

CITY of ALBUQUERQUE

TWENTY SIXTH COUNCIL

COUNCIL BILL NO. O-25-97 ENACTMENT NO. _____

SPONSORED BY: Nichole Rogers, by request

1 **ORDINANCE**

2 **AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF ALBUQUERQUE,**
3 **NEW MEXICO TAXABLE INDUSTRIAL REVENUE BOND (PACIFIC FUSION**
4 **PROJECT), SERIES 2025 IN THE MAXIMUM PRINCIPAL AMOUNT OF**
5 **\$776,600,000 TO PROVIDE FUNDS FOR THE ACQUISITION, CONSTRUCTION,**
6 **EQUIPPING AND IMPROVEMENT OF A FACILITY FOR THE**
7 **COMMERCIALIZATION OF FUSION ENERGY PRODUCTION; AUTHORIZING**
8 **THE EXECUTION AND DELIVERY OF AN INDENTURE, LEASE AGREEMENT,**
9 **BOND PURCHASE AGREEMENT, BOND, AND OTHER DOCUMENTS IN**
10 **CONNECTION WITH THE ISSUANCE OF THE BOND AND THE PROJECT;**
11 **MAKING CERTAIN DETERMINATIONS AND FINDINGS RELATING TO THE**
12 **BOND AND THE PROJECT; RATIFYING CERTAIN ACTIONS TAKEN**
13 **PREVIOUSLY; AND REPEALING ALL ACTIONS INCONSISTENT WITH THIS**
14 **ORDINANCE.**

15 WHEREAS, the City of Albuquerque (the "City") is a legally and regularly created,
16 established, organized, and existing municipal corporation of the State of New
17 Mexico (the "State"); and

18 WHEREAS, pursuant to Sections 3-32-1 through 3-32-16, New Mexico Statutes
19 Annotated, 1978 Compilation, as amended (the "Act"), the City is authorized to
20 acquire industrial revenue projects located within the corporate limits of the
21 municipality for the purpose of promoting industry and trade by inducing commercial
22 enterprises to locate or expand in the State of New Mexico; and

23 WHEREAS, pursuant to the Act, the City is authorized to issue revenue bonds for
24 the purpose of defraying the cost of acquiring any project and to secure the payment
25 of such bonds, all as provided in the Act; and

1 WHEREAS, Pacific Fusion Corporation (the “Company”) is a corporation
2 organized under the laws of the State of [Delaware] and is authorized to do business
3 in New Mexico; and

4 WHEREAS, the Company has requested that the City issue its industrial revenue
5 bond pursuant to the Act for the purpose of providing funds to acquire, construct,
6 equip, and improve a facility for the commercialization of fusion energy production
7 within the corporate limits of the City (the “Project”); and

8 WHEREAS, the City Council of the City of Albuquerque (the “Council”) has
9 adopted an ordinance establishing the Albuquerque Development Commission (the
10 “Commission”) to review projects proposed to be financed with an industrial revenue
11 bond pursuant to the Act pursuant to City Resolution No. 16-1985, as amended; and

12 WHEREAS, the Company has presented to the City and the Commission a
13 proposal (the “Project Plan”) whereby the Company shall, pursuant to the Act,
14 acquire, construct, improve and equip a 225,000 square foot research and
15 development headquarters to house its Demonstration System, which facility will be
16 the research and development headquarters for the Company in perpetuity and
17 house a machine that achieves net facility gain (the “Project Property”). The Project
18 Property is within the boundaries of the City, and pursuant to which the City would
19 issue its taxable industrial revenue bond in order to finance the Project; and

20 WHEREAS, the Commission has reviewed the Project Plan, and on August 21,
21 2025, has determined that the Company has complied with City Resolution No. 16-
22 1985, and has recommended approval of the Project Plan by the Council; and

23 WHEREAS, under the Company’s Project Plan, the City would enter into an
24 Indenture dated as of _____ 1, 2025 (the “Indenture”) between the City and
25 BOKF, NA or other corporate depository satisfactory to the City to be designated at
26 a later date, as depository (the “Depository”), pursuant to which, together with this
27 ordinance (the “Bond Ordinance”), the City would issue its bond designated as the
28 City of Albuquerque, New Mexico Taxable Industrial Revenue Bond (Pacific Fusion
29 Project), Series 2025 (the “Bond”); and

30 WHEREAS, under the Company’s Project Plan, the City and the Company would
31 enter into a Lease Agreement dated as of _____ 1, 2025 (the “Lease”),
32 pursuant to which the Company will lease the Project Property from the City and will
33 make payments to the Depository sufficient to pay the principal of, redemption

1 premium, if any, and interest on the Bond, and to pay all other obligations incurred
2 pursuant to the provisions of the Lease and the Bond Ordinance; and

3 WHEREAS, under the Company's Project Plan, the Lease will provide that the
4 Company shall maintain the Project and carry all proper insurance with respect
5 thereto; and

6 WHEREAS, the proceeds of the Bond shall be used for the purpose of financing
7 the acquisition, construction, equipping, and improvement of the Project (the
8 "Financing"); and

