPS award is that the jobs created conform to the federal Good Jobs Principles. So, SolAero will be offering jobs with competitive pay, benefits and wraparound services to New Mexicans and investing in New Space Nexus to ensure those offers reach the broadest practical cross-section of New Mexican communities.

3) Will the jobs meet or exceed median wages for the industry within the community?

Yes. SolAero offers a minimum starting wage of \$15/hour, 25% higher than New Mexico's minimum wage of \$12/hour. Employees are entitled to pay increases based on job-training certifications, more than two dozen of which are available and each of which can be completed in 12-24 weeks. This is in addition to annual performance reviews in which employees receive Cost of Living plus merit adjustments and to promotions for which they can be nominated by management.

4) Will the jobs match skills of current city residents?

Yes. SolAero employs professional recruiters for all staff levels and uses recruitment & placement firms only as means of last resort. This enables SolAero to ensure that its policies, practices and standards for diversity, equity, inclusion, and accessibility are followed and enforced. In 2023, SolAero successfully closed an audit from the Office of Federal Contract Compliance Programs (OFCCP), which conducted a 3-year lookback on SolAero's hiring and labor practices. OFCCP had zero findings and concluded that SolAero's policies, practices, and standards for recruiting, hiring, compensating, promoting, and terminating women, minorities, and under-represented groups such as veterans, individuals with disabilities and members of the LGBTQ+ community meet all applicable federal standards. The audit also examined management support for affirmative action, diversity & inclusion, and evidence of the company's efforts to reach women, minorities and under-represented groups and concluded that the company engages in good faith efforts in all areas.

5) Will new employees be trained to fill the positions?

Yes. SolAero maintains robust on-the-job (OTJ) training programs and partners with state & local educational and workforce training organizations to develop and advance the skills of its employees. SolAero offers OTJ training & certification for all of its manufacturing operations, skills that are fungible across many R&D and manufacturing organizations,

including Intel, Sandia National Laboratories, and others. SolAero offers all levels of training and certification, up to and including the train-the-trainer level, to the NASA Technical Standard NASA-STD-8739 series of workmanship standards, skills that are sought after by and fungible across virtually the entire aerospace and defense industry. SolAero also offers IPC J-Standard training & certification, again sought after by and fungible across virtually the entire electronics assembly industry. SolAero partners with the New Mexico Manufacturing Extension Partnership (NMMEP), a NIST MEP approved Center and official representative of the MEP National Network, to deliver comprehensive, proven solutions that advance U.S. manufacturing. Finally, the company offers all employees an educational reimbursement benefit program that reimburses employees for qualifying post-secondary education opportunities that are successfully completed.

6) What stated advancement opportunities are there?

SolAero's CHIPS and Science Act award includes a statutory requirement for a Workforce Development Plan. As stated above, SolAero maintains robust on-the-job (OTJ) training programs and partners with state & local educational and workforce training organizations to develop and advance the skills of its employees.

7) Will "Job Training Incentive Program" or other job training programs be used?

Yes.

8) Will at least 50% of health insurance premiums be covered for employees?

Yes. Full- and part-time employees are eligible for benefits, including health, vision & dental care, 401k, guaranteed paid leave (two weeks/year, growing to five with tenure), pre-paid legal & counseling services, employer-paid life insurance with employee & family options, disability insurance, an on-site gym with free exercise classes and a company-sponsored weight loss program. The company pays ~80% of employees' basic healthcare premiums. SolAero also offers an Employee Stock Purchase Plan within which employees can purchase Rocket Lab stock at a 15% discount versus the prevailing market price.

3. LOCAL PURCHASING

The company submitted historical data for 2023 (shown below) for New Mexico based vendor payments and sales tax paid on those purchases. Forward looking projections indicate the production volume is increasing ~ 5-10% per year. Based on these projections local spending is forecasted to increase between 2-5% based on volume and another annual increase of 2.5% for inflation.

New Mexico Vendor Payments		
Expenditure Type	Invoice \$ Amt	Sales Tax \$ Amt
CapEx	3,434,150.48	244,427.46
Utilities	1,912,260.85	30,074.62
Supplies	1,467,604.03	76,786.79
Property Taxes	680,641.28	-
Equipment Services	458,252.78	15,466.97
(blank)	265,709.52	13,825.09
Professional Services	259,580.02	13,805.36
Chemical Services	158,503.09	6,218.13
Employee Exp	114,699.39	-
Waste services	87,806.42	-
Insurance	81,769.00	4,972.94
Lease	52,651.23	2,560.04
Donations	11,838.16	-
Grand Total	\$ 8,985,466.25	\$ 408,137.40

IV. PROJECT FEASIBILITY

1. COST/ FEASIBILITY/ FINANCING:

Cost of Improvements, Bond Amount and Private Financing

A summary of the project is as follows:

Cost of Improvements

SolAero anticipates \$21,100,000 in construction costs and \$51,500,000 in equipment costs associated with the project. The value of the existing buildings and equipment is estimated at \$[26,988,272+ Building 2 and Building 2 equipment].

SolAero anticipates an equity contribution of approximately \$32,183,875, CHIPS direct funding of approximately \$23,900,000, and investment tax credits of approximately \$19,316,125.

Bond Amount - SolAero is requesting a City-issued Industrial Revenue Bond in the amount of \$72,600,000.

Project Financing

SolAero anticipates an equity contribution of approximately \$32,183,875, CHIPS direct funding of approximately \$23,900,000, and investment tax credits of approximately \$19,316,125.

2. DEVELOPER'S RECORD:

Founded in 1998 and headquartered in Albuquerque, New Mexico, SolAero's solar cells, solar panels, and composite structural products have supported more than 1,000 successful space missions with 100% reliability and mission success to date. Over the past two decades, SolAero's products have played key roles in some of the industry's most ambitious space missions, including supplying power to NASA's Parker Solar Probe and Mars Insight Lander,

LEDA 25-4: SolAero Technologies Corporation Project

the largest solar array ever deployed on the surface of Mars, and several Cygnus Cargo Resupply Missions to the International Space Station.

In January 18, 2022, Rocket Lab USA, Inc. (Nasdaq: RKLB) announced it has closed the transaction to acquire SolAero. Rocket Lab is headquartered in Long Beach, California. As of June 2024, the company had approximately 2,000 full-time permanent employees globally.

Brief summaries of the relevant experience of the SolAero executive team are included below. Additional information about other key individuals with the company can be found on the company's website.

Peter Beck

Founder, President and Chief Executive Officer

Mr. Beck is the founder, President and Chief Executive Officer of Rocket Lab. Since founding the company in 2006, Mr. Beck has grown it into a global organization that develops and launches advanced rockets, satellites and spacecraft. Mr. Beck has served on Rocket Lab's board of directors, and as its President and Chief Executive Officer since July 2013 and was appointed Chairman of the Board in May 2021.

Adam Spice

Chief Financial Officer

Mr. Spice has served as Rocket Lab's Chief Financial Officer since May 2018. From January 2011 until May 2018, he was Vice President and Chief Financial Officer at MaxLinear, Inc., a provider of radio frequency, analog and mixed-signal integrated circuits for the connected home, wired and wireless infrastructure, and industrial and multimarket applications.

Frank Klein

Chief Operations Officer

As Chief Operations Officer, Frank Klein leads Rocket Lab's efforts to scale manufacturing of its spacecraft, launch vehicles, and spacecraft components across multiple sites to meet growing customer demand.

Prior to joining the Rocket Lab team, Mr. Klein served Daimler AG (now Mercedes-Benz Group) for 27 years where he led various business divisions including Vehicle Research, Trucks, Cars, and Van manufacturing. While Vice President of Mercedes-Benz Vans Operations, Mr Klein managed global production across 12 production sites, heading up logistics, industrial engineering, and the division's quality department, with responsibility for more than 14,000 employees globally.

Based on the description and information given in the project plan, the company's historic growth & acquisitions, and current facilities, the company appears to have the track record to ensure a successful project.

Additional information is available on <https://www.rocketlabusa.com/space-systems/solar/>

LEDA 25-4: SolAero Technologies Corporation Project

3. EQUITY:

The project intends to utilize \$300 million of industrial revenue bonds, which will be self-purchased, and \$3.5 million of LEDA funds for this project.

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

4. MANAGEMENT:

SolAero will develop their management team for the site. Resumes of Company senior personnel are attached in the Application.

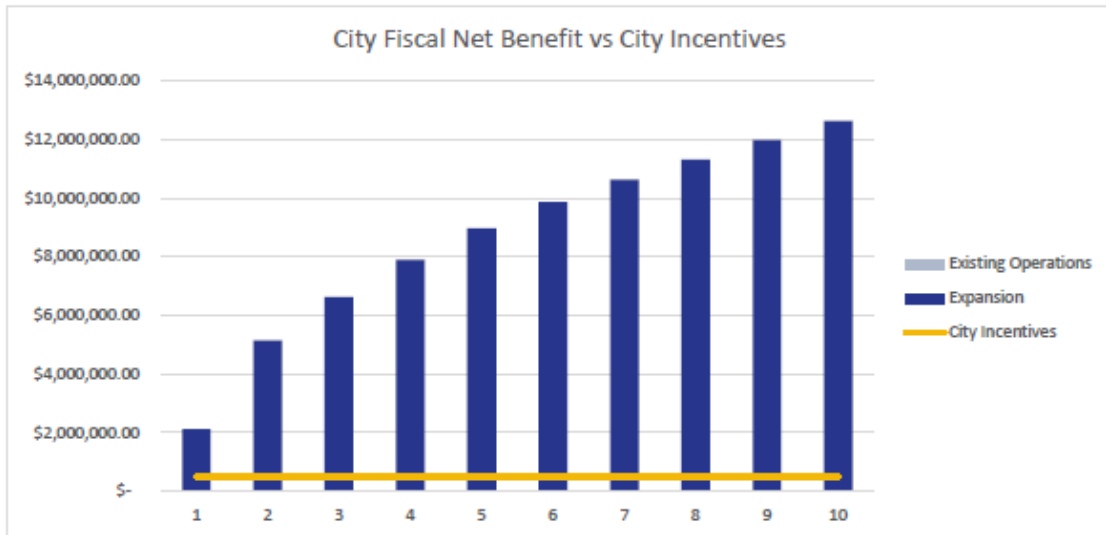
Based on the description given in the project plan, management appears to be qualified to manage the project.

5. 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 Project will generate additional benefits and costs for local taxing districts, a summary of which is provided below. The source of specific benefits and costs are provided in greater detail for each taxing district on subsequent pages. Overall, the City will receive approximately \$12,640,245 in net benefits over the 10-year period, equating to a Present Value of \$10,961,114. The Project will have an estimated Economic Impact of \$ 478,683,751 and an overall Net Benefit of \$17,181,539 over the 10-year period.

LEDA 25-4: SolAero Technologies Corporation Project



Incentives

Total City Incentive:	\$	500,000
City Incentive Per Job:	\$	5,000

Combined Payback and Return

City Payback Period Combined:	0.24	Years
City Rate of Return Combined:	2092%	

Expansion Only Payback and Return

City Payback Period Expansion:	0.24	Years
City Rate of Return Expansion:	2092%	

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

Taxes and Revenue

Gross Receipt Taxes	\$	4,981,057
Misc. Taxes and Revenue	\$	514,686
Property Taxes	\$	7,315,668
Subtotal of Benefits	\$	12,811,410

Costs

Costs	\$	171,165
Subtotal of Costs	\$	171,165

Net Benefits

Net Benefits	\$	12,640,245
Present Value	\$	10,961,114

The fiscal impact analysis demonstrates that the City will recoup the value of its investment, within the ten years required by the LEDA ordinance.