9 WHEREAS, the City is authorized to enter into the Lease, the Indenture, and
10 other related documents and to issue the Bond pursuant to the Act and the Bond
11 Ordinance; and

12 WHEREAS, the Bond in an aggregate principal amount not to exceed
13 \$776,600,000 will be issued, sold and delivered by the City in a private sale to an
14 affiliate of the Company (the "Purchaser") pursuant to a bond purchase agreement
15 (the "Bond Purchase Agreement") among the City, the Company, and the
16 Purchaser; and

17 WHEREAS, the proceeds of the Bond shall be applied to pay the costs of the
18 Project and to pay certain costs associated with the transaction; and

19 WHEREAS, after having considered the provisions of the Project Plan and the
20 Financing, the Council has concluded that it is in the best interest of the City to
21 authorize the issuance of the Bond to finance the Project, and that the City's
22 issuance of the Bond shall constitute a valid public purpose under the Act; and

23 WHEREAS, the Council has been advised by the Company that the disclosure
24 provisions of Rule 15c2-12 of the Securities and Exchange Commission are not
25 applicable to this transaction inasmuch as the Bond is being sold to the Purchaser,
26 which is an affiliate of the Company, in a private sale without the participation of an
27 underwriter; and

28 WHEREAS, there has been published in the Albuquerque Journal, a newspaper
29 of general circulation in the City, public notice of the Council's intention to adopt this
30 Bond Ordinance, which notice contained certain information concerning the
31 ownership, purpose, location and size of the Project and the Project Property, and
32 the amount of the Bond to be issued to finance the Project, which notice was

published at least fourteen (14) days prior to hearing and final action on this Bond Ordinance; and

WHEREAS, the proposed forms of the following documents have been filed with the City Clerk and presented to the Council: (1) Project Plan; (2) Lease; (3) Indenture; and, (4) Bond Purchase Agreement (collectively the "Bond Documents"); and

WHEREAS, the City has delivered notice to the County of Bernalillo, State of New Mexico, of its intent to consider issuance of the Bond, which notice was given at least thirty (30) days prior to the meeting at which final action is to be taken on this Bond Ordinance as required by Section 3-32-6.1, New Mexico Statutes Annotated, 1978 Compilation, as amended.

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

Section 1. RATIFICATION. All actions not inconsistent with the provisions of this Bond Ordinance previously taken by the Council and the officials of the City directed toward approval of the issuance and sale of the Bond be approved and the same hereby are ratified, approved and confirmed.

Section 2. THE PROJECT PLAN. The Project to be financed with the Bond is to acquire, construct, improve and equip a 225,000 square foot research and development headquarters to house its Demonstration System, which facility will be the research and development headquarters for the Company in perpetuity and house a machine that achieves net facility gain. The Company may use additional available money to accomplish the Project. The Project Plan is hereby approved in all respects.

Section 3. FINDINGS.

(A) General. The Council hereby declares that it has considered all relevant information presented to it relating to the Bond and the Project and hereby finds and determines that the issuance of the Bond pursuant to the Bond Ordinance and the Act to provide funds for the Project is necessary and advisable and in the interest of the public, and will promote the public health, safety, morals, convenience, economy, and welfare of the City and the residents of the City.

(B) The Council finds that:

(1) The Bond will be issued for the purpose of financing the Project;

(2) The aggregate face amount of obligations to be issued for the purpose of financing the Project is \$776,600,000;

(3) The developer and operator of the Project is the Company; and

(4) The Project Property is located in the City at [Mesa Del Sol].

Section 4. AUTHORIZATION AND APPROVAL OF THE BOND. To finance the cost of acquiring, constructing, equipping and improving the Project Property, the City hereby authorizes and approves the issuance and sale of its industrial revenue bond to be designated "City of Albuquerque, New Mexico Taxable Industrial Revenue Bond (Pacific Fusion Project), Series 2025" in the principal amount of \$776,600,000 and the use of the proceeds of the Bond to finance the cost of the Project and to pay expenses relating thereto.

Section 5. SALE OF THE BOND. The sale of the Bond to the Purchaser at a purchase price equal to the par amount of the Bond is hereby authorized and approved.

Section 6. FORM AND TERM OF THE BOND. Subject to the limitations set forth in this Bond Ordinance, the Bond shall be: (i) in the form and shall be numbered and dated all as set forth in the Indenture; (ii) payable as to principal and interest, and subject to optional and mandatory redemption and defeasance in the amounts, upon the conditions and at the times and prices set forth in the Indenture; and, (iii) issued in the principal amount of \$776,600,000, bearing interest at the rates and maturing on the dates set forth in the Indenture. The interest rate on the Bond shall not exceed 12% per annum. The Mayor or the Chief Administrative Officer of the City shall sign the Bond.

Section 7. AUTHORIZATION OF OFFICERS; APPROVAL OF DOCUMENTS. The form, terms, and provisions of the Bond Documents in the form on deposit in the office of the City Clerk are in all respects approved, authorized, and confirmed, and the City shall enter into such Bond Documents substantially in the form of each such document on deposit with the City Clerk, with only such changes as are not inconsistent with this Bond Ordinance or such other changes as may be approved by supplemental resolution of the Council.

(A) The Council authorizes the Mayor or the Chief Administrative Officer of the City to execute and deliver the Bond Documents in the name and on behalf of the City, and the Council authorizes the City Clerk or Deputy City Clerk to attest to, as

1 necessary, the Bond Documents and the Bond with such changes therein as are not
2 inconsistent with this Bond Ordinance.

3 (B) The Mayor, Chief Administrative Officer, Chief Financial Officer, City
4 Treasurer and City Clerk are further authorized to execute, authenticate and deliver
5 such certifications, instruments, documents, letters and other agreements, including
6 security agreements, and to do such other acts and things, either prior to or after the
7 date of delivery of the Bond, as are necessary or appropriate to consummate the
8 transactions contemplated by the Bond Documents.

9 (C) The officers of the City shall take such action as is necessary to effectuate
10 the provisions of the Indenture and shall take such action as is necessary in
11 conformity with the Act and this Bond Ordinance to finance the costs of the Project
12 and for carrying out other transactions as contemplated by this Bond Ordinance and
13 the Bond Documents including, without limitation, the execution and delivery of any
14 closing documents to be delivered in connection with the sale and delivery of the
15 Bond.

16 Section 8. DELIVERY OF THE BOND. Upon the execution of the Bond
17 Documents and the satisfaction of the conditions set forth in the Bond Documents,
18 the Bond shall be executed, authenticated, and delivered to the Purchaser. No
19 Bond shall be valid for any purpose until such Bond has been properly authenticated
20 as set forth in the Indenture.

21 Section 9. FINDINGS REGARDING PAYMENT OF PRINCIPAL AND
22 INTEREST AND OTHER MATTERS. The Council makes the following
23 determinations and findings in accordance with the Act:

24 (A) The maximum amount necessary in each year to pay the principal of and
25 interest on the Bond, assuming issuance of the Bond as of December 1, 2025 in the
26 amount of \$776,600,000 and bearing interest at the rate of 4% and the first Bond
27 payment occurring on December 1, 2026, is as follows:

28	<u>Year Ended</u>	<u>Maturing Principal</u>	<u>Interest Amount</u>	<u>Total Debt Service</u>
29	12/1/26	-\$0-	\$31,064,000	\$31,064,000
30	12/1/27	-\$0-	\$31,064,000	\$31,064,000
31	12/1/28	-\$0-	\$31,064,000	\$31,064,000
32	12/1/29	-\$0-	\$31,064,000	\$31,064,000
33	12/1/30	-\$0-	\$31,064,000	\$31,064,000

1	12/1/31	-\$0-	\$31,064,000	\$31,064,000
2	12/1/32	-\$0-	\$31,064,000	\$31,064,000
3	12/1/33	-\$0-	\$31,064,000	\$31,064,000
4	12/1/34	-\$0-	\$31,064,000	\$31,064,000
5	12/1/35	-\$0-	\$31,064,000	\$31,064,000
6	12/1/36	-\$0-	\$31,064,000	\$31,064,000
7	12/1/37	-\$0-	\$31,064,000	\$31,064,000
8	12/1/38	-\$0-	\$31,064,000	\$31,064,000
9	12/1/39	-\$0-	\$31,064,000	\$31,064,000
10	12/1/40	-\$0-	\$31,064,000	\$31,064,000
11	12/1/41	-\$0-	\$31,064,000	\$31,064,000
12	12/1/42	-\$0-	\$31,064,000	\$31,064,000
13	12/1/43	-\$0-	\$31,064,000	\$31,064,000
14	12/1/44	-\$0-	\$31,064,000	\$31,064,000
15	12/1/45	\$776,600,000	\$31,064,000	\$807,664,000

16 (B) The terms under which the Project Property is leased provide that the
17 Company shall maintain the Project Property and carry all proper insurance (or self-
18 insure) with respect to the Project Property.

19 (C) The lease rentals payable under the Lease shall be at least sufficient to
20 pay the principal and interest payments on the Bond set forth in Paragraph (A) of
21 this Section 9 when due and otherwise render the financing of the acquisition,
22 construction, renovation and completion of the Project Property entirely self-
23 liquidating. There shall be no payments to any reserve fund or sinking fund
24 installment payments.

25 Section 10. NON TAXABLE TRANSACTION CERTIFICATES. The Company,
26 as agent for the City, will acquire the Project. The City will cooperate with the
27 Company to obtain and allow use of Type 9 Nontaxable Transaction Certificates
28 ("Certificates") that have been properly executed for acquisition of tangible personal
29 property relating to the Project as applicable under the New Mexico Gross Receipts
30 and Compensating Tax Act. The Company shall not use the Certificates other than
31 for such things as may be permitted by law, if any, nor shall the Company use such
32 Certificates after the completion of the Project. No costs, expenses or other
33 monetary relief will be recoverable from the City by vendors of equipment.