V. PROJECT PARTICIPATION AGREEMENT

Pursuant to the Local Economic Development Act, Sections 5-10-1 to 5-10-13 NMSA 1978 ("LEDA"), the City adopted Ordinance No. F/S 04-10 (the "LEDA Ordinance"), approving an economic development plan for the City and authorizing the City to consider applications for economic development assistance. The Ordinance calls for the preparation and approval of a Project Participation Agreement (PPA), which is the formal document, which states the contributions and obligations of all parties in the LEDA project. The agreement must clearly state the following items:

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

B. Each project participation agreement shall be adopted as an ordinance and adopted by the Council at a public hearing.

The primary terms of the SolAero Project Participation Agreement are summarized and attached as an Exhibit.

1. COMPANY CONTRIBUTION

SolAero has undertaken certain renovations and improvements to the Project Facilities; and will occupy and operate the Project Facilities and will use the Project for advanced energy technology research and development; and will hire and retain employees as contemplated by this Agreement, all in accordance with the schedule and other terms and conditions set forth in this Agreement. SolAero will maintain the Project's operations in Albuquerque for a minimum of ten (10) years. SolAero will comply with all applicable laws in connection with the operation of the Project and will timely pay all applicable property taxes with respect thereto, taking into account the tax abatements afforded through the industrial revenue bond project contemporaneously entered into between the City and SolAero.

The State Contributions; Procedure for Disbursement of the State Contributions. The City anticipates that the State Contribution of \$1,500,000 will be delivered to the City for subsequent disbursement to SolAero, following enactment of the SolAero LEDA ordinance and execution of this Agreement and an intergovernmental agreement between the State and the City. The City will submit an invoice to the State and request transfer of the State funds. Upon receipt, the City will place the State Contribution into a separate account established in connection with the Project, as required by law. If, and only if, the City receives the State Contribution, the City will disburse the State Contribution to SolAero in the manner described in this Agreement. The State Contribution will be distributed to SolAero upon reaching the following benchmarks.

A. \$1,000,000 will be distributed upon the City's passage of the Project Ordinance and receipt of the Certificate of Occupancy for the Project Facilities, incurrence of LEDA eligible expenses and SolAero being current with all required reporting under this Agreement.

B. \$250,000 will be distributed upon SolAero hiring 20 full-time employees, for a total of 401 employees, which employment is maintained for one quarterly reporting period, incurrence of LEDA eligible expenses and SolAero being current with all required reporting under this Agreement.

C. \$250,000 will be distributed upon SolAero hiring 30 full-time employees, for a total of 431 employees, which employment is maintained for one quarterly reporting period, incurrence of LEDA eligible expenses and SolAero being current with all required reporting under this Agreement.

Pursuant to Section 11, reimbursement requests shall include a copy of SolAero's most recent quarterly Department of Workforce Solutions 903A, or its equivalent, to substantiate current employment levels and upon submission of proof of payment for eligible expenses as per paragraph #6. Payments may be withheld if Company is not in good standing with City, State, or Federal agencies.

The City Contribution. Pursuant to the Project Ordinance and the LEDA Ordinance, the City has committed the amount of \$250,000 to be used in connection with the Project. The City's Contribution will be in increments of \$125,000 upon the same terms and schedule as the State Contribution as outlined in paragraphs 3(B) and 3(C) herein.

2. Time Commitment. SolAero has commenced certain acquisition, construction renovations and improvements to the Project Facilities. Operations at the Project Facilities are to begin following completion of construction, improvements and renovations or as soon thereafter as possible. SolAero will continue to occupy the Project Facilities and diligently conduct operations in the Project Facilities in the manner contemplated by this Agreement at least through December 31, 2034.

6. Use of Public Contributions. SolAero will be eligible for reimbursement of up to \$1,750,000 for reimbursements for acquisition, construction, renovation, and improvements

related to the Project Facilities actually incurred after _____, 2024 and paid for by SolAero, subject to the receipt by the City of the State Contribution. The City will make payment to SolAero following submission to the City of documentation satisfactory to the City evidencing payment of eligible expenses related to construction, renovation and improvements with respect to the Project.

No Project funds will be used to reimburse expenses from any individuals or a company that has a financial interest in SolAero or its employees.

7. Job Commitment and Clawbacks.

A. Number of Jobs. SolAero has targeted employment of (1) 391 full-time employees by December 31, 2025, (2) 451 full-time employees by December 31, 2034, in each case at an average annual salary of more than \$100,000 plus benefits (the “Jobs”). A Job will represent an employment position for a person for at least one pay period consisting of at least 32 hours of work per week and offering the employee the full range of benefits offered to other similarly situated SolAero Power employees from time to time. Positions filled by contract, part-time and temporary workers will not be considered Jobs. All references herein to “employees” mean employees in Jobs as contemplated by this Section 7.A.

B. Wages and Benefits. SolAero anticipates that the Jobs will fall within the wage ranges and will come with the benefits shown on Exhibit B. However, failure to meet the wage and benefit projections shown on Exhibit B shall not constitute an Event of Default (defined below) or form the basis for any clawback payment.

C. Performance Clawbacks. If SolAero does not employ at least 90% of the required number of full-time employees as set forth in Section 7.A herein by December 31, 2025, or December 31, 2034, respectively, then subject to the remainder of this Section 7.C, SolAero will repay to the City, within sixty (60) days of the due date of the annual report referred to in Section 11 below, the portion set out below of the total amount of the City Contribution and State Contribution paid on behalf of SolAero pursuant to this Agreement that has already been disbursed to SolAero for such year as of the date of repayment (the “Performance Clawback”).

<i>Job Measurement Date</i>	<i>Cumulative Fulltime Target Job Number</i>	<i>Minimum Job Number</i>	<i>Clawback Due if Minimum Job Number not met</i>
December 31, 2025	391		100% of Clawback Penalty
December 31, 2034	451		25% Clawback Penalty

Notwithstanding the foregoing, if SolAero fails to employ the required full-time employees as identified in Section 7.A herein, and believes Business Climate Changes were the cause for its failure to meet such requirements, SolAero will so advise the City in writing describing the Business Climate Changes in detail. “Business Climate Changes” mean substantial changes outside of the control of SolAero, in the segment of industry in which SolAero operates, that cause

a significant decrease in the amount of production SolAero is able to achieve. The shifting of SolAero operations to another Project, whether within or outside of Albuquerque, will not constitute a Business Climate Change.

If the City determines that Business Climate Changes affect the ability of SolAero to maintain employment levels, it may waive or modify the Performance Clawback, but only related to the City Contribution and the City shall consult with the State EDD as to any potential waiver of the Performance Clawback or a portion thereof related to the State Contribution. Any Performance Clawback due will be paid within 15 days after the City notifies SolAero of its decision or the decision of the State EDD. If SolAero does not attribute the failure to meet employment requirements to Business Climate Changes, the payment of any Performance Clawback due will be submitted to the City within ten (10) days after the due date of the annual report reflecting the failure to maintain the required employment level.

The Performance Clawback, if any, will be determined based on (i) percentage of shortfall after a 6-month cure period; (ii) applicable Clawback Penalty percentage; and (iii) amount that has been disbursed pursuant to this Agreement as of the date the Performance Clawback is triggered.

D. Project Closure Clawback. Should SolAero cease operation, or notify the City of its intent to cease operation, of the Project (i.e., cease to conduct operations at the Project) before December 31, 2034, SolAero shall, within ninety (90) days of the cessation of operations, pay to the City, in cash, an amount equal to the percentage of the amount of the City Contribution and State Contribution paid pursuant to this Agreement, as set forth below:

<i>Date of Closure</i>	<i>Percentage of Clawback</i>
On or before December 32, 2029	100%
January 1, 2030 through December 31, 2031	80%
January 1, 2032 through December 31, 2032	70%
January 1, 2033 through December 31, 2033	60%
January 1, 2034 through December 31, 2034	50%

Winding down of SolAero’s operations at the Project in preparation for a cessation of operations may be considered a cessation of operations. “Winding down” operations may include layoffs by SolAero of greater than or equal to 75% of employees at the Project Facilities.

E. Maximum Clawback; Unpaid Payments. Notwithstanding anything herein to the contrary, the maximum aggregate clawback payable hereunder will be \$1,750,000, not including interest. Any clawbacks not paid when due shall bear interest at the Prime Rate plus 2%

LEDA 25-4: SolAero Technologies Corporation Project

per annum from the due date until paid. “Prime Rate” means the U.S. prime rate as reported from time to time in *The Wall Street Journal* in its Bonds, Rates and Yields table, or successor table.

FINDINGS:

1. SolAero Technologies Corporation is a qualified entity as defined by the State’s Local Economic Development Act and the City enabling legislation (F/S O-14-10); and
- 2 LEDA 25-4 would make positive substantive contributions to the local economy and community by creating 100 economic base jobs; and
3. Subject to the development of acceptable security documents, LEDA 25-4 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives, including the requirement to operate for at least ten years; and
4. Subject to the development of acceptable security documents, LEDA 25-4 would adequately meets the evaluation criteria established by the City for Local Economic Development Act projects, including the requirement that the City recoup the value of its investment within 10 years.

STAFF RECOMMENDATION:

Based on the above findings, staff recommends approval of LEDA 25-4 as proposed in the project plan application.

Chris Chavez, Economic Development Manager
Economic Development Department

FY23/24/25 LEDA Application-ABQ

Applicant	Jennifer Goodrum
Applicant ID	APP-018993
Company Name	RocketLab - SolAero Technologies Corporation
Phone	303-999-6553
Email	j.goodrum@rocketlabusa.com
Status	Submitted
Application Amount	\$0.00
Funded/Approved	<input type="checkbox"/>

Contact Information

Question: Legal Company Name

SolAero Technologies Corporation

Question: Trade Name (dba)

Not Answered

Question: Project Name

CHIPS Project - SolAero

Question: Company Street Address

10420 Research Rd SE and 1600 Eubank Blvd SE

Question: Company City

Albuquerque

Question: Company State

New Mexico

Question: Company Zip

87123

Question: Phone

(505) 332-5000

Question: Website

<https://www.rocketlabusa.com/space-systems/solar/>

Question: Primary Contact Person First Name

Brad

Question: Primary Contact Person Last Name

Clevenger

Question: Federal Tax ID #

47-1941203

Question: NM State Tax and Revenue Identification Number

03-307119-00

Question: City/County Business License Registration will be pursued

Yes

No

Question: NAICS Code(s)-North American Industry Classification System

334413

Question: DUNS # (preferred but not required)

014038884

Question: This Business is organized as a:

C-Corporation

S-Corporation

LLC

Partnership

Sole Proprietorship

B-Corporation

Question: Incorporation Papers

[COMBO Q18 Incorp Papers.pdf](#) (9/12/2024, 2:49 PM)

Question: Resumes of all principals (owners, partners, directors or officers; required for businesses 1 years or younger)

No Attachments

Question: Company Contact for Project Administration (if different from above)

Brian Radke

Question: Title

Senior program Manager

Question: Telephone

██████████

Question: Cell Phone

██████████

Question: Email

████████████████████

Project Information

Please include detailed information such as:

- Executive Summary; Business description and history
- Infrastructure Development/Needs
- Market analysis and strategy
- Summary of competition
- Tax Reporting Status
- Effect on Existing Industry and Commerce during and after Construction
- Land Acquisition
- Local Purchasing

- Water Conservation
- Relocation of Individuals or Businesses
- Construction Schedule
 - Target Close Date
 - General Contract Signed
 - Construction Start
 - Construction End
 - New Facility Operational Date
- Operations plan; Organizational chart
- Any document or record that the local governing body, in its sole discretion, deems necessary.

Question: Description of the Proposed Development, its product and its timeline.

The proposed project is an expansion and modernization of SolAero's compound semiconductor manufacturing capability and capacity that is both sufficient to meet rapidly growing global demand and a significant improvement of the overall economics of compound semiconductor production at SolAero. Project will start at CHIPS award date and will be completed within 48 months. Estimated Timeline is October 2024 thru October 2028.

Question: Provide a detailed scope of work that is specific to the funding request/award and what the funds will be used for.