1 Section 11. LIMITED OBLIGATIONS. The Bond shall be a special limited
2 obligation of the City payable solely from the revenues derived from the Lease and
3 payable by the Company as described in the Indenture, and shall never constitute a
4 debt or indebtedness of the City or the State or any political subdivision thereof
5 within the meaning of any provision or limitation of the State Constitution, statutes, or
6 home-rule charter of the City, and shall not constitute or give rise to a pecuniary
7 liability of the City or a charge against its general credit or taxing power. Nothing
8 contained in the Bond Ordinance or the Bond Documents, or any other instrument,
9 shall be construed as obligating the City (except with respect to the Project Property
10 and the application of the revenues therefrom and the proceeds of the Bond, all as
11 provided in the Bond Documents), nor as incurring a pecuniary liability or charge
12 upon the general credit of the City or against its taxing power, nor shall the breach of
13 any agreement contained in the Bond Ordinance, the Bond Documents, the Bonds,
14 or any other instrument be construed as obligating the City (except with respect to
15 the Project Property and the application of revenues therefrom and the proceeds of
16 the Bond all as provided in the Bond Documents) nor as incurring a pecuniary
17 liability or a charge upon the general credit of the City or against its taxing power, the
18 City having no power to pay out of its general funds, or otherwise contribute any part
19 of the costs of acquiring the Project Property, nor power to operate the Project as a
20 business or in any manner except as lessor and seller of the Project Property.

21 Section 12. APPROVAL OF INDEMNIFICATION. The Council specifically
22 approves the provisions of the Lease relating to indemnification which provide that
23 the Company shall indemnify and hold harmless the City and its City Councilors,
24 officials, members, officers, employees, and agents against liability to the Company
25 or to any third parties that may be asserted against the City, its City Councilors,
26 officials, members, officers, employees, and agents with respect to the City's
27 ownership of the Project Property or the issuance of the Bond and arising from the
28 condition of the Project Property or the acquisition or operation of the Project
29 Property by the Company, except to the extent that Section 56-7-1, New Mexico
30 Statutes Annotated, 1978 Compilation, as amended, applies, and except claims for
31 any loss or damage arising out of or resulting from the gross negligence or willful
32 misconduct of the City or any official, member, officer, employee, or agent of the
33 City.

1 Section 13. BOND ORDINANCE IRREPEALABLE. After the Bond is issued,
2 this Bond Ordinance shall be and remain irrepealable until the Bond, including all
3 interest thereon, is fully paid, cancelled, and discharged, or until there has been
4 defeasance of the Bond in accordance with the Indenture.

5 Section 14. SEVERABILITY. If any section, paragraph, clause or provision of
6 this Bond Ordinance shall for any reason be held to be invalid or unenforceable, the
7 invalidity or unenforceability of that section, paragraph, clause, or provision shall not
8 affect any of the remaining provisions of this Bond Ordinance.

9 Section 15. REPEALER. All by-laws, ordinances, resolutions, and orders, or
10 parts thereof, inconsistent with this Bond Ordinance are repealed by this Bond
11 Ordinance but only to the extent of that inconsistency. This repealer shall not be
12 construed to revive any by-law, ordinance, resolution, or order, or part thereof,
13 previously repealed.

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

22 Section 17. GENERAL SUMMARY FOR PUBLICATION. The title and general
23 summary of the subject contained in the Bond Ordinance shall be published in
24 substantially the following form:

25 CITY OF ALBUQUERQUE, NEW MEXICO
26 NOTICE OF ADOPTION OF ORDINANCE

27 Notice is hereby given of the title and of a general summary of the subject matter
28 contained in a City Ordinance (the "Ordinance"), duly adopted and approved by the
29 City Council of the City of Albuquerque, New Mexico, on _____, 2025.
30 Complete copies of the Ordinance are available for public inspection during the
31 normal and regular business hours of the City Clerk in the office of the City Clerk,
32 Albuquerque, New Mexico.

33 The title of the Ordinance is:

1 AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF ALBUQUERQUE,
2 NEW MEXICO TAXABLE INDUSTRIAL REVENUE BOND (PACIFIC FUSION
3 PROJECT), SERIES 2025 IN THE MAXIMUM PRINCIPAL AMOUNT OF
4 \$776,600,000 TO PROVIDE FUNDS FOR THE ACQUISITION, CONSTRUCTION,
5 EQUIPPING AND IMPROVEMENT OF A FACILITY FOR THE
6 COMMERCIALIZATION OF FUSION ENERGY PRODUCTION; AUTHORIZING
7 THE EXECUTION AND DELIVERY OF AN INDENTURE, LEASE AGREEMENT,
8 BOND PURCHASE AGREEMENT, BOND, AND OTHER DOCUMENTS IN
9 CONNECTION WITH THE ISSUANCE OF THE BOND AND THE PROJECT;
10 MAKING CERTAIN DETERMINATIONS AND FINDINGS RELATING TO THE
11 BOND AND THE PROJECT; RATIFYING CERTAIN ACTIONS TAKEN
12 PREVIOUSLY; AND REPEALING ALL ACTIONS INCONSISTENT WITH THIS
13 ORDINANCE.

14 The title sets forth a general summary of the subject matter contained in the
15 Ordinance.

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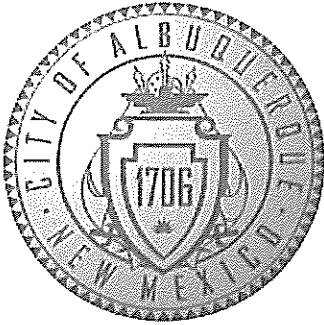
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Mayor Timothy M. Keller

CITY OF ALBUQUERQUE

Albuquerque, New Mexico

Office of the Mayor

INTER-OFFICE MEMORANDUM

August 18, 2025

TO: Brook Bassan, President, City Council

FROM: Timothy M. Keller, Mayor



SUBJECT: Approving an Ordinance Involving Pacific Fusion Corporation Project Pursuant to the Industrial Revenue Bond Act (IRB 26-1)

Attached for your consideration and approval is an Ordinance involving Pacific Fusion Corporation IRB Project, Pursuant to the Industrial Revenue Bond Act.

This is an ordinance authorizing an Industrial Revenue Bond (IRB) Project for Pacific Fusion Corporation ("Pacific Fusion" or "Company") Project in the amount of \$776,600,000 from the City of Albuquerque (IRB Project 26-1). The Company also is requesting assistance as a Local Economic Development Act—LEDA—Project, but that will be submitted separately.

Upon approval, the project will be exempt for up to 20 years from property taxes on land, buildings, and equipment. Equipment purchased with bond proceeds is exempt from gross receipts or compensating taxes. The Payment In Lieu Of Taxes ("PILOT") on the project is 20% on real property and 10% on personal property, essentially making it an 80% abatement on real property and 90% abatement on personal.

Pacific Fusion was founded in 2023 with a mission to power the world with abundant, affordable, clean energy. In Albuquerque, the Company is building a 225,470 square foot research and development headquarters to house its Demonstration System for its pulsed magnetic inertial fusion technology. The purpose of the proposed project is the construction a one-of-a-kind, state-of-the-art fusion research facility. This facility will demonstrate that it is possible to get more fusion energy output than stored energy at the input—a fusion milestone known as net facility gain. Proving these conditions is an essential milestone to building a power plant and putting carbon-free electricity on the grid. The Demonstration System is not a power plant; it is a fusion research facility. It will not produce electricity, and it will be "pulsed" about once per day.

Pacific Fusion will build the facility on 17 acres of vacant land located in Mesa Del Sol. The Project facility will be constructed in 2026-2027 and be fully operational in mid-2027. The present IDO Zone District for the Project is PLANNED COMMUNITY ZONE DISTRICT (PC). Allowable uses are negotiated on a case-by-case basis. The applicant requested and received approval for Conditional Use to allow for a Research or Testing facility. Zoning Hearing Examiner approval was received July 30, 2025.

The Project represents a significant capital investment of nearly a billion dollars and the creation of 224 high-quality, permanent jobs. The salaries for the newly created jobs range from \$115,000 to \$215,000, with a total net payroll of \$35.3M. The company anticipates continuing to utilize the State's Job Training Incentive Program. Albuquerque already has the talent, workforce development programs, infrastructure and intellectual capital to drive sustainable long-term growth and future investment in this industry. The Project is also expected to create approximately 288 indirect and induced jobs. Additionally, the Project will lead to the creation of 962 construction jobs sourced from local labor pools, as much as possible.

This project includes a fiscal impact analysis prepared by the University of New Mexico's Bureau of Business and Economic Research (BBER) as required given the project is a recipient of City funds. The fiscal impact indicates that the operations associated with the \$776.6 million bond for Pacific Fusion will remain tax positive throughout the bond term, totaling nearly \$29 million by 2044. While Pacific Fusion is expected to reach full capacity by 2028 with 226 specialized jobs, the associated tax contribution is expected to continue throughout the lifespan of the IRB and beyond. Moreover, the Mesa del Sol development will receive a positive share of tax revenue, reaching a total of \$123,112 by the end of the IRB period.

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

Your consideration and approval are requested.


Approved:

Approved as to Legal Form:


Samantha Sengel, Esq. Date
Chief Administrative Officer

DocuSigned by:
 8/22/2025 | 8:17 AM MDT
1A21D96D32C74EE...
Lauren Keefe Date
City Attorney

Recommended:

Signed by:
 8/21/2025 | 4:23 PM MDT
24B667A550B94A0...
Max Gruner, Date
Director

Cover Analysis

1. What is it?

This is an ordinance authorizing an Industrial Revenue Bond (IRB) Project for Pacific Fusion Corporation (“Pacific Fusion” or “Company”) Project in the amount of \$776,600,000 from the City of Albuquerque (IRB Project 26-1). The Company also is requesting assistance as a Local Economic Development Act—LEDA—Project, but that will be submitted separately.

Pacific Fusion was founded in 2023 with a mission to power the world with abundant, affordable, clean energy. In Albuquerque, the Company is building a 225,470 square foot research and development headquarters to house its Demonstration System for its pulsed magnetic inertial fusion technology. This facility will be the research and development headquarters for the Company. The facility will demonstrate that it is possible to get more fusion energy output than stored energy at the input—a fusion milestone known as net facility gain. Proving these conditions is an essential milestone to building a power plant and putting carbon-free electricity on the grid. The Demonstration System is not a power plant; it is a fusion research facility. It will not produce electricity, and it will be “pulsed” about once per day.