The project will expand and modernize manufacturing capability, keep operations co-located in order to maximize technical, operational and industrial efficiency, and mitigate cost and schedule risks by minimizing new construction and leveraging existing facility systems. Space-grade solar cells manufactured in Building 1 must be post-processed into satellite solar panels as the finished products that SolAero delivers to customers. Wafer processing tools have different production capacities and modern tools are nearly twice as productive (e.g. wafers/unit time) as the 20-year-old capability currently installed at SolAero. To size capital investment for the project, SolAero used a parametric model to match tool capacities. As 5 MOCVD tools (i.e. wafer production capacity) are added, the model identifies production constraints and increments the corresponding FE and/or BE tool count. The total investment required to add 5 MOCVD tools of total capacity and modernize the facility and infrastructure is ~\$95.5M. SolAero respectfully requests a 90% real and personal property tax exemption for its property located at 10420 Research Rd SE, Albuquerque, NM and 1600 Eubank Blvd SE, Albuquerque, New Mexico 87123.

Question: Business Plan (required for businesses 1 year or younger)

Details are within the Financial IRR analysis attached in the Finance Section of this application

Question: Supporting Documentation

[New Mexico Internal and External Spend Plan 9 20 2024.xlsx](#) (9/23/2024, 7:31 AM)
[7 2024 Compensating Tax 9 20 2024.xlsx](#) (9/23/2024, 7:31 AM)

[7 2023 Compensating Tax 9 20 2024.xlsx](#) (9/23/2024, 7:30 AM)

[SolAero Technologies Workforce Development Plan.pdf](#) (9/16/2024, 8:46 AM)

[LEDA Application SolAero Technologies - Project Narrative.docx](#) (9/13/2024, 7:41 AM)

Financial Information

*Upload sources and uses chart; enter N/A and zero for questions that do not apply to your business

Question: Provide detailed assumptions for your project including three years of projected cash flow income statements. If the applicant has been in business less than one year, you may be requested to provide additional financial information after review .

[SolAero CHIPS IRR Analysis.32024 - CHIPS Terms - Project Stand Alone \(1\).xlsx](#) (9/12/2024, 2:34 PM)

Question: Provide financial statements (balance sheet, profit and loss and cash flow) or tax returns for the past three years. Also provide interim statements within 90 days of application date.

[SolAero CHIPS IRR Analysis.32024 - CHIPS Terms - Project Stand Alone.xlsx](#) (9/11/2024, 2:59 PM)

Question: What is the collateral/security to be pledged to the funds awarded?

- Letter of Credit
- Surety Bond
- Mortgage Security
- Security Agreement/Escrow
- Security Agreement/Lien
- Security Interest/Lien

Question: What is the method of appraisal for stated security (if Security Mortgage or Lien were selected above)?

N/A

Question: What is the equity investment from the applicant?

\$32,000,000.00

Question: External Equity Investment Sources

Reference IRR Upload doc

Question: External Equity Investment Amount

\$32,400,000.00

Question: City/County Funding Source

LEDA Grant

Question: City/County Funding Amount

\$5,000,000.00

Question: Bank Loan Source (financial institution names), type (commercial, USDA, SBA 504, etc.), and stage (applied or approved)

Reference IRR Upload doc

Question: Bank Loans Amount Total

\$0.00

Question: Other Loans Source

IRB

Question: Other Loans Amount

\$13,900,000.00

Question: Other Sources

CHIPS Grant

Question: Other Sources Amount

\$23,900,000.00

Question: Total Project Amount (Sum of above)

\$95,500,000.00

Question: Supporting financial documentation

[SolAero CHIPS IRR Analysis.32024 - CHIPS Terms - Project Stand Alone \(1\).xlsx](#) (9/12/2024, 2:34 PM)

Company History and Background

Question: How long has the company been in operation, as of the date of application?

SolAero Technologies, formerly Emcore Corporation, was founded in 1984

Question: At the time of this application, how many full-time employees do you currently employ? Please provide the most recent Department of Workforce Solutions report below. If no employees, disregard report. Enter 0.

383.00

Question: List owners with more than 20% ownership stake in the company. Additionally, please list principal directors and/or officers.

SolAero Technologies Corp. is ultimately owned 100% by Rocket Lab USA, Inc

Question: Are owners and/or officers current with financial obligations/payments to the State of New Mexico or any other Federal or State entity? If no, please explain.

None

Question: Does the applicant have any loans or other financial obligations on which payments are not current? If yes, please explain.

NONE

Question: Please identify any financially affiliated/associated companies in which any of the applicant's owners have a 20% stake.

Rocket Lab USA, Inc., the ultimate sole owner of SolAero Technologies Corp., is financially affiliated/associated with the following companies outlined in the Attachment - Tax Org Chart 9-30-2024

Community Aspects

Question: At the community level, what are the infrastructure needs not yet in place or in process that will affect this project's application?

Project is to expand our MOCVD reactor capacity and to upgrade our facility equipment to modern and more cost efficient. Final evaluations on the exact manufacturers of the MOCVD reactors is to be finalized by end of 2024. The reactor selection will affect the infrastructure solution. We are to imply the most overall cost-effective solution for our production process and the best solution for environment aspects. Additional Power Requirements may facilitate an installation of new switch gear and transformers. With our new reactors we will and to install state of the art abatement equipment to reduce our impact on the environment. We will install new water treatment systems along with improved air filtration systems.

Question: What specific incentives are being REQUESTED from the COMMUNITY? Please

explain where the applicant is in this process and provide an idea of a timeline for incentives' deployment.

SolAero has worked with the New Mexico Economic Development Department to identify up to \$25.5M of state and local incentives, as detailed in the attached letter from the EDD dated Oct. 12, 2023. IRB and LEDA funding are included in these aggregate amounts, as well as several state tax incentive programs like JTIP, HWJTC and MITC. IRB and LEDA funding will be pursued in fall of 2024. JTIP and HWJTC program participation are contingent on attaining and exceeding previous hiring number highs. SolAero is working actively to pass these thresholds and hopes to qualify to begin receiving program funding early in 2025. MITC funding is contingent on installation and operationalization of equipment with a 12 month+ lead time and will be claimed in the tax filing following these milestones – likely 2026 or 2027.

Question: What specific incentives will be PROVIDED from the COMMUNITY? (e.g. parcel of land, building lease, waiver of fees, utility access/extension)?

Assuming qualification and signing of a final federal CHIPS award, the state of New Mexico EDD has affirmed the U.S. Department of Commerce that the incentives outlined in Q53 and the attached EDD letter will be provided to SolAero

Job Creation / Performance

Please download the job creation worksheet to work up the required information for this section.

- [Job Creation Worksheet](#)

Question: Outline the number and types of jobs to be created.

14 design and engineering exempt professionals
39 manufacturing non-exempt personnel deployed across four work shifts
17 exempt and non-exempt personnel in quality assurance, logistics, and support role

Question: Outline the proposed pay scale and payroll proposed by the entity.

Exempt Engineering Professionals - \$90k to \$150k Annual
Non-Exempt personnel - \$40k - \$50K Annual
Exempt and Non-Exempt Quality, Logistics or Support Functions \$65k - \$90K Annual

Question: Outline the benefits offered to the employees, including but not limited to health care and retirement.

BENEFITS.

SolAero offers employees and their eligible dependents group medical, dental and vision insurance benefits, which will be effective the first day of the month following your hire date except for the 401K Plan. Employees will be eligible to participate in the 401K Plan sixty (60) days following their start date. The premium cost for the healthcare benefits is shared by the employees and SolAero. For additional information concerning Group Health and other coverage under the SolAero Benefit Plan

Question: Outline any efforts being made or proposed by the applicant to hire people within the local employment pool.

SolAero is committed to filling the new positions locally. It will contribute to a more stable workforce and will assist in our quest for community insight and involvement. To boost local hiring in Albuquerque, New Mexico, Rocket Lab plans to host quarterly hiring events starting in 2025, partnering with local businesses, educational institutions, and community organizations. Our strategy includes targeted marketing, skill development programs, and resource centers to support continuous job seeker assistance and track employment outcomes for ongoing improvement.

Question: Attach job creation worksheet

[Job Creation Worksheet - LEDA.xlsx](#) (9/23/2024, 7:25 AM)

Question: Starting Headcount (from worksheet above)

383.00

Question: Total new jobs to be created Year 1 (from worksheet above)

10.00

Question: Total new payroll Year 1 (from worksheet above)

\$393.00

Question: Total number of new jobs to be created Year 2 (from worksheet above)

4.00

Question: Total new payroll Year 2 (from worksheet above)

\$397.00

Question: Total number of new jobs to be created Year 3 (from worksheet above)

15.00

Question: Total new payroll Year 3 (from worksheet above)

\$412.00

Economic Impact Analysis

NMEDD will perform an Economic Impact Analysis to address the impact to the local tax base, the school system, etc. using the Impact Data Sheet provided by the applicant.

Question: Outline any impacts to the environment, positively or negatively.

We will be installing new MOCVD reactors and new Abatement for those reactors. this will require an increase in power consumption and will require us to issue a modification for our Air and Water Permits. The new equipment we will be installing is to modernize our process equipment and thus will result in a more efficient process once the project is at its completion. Completion of the overall project will result in a reduced impact to our local environment. the installation of modern abatement equipment and water treatment equipment will see a significant improvement to our environmental systems

Attachments

Please download the authorization for examination and release of information template and the example employer quarterly wage and contribution report.

- [Authorization for examination and release of information form](#)
- [Employer quarterly wage and contribution report example](#)

If you are a new business, please apply for a NM Tax Identification Number here:

<http://www.tax.newmexico.gov/Businesses/wage-withholding-tax.aspx>

Please download the LEDA Application Affirmation Template here:

[LEDA Application Affirmation Template](#)

[Click here](#) to view a filled out sample.

Question: New Mexico Economic Development Department authorization for examination and release of information.

[SKM_C360i24091723040 Brad Signed Documents.pdf](#) (9/19/2024, 7:15 AM)

Question: Latest New Mexico employer's quarterly wage and contribution report submitted to the Department of Workforce Solutions.

[4.30.24 ES903A.pdf](#) (9/17/2024, 3:41 PM)

[7.31.24 ES903A.pdf](#) (9/17/2024, 3:41 PM)

Question: Affirmation and any other supporting documents

[SKM_C360i24091723040 Brad Signed Documents.pdf](#) (9/19/2024, 7:15 AM)

City of Albuquerque Project Information

This section of the NMEDD LEDA Application contains information required by the City of Albuquerque Ordinance 0-04-10 and conforms with and complements the policies established for the Local Economic Development Act pursuant to the Council action. This documentation 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.

Question: Project Supporting Documents: City Zone Atlas Map of Location, aerial/satellite picture of area, conceptual overview of finished location, Fiscal Impact Analysis from UNM BBER (if requested by City ED Director), Conceptual Site Plan and Elevation.

[IDOZoneAtlasPage_M-21-Z 9 16 2024.pdf](#) (9/16/2024, 8:49 AM)

[City Zone Map.pptx](#) (9/13/2024, 10:07 AM)

Question: General Description-Statement of benefit to be gained by the Albuquerque community from this development

Project of expanding capacity in our growth area by purchasing new MOCVD reactors; along with the modernization of our supporting production tools will create new jobs at Solaero. Early positions for the project will be engineering and project management positions. the additional operators will be brought on once the new equipment is in production. We will be improving our facility with the support of local contractors and vendors. The project actions on site will span over 36 months with the last step being the installation of the new MOCVD reactors.

Question: Site and Existing Conditions: Legal Description-Give both the precise and complete legal description and address or identification of location.

SolAero Technologies Corp located at 10420 Research Road, Albuquerque, NM 87123

Question: Prevailing Site Conditions: Describe the present use and development of the site, including any improvements, vacant land, etc.

Site is used for production of Solar cells that are used on Satellite Solar Panels for power creation. The project to add MOCVD reactors and additional production equipment will take place internal to the current structures at Solaero. There may be new Power Switch Gear added and rooftop air handlers, but the physical structure will be unchanged.

Question: Present Assessed Value: According to the Bernalillo County Assessor's office.