Pacific Fusion will build the facility on 17 acres of vacant land located in Mesa Del Sol. The Project facility will be constructed in 2026-2027 and be fully operational in mid-2027. The present IDO Zone District for the Project is PLANNED COMMUNITY ZONE DISTRICT (PC). Allowable uses are negotiated on a case-by-case basis. The applicant requested and received approval for Conditional Use to allow for a Research or Testing facility. Zoning Hearing Examiner approval was received July 30, 2025.

Upon finalization, the project would represent a capital investment of approximately \$1 billion and bring more than 200 long-term, high-paying jobs to Albuquerque, along with nearly 1,000 construction jobs, workforce development programs, and regional economic activity.

2. What will this piece of legislation do?

The Company is requesting \$776,600,000 in City-issued industrial revenue bonds. City IRBs are issued to support eligible economic development projects that meet established policies and plans. The Company is responsible for funding the purchase of the bonds; no City funds are utilized to purchase or pay off the bonds, and no City credit is used to enhance the bonds. The ordinance would support the construction of the Company’s facility.

The project will be exempt for up to 20 years from property taxes on land, buildings, and equipment. Equipment purchased with bond proceeds is exempt from gross receipts or compensating taxes. The Payment In Lieu Of Taxes (“PILOT”) on the project is 20% on real property and 10% on personal property, essentially making it an 80% abatement on real property and 90% on personal.

3. Why is this project needed?

The Project represents a significant capital investment of nearly a billion dollars and the creation of 224 high-quality, permanent jobs. The salaries for the newly created jobs range from \$115,000 to \$215,000, with a total net payroll of \$35.3M. The company anticipates continuing to utilize the State's Job Training Incentive Program. 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 Pacific Fusion.

This project includes a fiscal impact analysis prepared by the University of New Mexico's Bureau of Business and Economic Research (BBER) as required given the project is a recipient of City funds. The fiscal impact indicates that the operations associated with the \$776.6 million bond for Pacific Fusion will remain tax positive throughout the bond term, totaling nearly \$29 million by 2044. While Pacific Fusion is expected to reach full capacity by 2028 with 226 specialized jobs, the associated tax contribution is expected to continue throughout the lifespan of the IRB and beyond. Moreover, the Mesa del Sol development will receive a positive share of tax revenue, reaching a total of \$123,112 by the end of the IRB period.

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

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

There is no cost to the City.

The City is proposing to issue \$776,600,000 in industrial revenue bonds which will be a self-purchase process for the company. The applicant is required to pay a \$2,500 IRB application fee and the applicant is required to pay all attorneys fees and expenses of the attorneys reviewing the bond documents, including any refunding bond documents whether or not the bonds are issued.

The Company is responsible for funding the purchase of the bonds; no City funds are utilized to purchase or pay off the bonds, and no City credit is used to enhance the bonds.

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
Industrial Revenue Bond Hearing**

August 14, 2025

Case #2025-15 Pacific Fusion IRB

IRB-26-1: Pacific Fusion Corporation Project

REQUEST: Approval of \$776,600,000 in City Industrial Revenue Bonds is requested.

PROJECT SUMMARY: Pacific Fusion Corporation (“Pacific Fusion” or the “Company”) was founded in 2023 with a mission to power the world with abundant, affordable, clean energy. In Albuquerque, the Company is building a 225,470 square foot research and development headquarters to house its Demonstration System for its pulsed magnetic inertial fusion technology. This facility will be the research and development headquarters for the Company. The company is requesting \$776.6 million in City-issued industrial revenue bonds (IRB). City IRBs are issued to support eligible economic development projects that meet established policies and plans. The Company is responsible for funding the purchase of the bonds; no City funds are utilized to purchase or pay off the bonds, and no City credit is used to enhance the bonds. (The Company also is requesting assistance as a Local Economic Development Act—LEDA—Project, but that will be analyzed separately.)

The purpose of the proposed project is the construction a one-of-a-kind, state-of-the-art fusion research facility. This facility, known as Pacific Fusion’s Demonstration System, will demonstrate that it is possible to get more fusion energy output than stored energy at the input—a fusion milestone known as net facility gain. Proving these conditions is an essential milestone to building a power plant and putting carbon-free electricity on the grid. The Demonstration System is not a power plant; it is a fusion research facility. It will not produce electricity, and it will be “pulsed” about once per day. Pacific Fusion will build the facility on 17 acres of vacant land located in Mesa Del Sol. The Project facility will be constructed in 2026-2027 and be fully operational in mid-2027.

Fusion occurs when two atoms slam together to form a heavier atom, like when two hydrogen atoms fuse to form one helium atom. This is the same process that powers the sun and creates huge amounts of energy—several times greater than fission. It also doesn’t produce highly radioactive fission products. The system is designed to be inherently safe—it uses a highly effective passive water shield to make sure neutrons and intense light resulting from fusion are captured and remain confined to a small area at the center of the system, thus ensuring no radiation can exit the facility.