36418847

Question: Present Zoning of Property

NR-BP and NR-C

Question: Proposed Zoning: If change in zoning is required for the proposed use, enter the proposed new zone.

No New Zoning

Question: Status of Permitting/Regulatory matters needed for project.

An update to the air and water discharge permits for the city of Albuquerque and the state of

new Mexico. Tenant improvement permits will be requested as required by local authorities

Question: Sustainability Initiatives: Describe any sustainability initiatives or programs the company already has and/or plans to use in its facility operations and processes.

SolAero employs a variety of processes and maintains a number of metrics to track its environmental, health & safety goals & commitments. These include, but are not limited to, quantities of purchased of metals goods (e.g. germanium, gallium, gold, silver) and quantities of those goods recycled vs consumed/expended; quantities of wastes from all streams generated, how they are disposed of and at what costs; energy consumption from all sources and overall energy efficiency per product unit; greenhouse gas and other gaseous effluent emissions and pound releases per product unit. These metrics and more are disclosed in SolAero's annual regulatory filings with federal, state, and local authorities

Question: Renewable Energy: Indicate in detail if an how the Project will create, produce or use renewable energy and renewable energy technology.

SolAero's local utility, PNM, offers solar energy programs in which participants can tie private sources of solar power to the electrical grid and/or pay PNM to have a portion of their solar power demand met by renewable sources. SolAero participates in both programs. SolAero is a partner in and the sole offtaker from a 2MW solar power installation located directly south of its facilities. The Company has signed a 25-year Purchased Power Agreement (PPA) with the field operator and PNM. PNM limits private, grid-tied sources of solar power to 1MW per electrical meter/address. SolAero installed \$375,000 of electrical switchgear to route incoming power from two separate utility feeders to each of SolAero's buildings and to tie 1MW of the solar power installation into each of those feeders. This enabled SolAero to operate its buildings on separate feeders, so that the entire factory would not be taken offline by the loss of one feeder or local substation, and to maximize utilization of the power produced by the 2MW installation. No additional solar power can be added to either of SolAero's buildings because they already operate at the maximum allowed by PNM. So, SolAero subscribes to PNM's Blue Sky program in which apportioned 100kWh "blocks" of electricity are sourced from solar and wind facilities in New Mexico. As SolAero's demand for electricity grows in connection with the expansion of factory capacity contemplated in this Application, SolAero is committed to growing its subscriptions to the Blue Sky program commensurately.

Question: Products and Process: Will the proposed development generate air, noise or waste pollution or traffic congestion? If so, what plans are in place for the reduction and disposal of waste and/or project emissions?

Project will be internal to the existing structures of SolAero. No additional air, noise, or traffic congestion. Project will include an improved abatement system for the exhaust gases that will reduce the operating cost of the facility and will improve our waste streams.

Question: Competition: The Development Commission and City Council do not wish to make public funds available for projects with local competition. Describe any competition in the same area of commerce or industry existing in the City.

There are only three suppliers of space-grade solar cells in the world and two in the US. There are no other manufacturers of compound semiconductor devices in the city of Albuquerque nor the state of New Mexico.

Question: Describe the predicted effects of the project including construction jobs generated,

increased employment, increased sales, new industrial base, possible spin-off business in the City.

Project will be completed at our Albuquerque location and thus local city and state resources will be used to complete the project over the planned 4 year project schedule. This will include local architect and construction firms along with electrical and mechanical firms. An estimate of \$30M of the project will be spent with local firms for construction and renovation of the building. In addition to the direct, high wage jobs created by Rocket Lab as a result of the CHIPS project, Rocket Lab will partner with many local businesses on equipment and material purchases and workforce pipeline and training programs. In fact, Rocket Lab will invest at least \$2M into local workforce programs, which will likely result in new jobs at Universities, non profits and affiliates to support this expanded programming. In addition, the CHIPS investments should enable a higher production capacity for space solar cells at the SolAero facility. If market demand for space solar cells increases over coming years as anticipated, additional jobs could be generated at SolAero directly, and also at suppliers of materials, equipment and more. There are no direct plans for spin off businesses or definable impact to the broader local industrial base at this time

Question: Proposed Development: Describe any construction to be undertaken in the project, including square footage, construction type, location of construction on project site.

Project will be contained within the current footprint and structures

Question: Proposed Development: Will existing buildings will be rehabilitated or incorporated in the construction?

Construction will take place within the existing structure of the current building described as Building #1. Project will be focuses on increasing growth reactor capacity. Areas within the building will be rehabilitated and upgraded to current technology to produce our product and the support systems surrounding.

Question: Proposed Development: Detail any demolition required and indicate whether it involves any identified historic properties.

No demolition will be down with this project.

Question: Infrastructure: Indicate if the project will require any extension or relocation of utility or road systems and if so, what cost sharing agreements have been reached between the applicant and the City.

No changes to external Infrastructure for this project. We will be upgrading our internal power distribution systems to accommodate the increased power demands with the new MOCVD reactors.

Question: Area Enhancement: Describe how project design and placement will enhance the area.

No external visual changes will be done with this project.

Question: Local Purchasing: Provide and estimated annual expenditure on goods and services locally procured that are subject to the New Mexico gross receipts tax, and an estimated annual increase in such an expenditure.

\$30,000,000

Question: Water Conservation: Estimate average daily and monthly water consumption and include any plans for reduction or re-use of water.

Semiconductor manufacturing is a water-intense operation, and New Mexico's arid climate and limited water resource make conservation an imperative. In typical semiconductor manufacturing operations, ~40% of water use is for rinsing operations and another 40% is equally distributed between cleanroom HVAC systems and exhaust scrubbing systems. Thus, ~80% of the water utilization is related to manufacturing processes. In addition, in compound semiconductor manufacturing, it is common for wet chemistries (e.g. acids, rinsates) to contain contaminants such as arsenic, meaning water use and the potential for it to become a hazardous waste are high.

To combat this problem, SolAero has made considerable investments in managing water use that enables recycling of over 30% of process water and complete segregation & treatment of hazardous rinsate. First, SolAero segregated potentially hazardous aqueous waste streams from all other waste streams, a major infrastructure design change from how the facility was originally constructed. This immediately allowed all non-hazardous aqueous waste streams to be recycled, and SolAero implemented reuse programs for a variety of non-potable applications, including in cooling systems, scrubbers and other systems. This step also reduced the volume of water that required treatment by over 90% since the majority of process water is used in non-hazardous applications. Second, SolAero re-directed all potentially hazardous aqueous waste streams to an on-site treatment facility of SolAero's own design. There, all process contaminants and metals are precipitated and pressed into "cakes", and the aqueous effluent is treated to bring it into compliance with applicable discharge requirements. The "cakes" are suitable for landfill disposal and the aqueous effluent is discharged to the storm sewer, in accordance with SolAero's discharge permit. No aqueous waste is disposed of as hazardous waste despite the fact that over 30,000 gallons of water per day flow into various process operations.

Question: 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.

This project will not impact surrounding Individuals or Businesses.

Question: Corporate Citizenship Policy/Plan: List any company policies/plans regarding community charitable and civic donations and volunteerism.

SolAero's community investment strategy and its workforce development plan leverage one another to maximize the potential benefits of both. In the Workforce Development Plan volume of this Application, SolAero names New Space New Mexico (NSNM) as the backbone entity of its workforce development sectoral partnership and describes commitments SolAero will make to NSNM's Unite & Ignite program as part of the proposed project. SolAero's engagement with the Unite & Ignite program takes on two forms:

1. NewSpace Ignitor: an initiative to establish regional co-innovation hubs to move companies from concept to product to sales by bridging gaps and barriers to entering, growing, and thriving in New Mexico's high-tech ecosystem and to offer experiential learning opportunities to New Mexico's majority-minority population; and
2. Pathways to the Stars: an effort to build the local talent pipeline by expanding and infusing industry involvement into high-tech learning opportunities for underserved K-12 and university students statewide.

SolAero's support of these programs includes commitment of \$2 million over three years, use of SolAero's specialized manufacturing and testing facilities and subject matter experts by New Space Alliance members, and sponsorship of 15 student internships annually through its internationally-recognized Student Opportunities for Aerospace Research (SOAR) internship program. This strategy will leverage \$11M of federal funding awarded to NSNM for the Unite & Ignite program for workforce and economic development in New Mexico.

The NewSpace Ignitor is the community investment portion of the program. The investment will establish co-innovation hubs in Albuquerque, Navajo Nation and rural southern New Mexico to provide opportunities in underserved communities, promote high-tech manufacturing (via Navajo Technical University's Center for Advanced Manufacturing, for example), and support diversity, equity, and inclusion (via NMSU's Arrowhead Center, for example). Through higher education partners, companies will be matched with interns and early career professionals who fill technology and engineering needs. The hubs will provide access to resources, guided navigation services, specialized equipment, and connections to mentors to foster a stronger local ecosystem. SolAero's support will provide funding and capabilities that are not generally affordable for local small businesses, educational institutions and startup companies and thereby encourage growth of New Mexico's high-tech industry.

Question: Positive Contributions: List all positive contributions that the project will make to the neighborhood.

The project will span more than 48 months and during this time, we will work toward not just modernizing our technology but additional our workforce and the future workforce that will be employed at Solaero. Our commitments within the CHIPS act will allow us to invest in local training programs. (Details in the Attachment Workforce Development Plan , dated Sept 13, 2024). Details are outlined in attachment but a summary of our commitments are Yearly investments to the Pathways to the Stars program, Ignitor and Launchpad programs and continued investments to the community for Internships , workforce development, Employee training and Job placement

We continue to be a valuable partner to the city of Albuquerque and the Sandia National Laboratory Science and Technology Park. We will also be striving for environmental improvement to detail out plans to use commercially reasonable efforts to operate the Project with carbon-free energy to the maximum extent possible and with the goal of operating with 100% carbon-free energy by December 31, 2030.

SolAero shall also use commercially reasonable efforts for the Project to conserve and reuse water onsite achieve a minimum recycle rate of 30% of process water and in addition to recycle at least 80% of the water used onsite and achieve a Net Positive Water Impact by December 31, 2030.

Question: Management: If the project will not be managed by the applicant, who will manage it and does the applicant have any long-range involvement?

Management of the project will be done with internal resources of Solaero and Rocketlab. All parties involved with he project management are full time employees

Question: Indicate the estimated appraised value of the project after completion.

94072738

Project Participation Agreement

City of Albuquerque and SolAero Technologies by RocketLab

Local Economic Development Act Project 24-_____

This Project Participation Agreement is made as of this _____ day of _____, 202__ by and between the CITY OF ALBUQUERQUE, NEW MEXICO (the "City"), and SOLAERO TECHNOLOGIES CORPORATION, a Delaware corporation, having a place of business at 10420 Research Rd SE, Albuquerque, NM 87123 ("SolAero"). Together the City and SolAero are called the "Parties," and individually each a "Party."

WHEREAS, it is the policy of the City to aid and encourage the location of desirable business enterprises in the City and to facilitate a favorable governmental atmosphere for enriching the lives of its citizens by supporting the development of a healthy economy; and

WHEREAS, pursuant to the Local Economic Development Act, Sections 5-10-1 to 5-10-13 NMSA 1978 ("LEDA"), the City has adopted Ordinance No. F/S O-04-10 (the "LEDA Ordinance"), approving an economic development plan for the City and authorizing the City to consider applications for economic development assistance; and

WHEREAS, SolAero has submitted to the City an application in the form attached to this Agreement as Exhibit A (the "SolAero Application") proposing that, in exchange for certain LEDA assistance described below, SolAero will undertake and complete a certain project, which is defined to include the following elements (the "Project"):

Expansion and modernization of SolAero's compound semiconductor manufacturing capability and capacity that is both sufficient to meet rapidly growing global demand and a significant improvement of the overall economics of compound semiconductor production at SolAero. Project will start at CHIPS award date and will be completed within 48 months. Estimated Timeline is October 2024 thru October 2028.

Commitment to operate the Project for a minimum of ten (10) years;

SolAero shall hire and retain employees as contemplated by this Agreement all in accordance with the schedule and other terms and conditions set forth in Section 7 herein; and

WHEREAS, the State Economic Development Department (the "State EDD") has committed up to \$1,500,000 in State LEDA funds (the "State Contribution") for partial reimbursement of acquisition, construction, renovation and improvement costs of the Project Facilities and the City has committed up to \$250,000 in City LEDA funds (the "City Contribution") to be used for partial reimbursement of acquisition, construction renovation, and improvement costs of the Project Facilities; and

WHEREAS, the City adopted Ordinance No. O-24-____ on _____, 2024 (the “Project Ordinance”) (i) finding that SolAero is a qualifying entity as defined in Section 5-10-3(G) NMSA, (ii) approving the SolAero Application for assistance with the Project pursuant to the LEDA Ordinance, which Application proposed that the City direct \$1,500,000 in funds to be received from the State EDD as the State Contribution and \$250,000 in funds to be committed by the City as the City Contribution, all to finance certain statutorily eligible expenses of the Project, including acquisition, renovation and improvement of the Project Facilities, and (iii) approving this Agreement; and

WHEREAS, SolAero estimates a total investment of \$93,555,000 by the end of 2028 related to acquisition, construction, renovation, and improvement of the Project Facilities and acquiring necessary equipment; and,

WHEREAS, the SolAero Application proposes that in exchange for SolAero undertaking and completing the Project, the City funds obtained from the State EDD, pursuant to LEDA, in addition to local City LEDA funds, will be used to reimburse a portion of SolAero expenses related to the Project, on the terms set forth herein; and

WHEREAS, the City has reviewed the cost-benefit analysis conducted by the University of New Mexico’s Bureau of Business and Economic Research (“BBER”) with respect to the Project, which shows that the City will recoup the value of its contribution within ten (10) years; and

WHEREAS, the SolAero Application clearly demonstrates that SolAero, by completing the Project, will be making a substantive contribution to the community, as required by the LEDA Ordinance; and

WHEREAS, the City Council has determined that these benefits and community contributions adequately meet the intent of having the City recoup the value of its investment; and

WHEREAS, the total amount of public money expended and the value of credit pledged in each fiscal year in which that money is expended by the City for economic development projects pursuant to LEDA does not and will not exceed ten percent of the general fund expenditures of the City in that fiscal year; and

WHEREAS, the City anticipates receiving an appropriation of funds allocated from the State EDD with the direction of the State EDD to convey these funds to the benefit of SolAero via LEDA; and

WHEREAS, LEDA and the LEDA Ordinance require the parties to enter into a Project Participation Agreement meeting the requirements of LEDA and the LEDA Ordinance; and

NOW, THEREFORE, in consideration of these premises and the agreements by the parties set forth herein, SolAero and the City further agree as follows:

1. Goals and Objectives. The goals and objectives of the Project are to create and support an economic development project that fosters, promotes, and enhances local economic development efforts. The goal is that the Project will provide job growth and career opportunities for Albuquerque-area

residents and otherwise make a substantive contribution to the community as set forth in this Agreement and in the SolAero Application.

2. Company Contribution. SolAero has undertaken certain renovations and improvements to the Project Facilities; and will occupy and operate the Project Facilities and will use the Project for advanced energy technology research and development; and will hire and retain employees as contemplated by this Agreement, all in accordance with the schedule and other terms and conditions set forth in this Agreement. SolAero will maintain the Project's operations in Albuquerque for a minimum of ten (10) years. SolAero will comply with all applicable laws in connection with the operation of the Project and will timely pay all applicable property taxes with respect thereto, taking into account the tax abatements afforded through the industrial revenue bond project contemporaneously entered into between the City and SolAero.

3. The State Contributions; Procedure for Disbursement of the State Contributions. The City anticipates that the State Contribution of \$1,500,000 will be delivered to the City for subsequent disbursement to SolAero, following enactment of the SolAero LEDA ordinance and execution of this Agreement and an intergovernmental agreement between the State and the City. The City will submit an invoice to the State and request transfer of the State funds. Upon receipt, the City will place the State Contribution into a separate account established in connection with the Project, as required by law. If, and only if, the City receives the State Contribution, the City will disburse the State Contribution to SolAero in the manner described in this Agreement. The State Contribution will be distributed to SolAero upon reaching the following benchmarks.

A. \$1,000,000 will be distributed upon the City's passage of the Project Ordinance and receipt of the Certificate of Occupancy for the Project Facilities, incurrence of LEDA eligible expenses and SolAero being current with all required reporting under this Agreement.

B. \$250,000 will be distributed upon SolAero hiring 20 full-time employees, for a total of 401 employees, which employment is maintained for one quarterly reporting period, incurrence of LEDA eligible expenses and SolAero being current with all required reporting under this Agreement.

C. \$250,000 will be distributed upon SolAero hiring 30 full-time employees, for a total of 431 employees, which employment is maintained for one quarterly reporting period, incurrence of LEDA eligible expenses and SolAero being current with all required reporting under this Agreement.

Pursuant to Section 11, reimbursement requests shall include a copy of SolAero's most recent quarterly Department of Workforce Solutions 903A, or its equivalent, to substantiate current employment levels and upon submission of proof of payment for eligible expenses as per paragraph #6. Payments may be withheld if Company is not in good standing with City, State, or Federal agencies.

4. The City Contribution. Pursuant to the Project Ordinance and the LEDA Ordinance, the City has committed the amount of \$250,000 to be used in connection with the Project. The City's

Contribution will be in increments of \$125,000 upon the same terms and schedule as the State Contribution as outlined in paragraphs 3(B) and 3(C) herein.

5. Time Commitment. SolAero has commenced certain acquisition, construction renovations and improvements to the Project Facilities. Operations at the Project Facilities are to begin following completion of construction, improvements and renovations or as soon thereafter as possible. SolAero will continue to occupy the Project Facilities and diligently conduct operations in the Project Facilities in the manner contemplated by this Agreement at least through December 31, 2034.

6. Use of Public Contributions. SolAero will be eligible for reimbursement of up to \$1,750,000 for reimbursements for acquisition, construction, renovation, and improvements related to the Project Facilities actually incurred after _____, 2024 and paid for by SolAero, subject to the receipt by the City of the State Contribution. The City will make payment to SolAero following submission to the City of documentation satisfactory to the City evidencing payment of eligible expenses related to construction, renovation and improvements with respect to the Project.

No Project funds will be used to reimburse expenses from any individuals or a company that has a financial interest in SolAero or its employees.

7. Job Commitment and Clawbacks.

A. Number of Jobs. SolAero has targeted employment of (1) 391 full-time employees by December 31, 2025, (2) 451 full-time employees by December 31, 2034, in each case at an average annual salary of more than \$100,000 plus benefits (the "Jobs"). A Job will represent an employment position for a person for at least one pay period consisting of at least 32 hours of work per week and offering the employee the full range of benefits offered to other similarly situated SolAero Power employees from time to time. Positions filled by contract, part-time and temporary workers will not be considered Jobs. All references herein to "employees" mean employees in Jobs as contemplated by this Section 7.A.

B. Wages and Benefits. SolAero anticipates that the Jobs will fall within the wage ranges and will come with the benefits shown on Exhibit B. However, failure to meet the wage and benefit projections shown on Exhibit B shall not constitute an Event of Default (defined below) or form the basis for any clawback payment.

C. Performance Clawbacks. If SolAero does not employ at least 90% of the required number of full-time employees as set forth in Section 7.A herein by December 31, 2025, or December 31, 2034, respectively, then subject to the remainder of this Section 7.C, SolAero will repay to the City, within sixty (60) days of the due date of the annual report referred to in Section 11 below, the portion set out below of the total amount of the City Contribution and State Contribution paid on behalf of SolAero pursuant to this Agreement that has already been disbursed to SolAero for such year as of the date of repayment (the "Performance Clawback").

<i>Job Measurement Date</i>	<i>Cumulative Fulltime Target Job Number</i>	<i>Minimum Job Number</i>	<i>Clawback Due if Minimum Job Number not met</i>
December 31, 2025	391		100% of Clawback Penalty
December 31, 2034	451		25% Clawback Penalty

Notwithstanding the foregoing, if SolAero fails to employ the required full-time employees as identified in Section 7.A herein, and believes Business Climate Changes were the cause for its failure to meet such requirements, SolAero will so advise the City in writing describing the Business Climate Changes in detail. "Business Climate Changes" mean substantial changes outside of the control of SolAero, in the segment of industry in which SolAero operates, that cause a significant decrease in the amount of production SolAero is able to achieve. The shifting of SolAero operations to another Project, whether within or outside of Albuquerque, will not constitute a Business Climate Change.

If the City determines that Business Climate Changes affect the ability of SolAero to maintain employment levels, it may waive or modify the Performance Clawback, but only related to the City Contribution and the City shall consult with the State EDD as to any potential waiver of the Performance Clawback or a portion thereof related to the State Contribution. Any Performance Clawback due will be paid within 15 days after the City notifies SolAero of its decision or the decision of the State EDD. If SolAero does not attribute the failure to meet employment requirements to Business Climate Changes, the payment of any Performance Clawback due will be submitted to the City within ten (10) days after the due date of the annual report reflecting the failure to maintain the required employment level.

The Performance Clawback, if any, will be determined based on (i) percentage of shortfall after a 6-month cure period; (ii) applicable Clawback Penalty percentage; and (iii) amount that has been disbursed pursuant to this Agreement as of the date the Performance Clawback is triggered.

D. Project Closure Clawback. Should SolAero cease operation, or notify the City of its intent to cease operation, of the Project (i.e., cease to conduct operations at the Project) before December 31, 2034, SolAero shall, within ninety (90) days of the cessation of operations, pay to the City, in cash, an amount equal to the percentage of the amount of the City Contribution and State Contribution paid pursuant to this Agreement, as set forth below:

<i>Date of Closure</i>	<i>Percentage of Clawback</i>
On or before December 31, 2029	100%
January 1, 2030 through December 31, 2031	80%
January 1, 2032 through December 31, 2032	70%
January 1, 2033 through December 31, 2033	60%
January 1, 2034 through December 31, 2034	50%

Winding down of SolAero's operations at the Project in preparation for a cessation of operations may be considered a cessation of operations. "Winding down" operations may include layoffs by SolAero of greater than or equal to 75% of employees at the Project Facilities.

E. Maximum Clawback; Unpaid Payments. Notwithstanding anything herein to the contrary, the maximum aggregate clawback payable hereunder will be \$1,750,000, not including interest. Any clawbacks not paid when due shall bear interest at the Prime Rate plus 2% per annum from the due date until paid. "Prime Rate" means the U.S. prime rate as reported from time to time in *The Wall Street Journal* in its Bonds, Rates and Yields table, or successor table.

8. Security. To secure the performance of its obligations under this Agreement, SolAero has provided to the City security acceptable to and in favor of the City in the form attached hereto as Exhibit C.

9. Events of Default and Remedies.

A. Failure to Comply with Obligations. Failure by SolAero to comply with any obligation under this Agreement, including without limitation, the failure to make timely payment of any clawback payment due hereunder, shall be an Event of Default. Notwithstanding the foregoing, failure to meet employment projections or failure to meet wage and benefit projections shall not be considered an Event of Default; however, the failure to make timely payment of any clawback payment due as a result thereof shall be an Event of Default.

B. Notice of Event of Default. If any Event of Default occurs, the City shall notify SolAero in writing specifying the alleged failure's nature and, where appropriate, how the alleged failure may be cured, and SolAero shall have thirty (30) days in which to cure such Event of Default; but if the Event of Default is of a nature requiring more than thirty (30) days to cure, SolAero shall have up to an additional sixty (60) days to cure the alleged failure unless the City agrees to provide SolAero with additional time to cure the alleged failure. If the Event of Default is not cured within such thirty-day period, the City shall have and may exercise any remedies available at law or in equity.