Upon finalization, the project would represent a capital investment of approximately \$1 billion and bring more than 200 long-term, high-paying jobs to Albuquerque, along with hundreds more construction jobs, workforce development programs, and regional economic activity.

The present IDO Zone District for the Project is PLANNED COMMUNITY ZONE DISTRICT (PC). Allowable uses are negotiated on a case-by-case basis. The applicant requested and received approval for Conditional Use to allow for a Research or Testing facility. Zoning Hearing Examiner approval was received July 30, 2025

IRB 26-1: Pacific Fusion Corporation Project

The majority of the 224 new positions will be technician positions with the remainder being physicists, engineers and administration. The jobs are considered full time positions, and come with full employee benefits with the company offering Health, Dental, Vision, FSA, Life Insurance, EAP, Pet Insurance, Commuter Benefits, Paid Parental Leave, 401k & matching contribution, PTO and Sick Leave. The estimated value of such benefits varies based on participation but on average results in approximately 25% of an employee's salary. The salaries for the newly created jobs range from \$115,000 to \$215,000, with a total net payroll of \$35.3M. The company anticipates continuing to utilize the State's Job Training Incentive Program.

The Project is also expected to create approximately 288 indirect and induced jobs. Additionally, the Project will lead to the creation of 962 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. The City has long focused its Industrial revenue bond program around industries and companies that are considered "economic-base":

Economic Base: Fifty-one percent or more of the revenues of the New Mexico operation are generated outside the Albuquerque Metropolitan Statistical Area. Revenues generated by contracts with Federal entities are considered to be from outside the metropolitan area. This requirement does not apply to educational or healthcare facilities seeking industrial revenue bonds. Credit also may be assigned to those projects that represent significant "import-substitution". Import substitution occurs when a manufacturer or supplier of services provides products or services to a local customer base which currently has to purchase those products or services from outside of the area.

More specifically, New Mexico municipal IRB legislation specifically identifies "projects" as land, buildings, equipment and improvements which are suitable for use by any of the following:

1. any business in which all or part of the activities of the business involve the supplying of services to the general public or to governmental agencies or to a specific industry or customer but does not include establishments primarily engaged in the sale of goods or commodities at retail;

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

The fiscal impact indicates that the operations associated with the \$776.6 million bond for Project Solis will remain tax positive throughout the bond term, totaling nearly \$29 million by 2044. While Project Solis is expected to reach full capacity by 2028 with 226 specialized jobs, the associated tax contribution is expected to continue throughout the lifespan of the IRB and beyond. Moreover, the Mesa del Sol development will receive a positive share of tax revenue, reaching a total of \$123,112 by the end of the IRB period.

The project plan as shown in Exhibit 2 provides details of the project.

FINDINGS:

1. IRB 26-1 is a qualified project as defined by the State’s Industrial Revenue Bond Act and the City enabling legislation (Resolution R-196, Sixth Council (126-1985) as amended by Resolution 350 Sixth Council; and
2. IRB 26-1 would make positive substantive contributions to the local economy and community by creating 224 high-wage economic base jobs; and
3. IRB 26-1 will continue Albuquerque’s position in the forefront of clean energy research and development; and
4. IRB 26-1 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives;
5. IRB 26-1 would adequately meet the evaluation criteria established by the City for Industrial Revenue Bond Act projects, including the requirement that the City recoup the value of its investment over the term of the bonds.

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

I. INITIAL QUALIFYING TEST; PASS/FAIL CRITERIA

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

1. Pacific Fusion’s revenue sources are to out-of-state entities and investors. Pacific Fusion also qualifies under the IRB Act and the City’s Ordinance as:

- a. “any business in which all or part of the activities of the business involve the supplying of services to the general public or to government agencies or to a specific industry or customer base but does not include establishments primarily engaged in the sale of goods or services at retail.”

2. The bonds will be considered a “self-purchase”-- purchased by a subsidiary or affiliate of the Company.
3. The site is zoned PC for Planned Community at Mesa Del Sol and conforms to City planning and zoning policies. Additional information is contained below in Sections II-1 and II-2.
4. Pacific Fusion has certified that it has no outstanding substantive federal, state, or local tax issues.
5. The Project, in its design, complies with environmental regulations. Permits are required for the renovations and new developments. Additional information regarding environmental implications is contained in the following section and in the Project Plan.
6. Jobs for the positions meet or exceed the median wages for similar jobs in the community. The salaries and positions are more fully described in Section II-7 and in the Application.
7. Pacific Fusion pays at least 50% percent of the health and dental insurance premiums for its employees.

II. LAND USE, PLAN AND DESIGN ELEMENTS

1. PLAN & ZONING:

Legal Description

Tract lettered J of Bulk Land Plat for Mesa Del Sol Innovation Park II, (a replat of Tracts 1, 12, 15, 4-A-2, 4- A-3 and 4-A-4, Mesa Del Sol and Tracts 2-A, 2-B, 3, 4, 7, 8, 9, 10, 16, 18, 19, 20, 21, OS- 1, OS-2, OS-3 and OS-6, Mesa Del Sol Innovation Park) Albuquerque, Bernalillo County, New Mexico, as the same is shown and designated on the plat of said addition filed in the office of the County Clerk of Bernalillo County, New Mexico, on August 7, 2008, in Plat Book 2008C, Page 175, as Document No. 2008089615.