10. Fees. SolAero will promptly pay or reimburse the City for all reasonable third-party expenses incurred by the City in connection with this Agreement and the Project, provided, however, that SolAero shall not be liable for costs incurred by the City that are the responsibility of the City in the ordinary course of business. If so determined by the City, in its sole discretion, such third-party expenses may be offset against or reimbursed from the City Contribution or the State Contribution. Although the City does not anticipate incurring significant third-party expenses during the term of this Agreement, such expenses shall consist of expenses associated with performance reviews or audits with respect to the Project and legal fees for outside counsel in the event of any proposed amendment to this Agreement or any necessary enforcement action with respect to this Agreement.

11. Annual Reporting Requirement, Performance Review and Termination. Annually, on or before April 1, 2025 or other date specified by the City, SolAero will provide to the City data for the

previous calendar year regarding its workforce and such other information necessary for the City or its independent contractor to determine whether SolAero has met its obligations under this Agreement. As required by the LEDA Ordinance, the Project will be subject to an annual performance review conducted by City staff, which will evaluate whether the Project is attaining the goals and objectives set forth in Section 1 of this Agreement. This review shall be presented to the City administration and the City Council. If the goals and objectives are not being attained due to SolAero missing the aforementioned benchmarks, the City will work in good faith with SolAero regarding the missed benchmarks; however, the City Council at a public hearing may terminate assistance to the Project by passage of an ordinance which terminates this Agreement and specifies the disposition of all assets and obligations of the Project, after satisfying this Agreement and all rights of the parties arising under this Agreement through the date of such termination. SolAero has the right to invoke the dispute resolution procedures set forth in paragraph 12 herein before any clawback related to performance targets is required. In addition, pursuant to LEDA, the City may enact an ordinance terminating the LEDA Ordinance and dissolving or terminating any or all projects. In the event that the City terminates the LEDA Ordinance or this Agreement, the City will specify the disposition of all assets and obligations of the Project after satisfying this Agreement and all rights of the parties arising under this Agreement through the date of such termination.

Additionally, SolAero will provide to the State of New Mexico Economic Development Department their most recent quarterly Department of Workforce Solutions 903A Report or its equivalent on a quarterly basis beginning with January 31, 2025 and continuing on April 30, July 31, and October 31 of each year until the completion of this Agreement. Company will complete an annual EIA data sheet provided by NMEDD by February 28 of each year beginning in 2025. Failure to complete by April 15th of any year will result in a clawback of 10% of the amount of the City Contribution and State Contribution paid pursuant to this Agreement.

12. Dispute Resolution. The parties will work in good faith to resolve any disputes that arise hereunder. In the event of a dispute between the parties, the President of SolAero, or his/her designee, and the Director or Deputy Director of the City's Economic Development Department shall meet and attempt in good faith to resolve the dispute. If they are unable to resolve the dispute, the President of SolAero and the City's Chief Administrative Officer shall meet and attempt in good faith to resolve the dispute. Nothing contained in this Agreement constitutes a waiver of any Party's right to seek judicial relief.

13. Discrimination Prohibited. In performing the Services required hereunder, the parties hereto shall not discriminate against any person on the basis of race, color, religion, gender, sexual preference, sexual orientation, national origin or ancestry, age, physical handicap, or disability as defined in the Americans With Disabilities Act of 1990, as now enacted or hereafter amended.

14. ADA Compliance. In performing the Services required hereunder, SolAero agrees to meet all the requirements of the Americans with Disabilities Act of 1990, and all applicable rules and regulations (ADA), which are imposed directly on SolAero or which would be imposed on the City as a public entity. SolAero agrees to be responsible for knowing all applicable requirements of the ADA and to defend, indemnify and hold harmless the City, its officials, agents and employees from and against any and all

claims, actions, suits or proceedings of any kind brought against said parties as a result of any acts or omissions of SolAero or its agents in violation of the ADA.

15. Audits and Inspections. At any time during normal business hours and as often as the City may deem necessary, there shall be made available to the City for examination all of SolAero's records with respect to all matters covered by this Agreement. SolAero shall permit the City to audit, examine, and make excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment and other data relating to all matters covered by this Agreement. SolAero understands and will comply with the City's Accountability in Government Ordinance, §2-10-1 et seq. and Inspector General Ordinance, §2-17-1 et seq. R.O.A. 1994, and also agrees to provide requested information and records and appear as a witness in hearings for the City's Board of Ethics and Campaign Practices pursuant to Article XII, Section 8 of the Albuquerque City Charter.

16. Indemnity. SolAero agrees to defend, indemnify and hold harmless the City and its officials, agents and employees from and against any and all claims, actions, suits or proceedings of kind brought against said parties because of any injury or damage received or sustained by any person, persons or property arising out of or resulting from the Services performed by SolAero or SolAero's agents under this Agreement or by reason of any proven, adjudged, or otherwise agreed upon act or omission, neglect or misconduct of SolAero or SolAero's agents or employees or any subcontractor or its agents or employees. The indemnity required hereunder shall not be limited by reason of the specification of any particular insurance coverage in this Agreement.

17. No Collusion. SolAero represents that this Agreement is entered into by SolAero without collusion on the part of SolAero with any person or firm, without fraud and in good faith. SolAero also represents that no gratuities, in the form of entertainment, gifts or otherwise, were, or during the term of this Agreement, will be offered or given by SolAero or any agent or representative of SolAero to any officer or employee of the City with a view towards securing this Agreement or for securing more favorable treatment with respect to making any determinations with respect to performing this Agreement.

18. Applicable Law and Venue. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New Mexico, and the laws, rules and regulations of the City of Albuquerque. The venue for actions arising out of this Agreement is Bernalillo County, New Mexico.

19. Enforcement. SolAero agrees to pay to the City all costs and expenses including reasonable attorney's fees incurred by the City in exercising any of its rights or remedies in connection with the enforcement of this Agreement.

20. Electronic Signatures. Authenticated electronic signatures are legally acceptable pursuant to Section 14-16-7 NMSA 1978. The parties agree that this Agreement may be electronically signed and that the electronic signatures appearing on the Agreement are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

21. Further Assurances and Mutual Cooperation. Each Party agrees to deliver and execute any and all notices, certificates, instruments and other such documents and take any and all actions as any Party hereto reasonably may require to carry out this Agreement and such transactions hereby contemplated, and no Party will take any action that may deprive the other Party of the enjoyment of the rights this Agreement secures. Each Party further agrees to select its own legal counsel and to retain such legal counsel at that Party's expense.

22. Severability. If any part or provision of this Agreement is found to be or becomes unenforceable or illegal for any reason, such part or provision may be modified as necessary to render this Agreement enforceable and legal. If such part or provision cannot be modified as such, the part or provision shall be severed from this Agreement, and the remaining parts and provisions of this Agreement shall remain in full force and effect.

23. Force Majeure. Neither Party shall be liable to the other Party for any failure to perform any provisions or obligations of this Agreement if such failure to perform is caused by or results directly or indirectly from Force Majeure. "Force Majeure" means any cause beyond the reasonable control of a Party affected, including but not limited to, any acts of God, fire, flood, storm, strike, riot or civil disturbance, war, earthquake, lightning, epidemic, labor disturbance, sabotage, or restraint by court or public authority, or any other cause beyond the reasonable control of a Party affected whether similar or dissimilar to the ones listed, which makes it impossible or unreasonably difficult for a Party to perform its obligations under this Agreement. Nothing contained in this paragraph shall be construed to require either Party to prevent or settle a strike against its will. The Party unable to perform its obligations due to Force Majeure will provide notice to the other Party within five (5) days of its becoming aware of the Force Majeure of its inability to perform and its expectations as to when, if ever, it will be able to resume its obligations.

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

25. Assignment by SolAero. Generally, this Agreement may not be assigned without the prior, written consent of the non-assigning Parties, and the City retains the right to determine whether any assignee is a qualifying entity pursuant to LEDA and the LEDA Ordinance. Regardless of any other provision herein, this Agreement may be assigned by SolAero as part of a sale of all, or substantially all, of SolAero's assets, provided, however, that if such an assignment occurs before December 31, 2034, (i) the assignee assumes, in writing, SolAero's obligations under this Agreement, which will include (a) confirmation that the commitment of SolAero remains in place through December 31, 2034, or (b) the assignee provides

another form of security reasonably satisfactory to the City, and (ii) SolAero provides to the City, at least five (5) days prior to such assignment's effective date, a copy of the assignment and (x) such confirmation of SolAero's commitment or (y) such form of security reasonably satisfactory to the City. Notwithstanding any of the foregoing, SolAero may terminate this Agreement in the event that SolAero sells all, or substantially all, of SolAero's assets.

26. Miscellaneous. This Agreement binds and inures to the benefit of the City and SolAero and their respective successors and permitted assigns. This Agreement may not be assigned without the written consent of the non-assigning Party. This Agreement, together with the Letter or Credit, represents the entire agreement of the parties on the subject hereof and supersedes all prior agreements or understandings between the parties, whether written or verbal. This Agreement may be amended or modified, and the performance by any Party of its obligations under this Agreement may be waived, only in a written instrument duly executed by both parties. This Agreement may be executed in any number of counterparts, each of which is an original and all of which taken together constitute one instrument. This Agreement is governed by and is to be construed in accordance with the laws of New Mexico applicable to agreements made and to be performed in New Mexico.

27. Effective Date. This Agreement will be effective on November _____, 2024 (the "Effective Date").

[Signature Page Follows]

CITY OF ALBUQUERQUE,
NEW MEXICO

SOLAERO TECHNOLOGIES CORPORATION,
a Delaware corporation

By _____

Name: Samantha Sengel

Title: Chief Administrative Officer

Date: _____

By _____

Name:

Title:

Date: _____

Address for notice:

One Civic Plaza NW

Albuquerque, NM 87102

Attention: Economic Development Director

Tel: (505)768-3000

Email: mgruner@cabq.gov

Address for notice:

Attention:

SolAero Technologies Corporation

10420 Research Rd. SE

Albuquerque, NM 87123

Tel: (505) 332-5000

Email: j.goodrum@rocketlabusa.com

With a copy to:

City Attorney

One Civic Plaza NW

Albuquerque, NM 87102

Tel: (505)768-3000

Email: lkeefe@cabq.gov

Mailing Address:

P.O. Box 1293

Albuquerque, NM 87103

Exhibits

- Exhibit A Application for LEDA Assistance
- Exhibit B Wages and Benefits
- Exhibit C Letter of Credit



EDD ECONOMIC
DEVELOPMENT
DEPARTMENT

6/5/2024

FISCAL IMPACT ANALYSIS AND ECONOMIC IMPACT OF THE EXPANSION OF SOLAERO TECHNOLOGIES

Prepared by:

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





Purpose and Limitations:

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

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

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

Introduction:

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

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

Description of the Company:

SolAero Technologies researches, develops and manufactures solar power products for satellites and space vehicles. SolAero, formerly Emcore Corporation, has operated in Albuquerque since ~1997 and been headquartered there since 2006. The company employs ~400 persons and has ~\$85M/year of revenue.

Description of the Project:

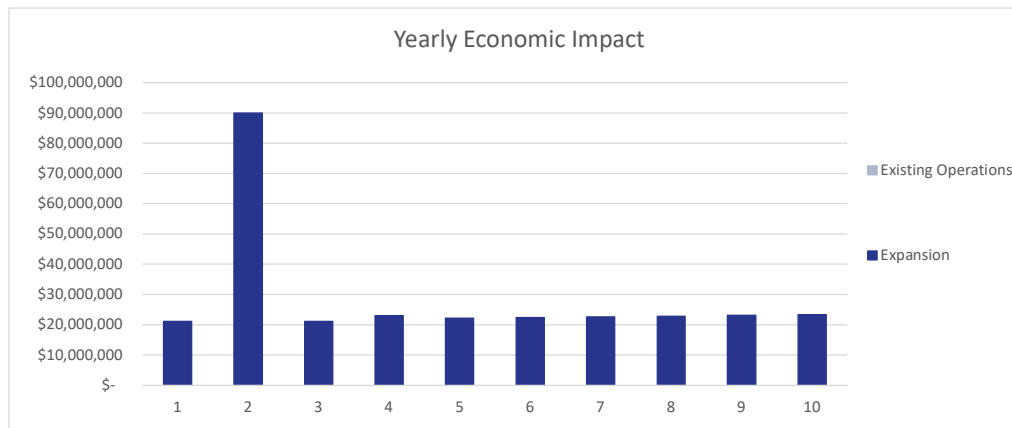
The proposed project is an expansion and modernization of SolAero's compound semiconductor manufacturing capability and capacity. An existing 17,000 sq. ft. Class 10000 cleanroom located at the east end of Bldg 1 will be converted into a MOCVD wafer growth facility. The facility will accommodate SolAero's existing 11 MOCVD tools and up to 10 new MOCVD tools to be purchased as part of the project. This expansion and modernization of MOCVD capacity is estimated to cost \$15M. Then, 6,000 sq. ft. of existing Class 1000 cleanroom currently occupied by SolAero's 11 MOCVD tools will be combined with 4,000 sq. ft. of existing Class 1000 cleanroom for front-end (FE) wafer processing. This is estimated to cost \$3M. In combination with SolAero's other 23,000 sq. ft. of FE and back-end (BE) wafer processing facilities, this will provide the capacity required for addition of up to 10 MOCVD tools. The balance of the Bldg 1 layout will remain unchanged. In total, conversion and modernization of MOCVD, FE & BE compound semiconductor manufacturing operations in Bldg 1 is estimated to cost ~\$18M. The existing 17,000 sq. ft. Class 10000 cleanroom converted into a new MOCVD wafer growth facility will be replaced by construction of a 25,000 sq. ft. Class 10000 cleanroom located south of Bldg 2. Construction of this facility is estimated to cost \$6M. In total, all new construction, conversion and modernization is expected to cost ~\$24M.



Economic Impact

Total Economic Impact

	Total
Estimated Economic Impact Over 10 Years:	\$ 292,006,851
Combined Total Incentive Over 10 Years:	\$ 12,523,941
Economic Impact Rate of Return:	2,232%



Workers and New Residents over 10 years

	Direct	Indirect and Induced
Number of Jobs Created:	140	182
Estimated Number of Construction Workers:	187	
Estimated Number of New Residents to the State:	28	
Estimated Number of New Residents to the County:	28	
Estimated Number of New Residents to the City:	28	

Total Public Impacts



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

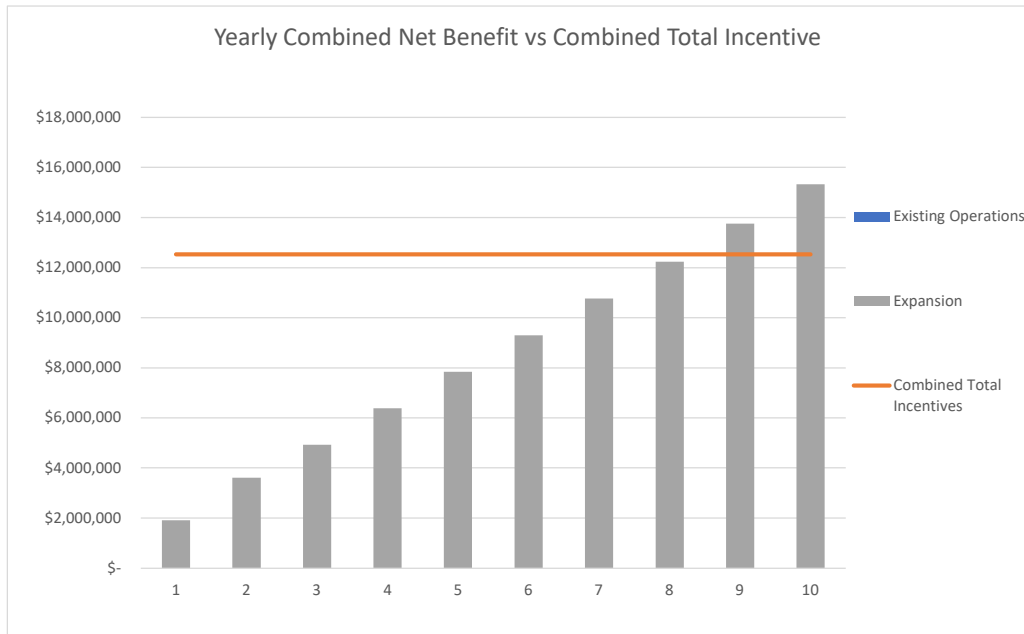
Cumulative Net Benefits					
	Existing Operations	Expansion	Existing & Expanded Operations	Present Value of Net Benefits*	
State of New Mexico	\$ -	\$ 7,725,465	\$ 7,725,465	\$	6,221,894
County	-	1,340,456	1,340,456	\$	1,106,972
City	-	6,258,195	6,258,195	\$	5,172,562
School District	-	17,442	17,442	\$	13,373
Special Taxing District	-	26,307	26,307	\$	20,171
Total	\$ -	\$ 15,367,865	\$ 15,367,865	\$	12,534,972

* The Present Value of Net Benefits expresses the future stream of net benefits received over several years as a single value in today's dollars. Today's dollar and a dollar to be received at differing times in the future are not comparable because of the time value of money. The time value of money is the interest rate or each taxing entity's discount rate. This analysis uses a discount rate of 5% to make the dollars comparable.

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

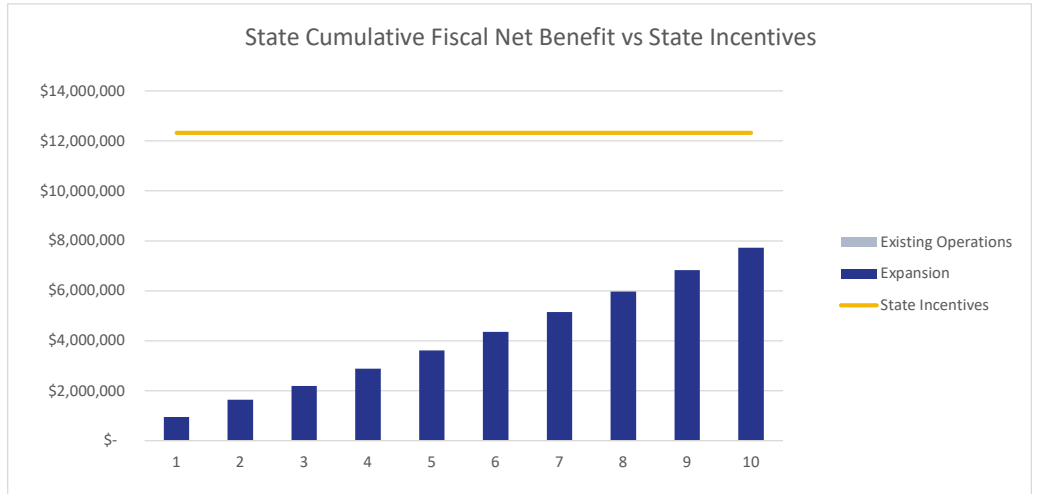
Total Public Net Benefit

	Total
Estimated Total Public Net Benefit Over 10 Years:	\$ 15,324,116
Combined Total Incentive Over 10 Years:	\$ 12,523,941
Total Public Net Benefit Rate of Return:	22%



State Impacts





Incentives

Total State Incentive:	\$ 12,323,941
State Incentive Per Job:	\$ 88,028

Combined Payback and Return

State Payback Period Combined:	10 + Years	Years
State Rate of Return Combined:	-50%	

Expansion Only Payback and Return

State Payback Period Expansion:	10 + Years	Years
State Rate of Return Expansion:	-50%	

State Net Benefits Of Current Operations

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

State Net Benefits Of Expansion

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 955,543	\$ -	\$ 955,543	\$ 955,543
2	\$ 690,812	\$ 12,256	\$ 678,556	\$ 1,634,099
3	\$ 600,804	\$ 45,280	\$ 555,524	\$ 2,189,623
4	\$ 752,190	\$ 58,803	\$ 693,387	\$ 2,883,009
5	\$ 783,952	\$ 60,450	\$ 723,502	\$ 3,606,512
6	\$ 817,114	\$ 62,142	\$ 754,972	\$ 4,361,484
7	\$ 851,742	\$ 63,882	\$ 787,860	\$ 5,149,343
8	\$ 887,904	\$ 65,671	\$ 822,233	\$ 5,971,576
9	\$ 925,673	\$ 67,510	\$ 858,163	\$ 6,829,740
10	\$ 965,126	\$ 69,400	\$ 895,726	\$ 7,725,465

State Combined Net Benefits

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 955,543	\$ -	\$ 955,543	\$ 955,543
2	\$ 690,812	\$ 12,256	\$ 678,556	\$ 1,634,099
3	\$ 600,804	\$ 45,280	\$ 555,524	\$ 2,189,623
4	\$ 752,190	\$ 58,803	\$ 693,387	\$ 2,883,009
5	\$ 783,952	\$ 60,450	\$ 723,502	\$ 3,606,512
6	\$ 817,114	\$ 62,142	\$ 754,972	\$ 4,361,484
7	\$ 851,742	\$ 63,882	\$ 787,860	\$ 5,149,343
8	\$ 887,904	\$ 65,671	\$ 822,233	\$ 5,971,576
9	\$ 925,673	\$ 67,510	\$ 858,163	\$ 6,829,740
10	\$ 965,126	\$ 69,400	\$ 895,726	\$ 7,725,465

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

Taxes and Revenue

Gross Receipt Taxes	\$ 4,037,629
Personal Income Taxes	\$ 3,968,347
Corporate Income Taxes	\$ 112,199
Misc. Taxes and Revenue	\$ 112,685
Subtotal of Benefits	\$ 8,230,860

Costs

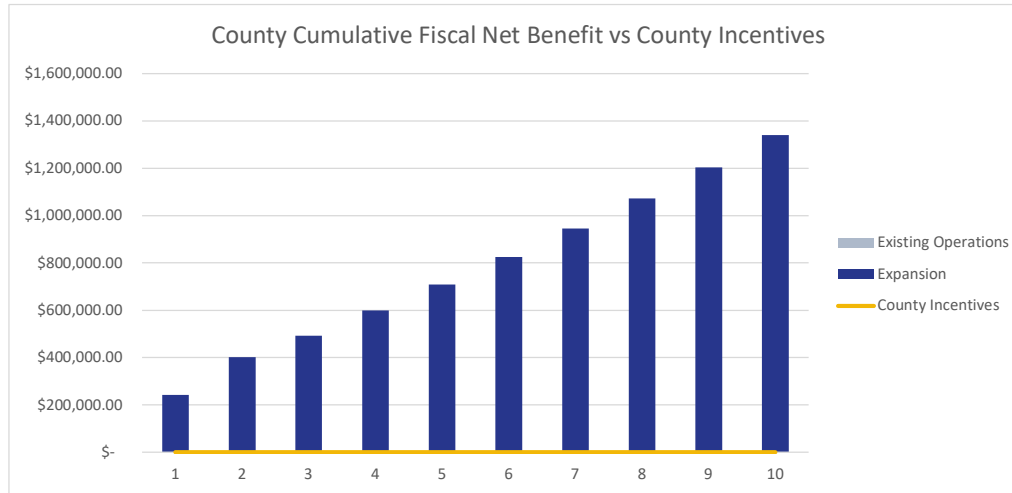
Costs	\$ 505,395
Subtotal of Costs	\$ 505,395

Net Benefits

Net Benefits	\$ 7,725,465
Present Value	\$ 6,221,894

County Impacts





Incentives

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

Combined Payback and Return

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

Expansion Only Payback and Return

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

County Net Benefits Of Current Operations

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

County Net Benefits Of Expansion

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 242,072	\$ -	\$ 242,072	\$ 242,072
2	\$ 161,728	\$ 1,709	\$ 160,019	\$ 402,090
3	\$ 96,669	\$ 6,315	\$ 90,354	\$ 492,445
4	\$ 114,421	\$ 8,201	\$ 106,220	\$ 598,665
5	\$ 119,261	\$ 8,430	\$ 110,831	\$ 709,496
6	\$ 124,316	\$ 8,666	\$ 115,650	\$ 825,146
7	\$ 129,596	\$ 8,909	\$ 120,687	\$ 945,833
8	\$ 135,111	\$ 9,158	\$ 125,953	\$ 1,071,786
9	\$ 140,872	\$ 9,415	\$ 131,458	\$ 1,203,244
10	\$ 146,890	\$ 9,678	\$ 137,212	\$ 1,340,456

County Combined Net Benefits

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 242,072	\$ -	\$ 242,072	\$ 242,072
2	\$ 161,728	\$ 1,709	\$ 160,019	\$ 402,090
3	\$ 96,669	\$ 6,315	\$ 90,354	\$ 492,445
4	\$ 114,421	\$ 8,201	\$ 106,220	\$ 598,665
5	\$ 119,261	\$ 8,430	\$ 110,831	\$ 709,496
6	\$ 124,316	\$ 8,666	\$ 115,650	\$ 825,146
7	\$ 129,596	\$ 8,909	\$ 120,687	\$ 945,833
8	\$ 135,111	\$ 9,158	\$ 125,953	\$ 1,071,786
9	\$ 140,872	\$ 9,415	\$ 131,458	\$ 1,203,244
10	\$ 146,890	\$ 9,678	\$ 137,212	\$ 1,340,456

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

Taxes and Revenue

Gross Receipt Taxes	\$ 1,313,612
Misc. Taxes and Revenue	\$ 83,367
Property Taxes	\$ 13,958
Subtotal of Benefits	\$ 1,410,937

Costs

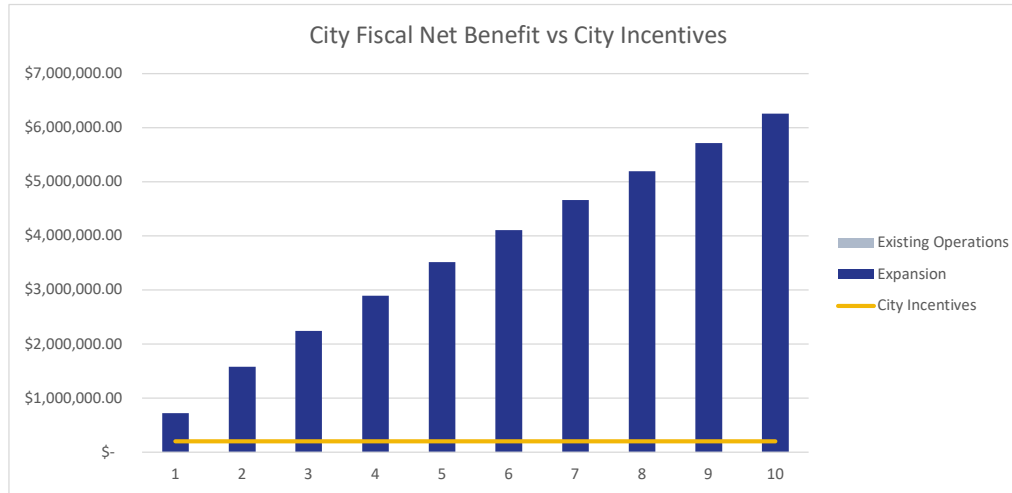
Costs	\$ 70,481
Subtotal of Costs	\$ 70,481

Net Benefits

Net Benefits	\$ 1,340,456
Present Value	\$ 1,106,972

City Impacts





Incentives

Total City Incentive:	\$	200,000
City Incentive Per Job:	\$	1,429

Combined Payback and Return

City Payback Period Combined:	0.28 Years
City Rate of Return Combined:	2486%

Expansion Only Payback and Return

City Payback Period Expansion:	0.28 Years
City Rate of Return Expansion:	2486%

City Net Benefits Of Current Operations

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

City Net Benefits Of Expansion

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 599,909	\$ (120,438)	\$ 720,347	\$ 720,347
2	\$ 733,514	\$ (122,849)	\$ 856,362	\$ 1,576,709
3	\$ 553,807	\$ (109,975)	\$ 663,782	\$ 2,240,491
4	\$ 545,144	\$ (108,922)	\$ 654,066	\$ 2,894,557
5	\$ 510,972	\$ (112,244)	\$ 623,216	\$ 3,517,773
6	\$ 474,060	\$ (115,763)	\$ 589,823	\$ 4,107,596
7	\$ 437,671	\$ (119,489)	\$ 557,160	\$ 4,664,756
8	\$ 405,065	\$ (123,435)	\$ 528,500	\$ 5,193,256
9	\$ 395,698	\$ (127,612)	\$ 523,310	\$ 5,716,566
10	\$ 409,594	\$ (132,036)	\$ 541,630	\$ 6,258,195

City Combined Net Benefits

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 599,909	\$ (120,438)	\$ 720,347	\$ 720,347
2	\$ 733,514	\$ (122,849)	\$ 856,362	\$ 1,576,709
3	\$ 553,807	\$ (109,975)	\$ 663,782	\$ 2,240,491
4	\$ 545,144	\$ (108,922)	\$ 654,066	\$ 2,894,557
5	\$ 510,972	\$ (112,244)	\$ 623,216	\$ 3,517,773
6	\$ 474,060	\$ (115,763)	\$ 589,823	\$ 4,107,596
7	\$ 437,671	\$ (119,489)	\$ 557,160	\$ 4,664,756
8	\$ 405,065	\$ (123,435)	\$ 528,500	\$ 5,193,256
9	\$ 395,698	\$ (127,612)	\$ 523,310	\$ 5,716,566
10	\$ 409,594	\$ (132,036)	\$ 541,630	\$ 6,258,195

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

Taxes and Revenue

Gross Receipt Taxes	\$ 3,083,532
Misc. Taxes and Revenue	\$ 144,203
Property Taxes	\$ 1,837,700
Subtotal of Benefits	\$ 5,065,434

Costs

Costs	\$ (1,192,761)
Subtotal of Costs	\$ (1,192,761)

Net Benefits

Net Benefits	\$ 6,258,195
Present Value	\$ 5,172,562

Special Taxing District and Public Schools



Special Taxing District

Special Taxing District Net Benefits of Current Operations

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

Special District Net Benefits of Expansion

Year	Benefits		Costs		Net Benefits		Cumulative Net Benefits
1	\$	-	\$	-	\$	-	\$ -
2	\$	656	\$	-	\$	656	\$ 656
3	\$	2,420	\$	-	\$	2,420	\$ 3,076
4	\$	3,125	\$	-	\$	3,125	\$ 6,201
5	\$	3,187	\$	-	\$	3,187	\$ 9,388
6	\$	3,251	\$	-	\$	3,251	\$ 12,639
7	\$	3,316	\$	-	\$	3,316	\$ 15,955
8	\$	3,382	\$	-	\$	3,382	\$ 19,338
9	\$	3,450	\$	-	\$	3,450	\$ 22,788
10	\$	3,519	\$	-	\$	3,519	\$ 26,307

Special District Combined Net Benefits

Year	Benefits		Costs		Net Benefits		Cumulative Net Benefits
1	\$	-	\$	-	\$	-	\$ -
2	\$	656	\$	-	\$	656	\$ 656
3	\$	2,420	\$	-	\$	2,420	\$ 3,076
4	\$	3,125	\$	-	\$	3,125	\$ 6,201
5	\$	3,187	\$	-	\$	3,187	\$ 9,388
6	\$	3,251	\$	-	\$	3,251	\$ 12,639
7	\$	3,316	\$	-	\$	3,316	\$ 15,955
8	\$	3,382	\$	-	\$	3,382	\$ 19,338
9	\$	3,450	\$	-	\$	3,450	\$ 22,788
10	\$	3,519	\$	-	\$	3,519	\$ 26,307

Public Schools

Public Schools Net Benefits of Current Operations

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

Public Schools Net Benefits of Expansion

Year	Benefits		Costs		Net Benefits		Cumulative Net Benefits
1	\$	-	\$	-	\$	-	\$ -
2	\$	435	\$	-	\$	435	\$ 435
3	\$	1,604	\$	-	\$	1,604	\$ 2,040
4	\$	2,072	\$	-	\$	2,072	\$ 4,111
5	\$	2,113	\$	-	\$	2,113	\$ 6,225
6	\$	2,155	\$	-	\$	2,155	\$ 8,380
7	\$	2,199	\$	-	\$	2,199	\$ 10,579
8	\$	2,243	\$	-	\$	2,243	\$ 12,821
9	\$	2,287	\$	-	\$	2,287	\$ 15,109
10	\$	2,333	\$	-	\$	2,333	\$ 17,442

Public Schools Combined Net Benefits

Year	Benefits		Costs		Net Benefits		Cumulative Net Benefits
1	\$	-	\$	-	\$	-	\$ -
2	\$	435	\$	-	\$	435	\$ 435
3	\$	1,604	\$	-	\$	1,604	\$ 2,040
4	\$	2,072	\$	-	\$	2,072	\$ 4,111
5	\$	2,113	\$	-	\$	2,113	\$ 6,225
6	\$	2,155	\$	-	\$	2,155	\$ 8,380
7	\$	2,199	\$	-	\$	2,199	\$ 10,579
8	\$	2,243	\$	-	\$	2,243	\$ 12,821
9	\$	2,287	\$	-	\$	2,287	\$ 15,109
10	\$	2,333	\$	-	\$	2,333	\$ 17,442

Property Tax Exemptions and Industrial Revenue Bonds



Property Tax Exemptions and Industrial Revenue Bonds

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

Land:	Yes
Building and Property Improvements:	Yes
Furniture, Fixtures and Equipment:	Yes

Property Tax Percentage Exemptions On Land and Building

County	City	Schools	Special Taxing District
75%	75%	75%	75%

Property Tax Percentage Exemptions On Furniture, Fixtures and Equipment

County	City	Schools	Special Taxing District
75%	75%	75%	75%

Value of Exemption Through 10 Years:	\$ 1,664,622	\$ 1,569,267	\$ 66,690	\$ 105,330
*Value of Payment in Lieu of Taxes Through 10 Years:	\$ -	\$ 1,819,238	\$ -	\$ -

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

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

Year	State	County	City
1	100%	100%	100%
2	100%	100%	100%
3	100%	100%	100%
4	100%	100%	100%
5	100%	100%	100%
6	100%	100%	100%
7	100%	100%	100%
8	100%	100%	100%
9	100%	100%	100%
10	100%	100%	100%
Value of Exemption Through 10 Years:	\$ 2,611,758	\$ 849,716	\$ 1,994,596

	Job Title or Type	Estimated Pay Scale	At Start Up	Number of Jobs Created					
				Beginning of Year 2	Beginning of Year 3	Beginning of Year 4	Beginning of Year 5	Beginning of Year 6	
14	Design and Engineering exempt professionals	\$90,000 - \$150,000	91	4	2				L
39	Manufacturing non-exempt personnel deployed across four work shifts	\$40,000 - \$50,000	206			10	10	19	L
17	Exempt and non-exempt personnel in quality assurance, logistics, and support role	\$65,000 - \$90,000	63	6	2	5	5	7	L
	Site Management	\$125,000 - \$200,000	21						
	Total No. of Jobs Created			10	4	15	15	26	
	Total Estimated		381	391	395	410	425	451	

Please indicate in the above chart which jobs will be:

Fill Locally (L)

Fill by transfer from other facilities or recruit from outside the community (T) or (R)

	Base Rate / Hour	Annual	Fringe
Design and Engineering exempt professionals	70	\$ 145,600.00	25%
Manufacturing non-exempt personnel deployed across four work shifts	20	\$ 41,600.00	
Exempt and non-exempt personnel in quality assurance, logistics, and support role	35	\$ 72,800.00	