UPC: 101605115947920604

Prevailing Site Conditions

The 17.0436 acre site is currently vacant land.

Present Assessed Value

The current 2025 assessed property value is \$935,400. The value was confirmed via the Bernalillo County Assessor Property Search Portal.

Present and Proposed Zoning

The present IDO Zone District for the Project is PLANNED COMMUNITY ZONE DISTRICT (PC). The purpose of the PC zone district is to accommodate innovative, very large scale residential or mixed-use communities that cannot be accommodated through the use of other zone districts, provided that those projects are consistent with the ABC Comp Plan, as amended, and include significant public benefits that would not otherwise be required of the applicant. Because of their size, projects in this zone district will include construction of new and expanded transportation networks and infrastructure. This zone district is applied on a case-by-case basis to reflect a new or existing negotiated agreement with the applicant. Allowable uses are negotiated on a case-by-case basis. The applicant requested and received approval for Conditional Use to allow for a Research or Testing facility. Zoning Hearing Examiner approval was received July 30, 2025

2. LAND USE:

The site for the Project is currently vacant land. The Company will build a 225,470 square foot research and development headquarters to house its Demonstration System for its pulsed magnetic inertial fusion technology. This facility will be the research and development headquarters for the Company in perpetuity and house a machine that achieves net facility gain. The facility is not a power plant; it is a fusion research facility. It will not produce electricity, and it will be “pulsed” about once per day. The facility, located in Mesa Del Sol, will be constructed in 2026-2027 and be fully operational in mid-2027.

The impact on existing industry and commerce after construction is anticipated to be positive and significant.

The proposed operations will not generate any notable air, noise, or waste pollution. The project will enhance the area by continuing to grow and develop currently vacant areas within the Mesa Del Sol development. Additionally, the expansion of roads and utility access to support project operations is anticipated as providing a needed catalyst to allow other developments to more feasibly locate in the surrounding area by reducing the cost of further expansion of roads and utility access.

D. Competition

Pacific Fusion builds on the technology created at Sandia National Laboratories (“SNL”). This facility has no local competition and the company works cooperatively with SNL through a Cooperative Research and Development Agreement (CRADA). EDD does not anticipate any negative impacts on local industry.

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

Once the expanded facilities are fully operational, 224 full-time jobs will be created. Currently, the Company is not certain as to the amount of goods and services that will be locally procured for the development and operation of the project. The Company

would anticipate a substantial portion of the construction materials and services will be sourced locally, and the Company would prefer to purchase materials and equipment and source labor locally whenever feasible. Bearing this in mind, however, the highly specialized nature of the project may not always allow for a locally sourced option.

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 Pacific Fusion Project further supports the Economic Development Department's criteria for the use of incentives by Leveraging our Core Assets, Implementing Place-Based Strategies, Supporting Focused and Positive ROI Projects, and creating 224 economic base jobs.

3. INFILL:

The site for the Project is 17 acres of vacant land within Mesa Del Sol. The location's subdivision is MESA DEL SOL INNOVATION PARK II. There are various other industrial users nearby, as well as adjacent residential neighborhoods. The impact on surrounding area after construction is anticipated to be favorable. There is already significant development in the area and this expansion will provide additional economic activity. The proposed operations will not generate any notable air, noise, or waste pollution.





4. DESIGN AND CONSERVATION:

The facility is an existing area designed as an employment center with numerous other employers nearby. No historic properties are involved. The project is to be built on currently vacant land. No individuals, families, or businesses will be displaced by the activities outlined in this plan.

Currently, the Company has estimated average water consumption for the project at 240,600 gal/month. The Company's biggest water need is to support its fire suppression system, and the Company will put a pump in place to bolster the water pressure coming from the water tower at Mesa Del Sol. As part of the development, the Company plans to integrate equipment and systems that will reduce and mitigate water usage for the project.

5. RENEWABLE ENERGY:

The fusion technology developed by the Company would play an integral role in addressing our world's constantly growing electricity needs by providing an energy source that does not Produce greenhouse gases or harmful air pollutants during the fusion process.

III. ECONOMIC BENEFITS

6. COMPETITION:

Pacific Fusion builds on the technology created at Sandia National Laboratories ("SNL"). This facility has no local competition and the company works cooperatively with SNL through a Cooperative Research and Development Agreement (CRADA). EDD does not anticipate any negative impacts on local industry.

7. JOBS:

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

The anticipated new job employment ramp-up schedule is shown in the table below:

Job Title	Source	Average Annual Salary	At Start-up	End of 2025	End of 2026	End of 2027	End of 2028	End of 2029
Technicians	L	115,008	-	10	40	100	120	120
Engineers	L, T, R	208,197	-	-	12	30	45	45
Physicists	L, T, R	215,011	2	2	12	25	45	45
Administrative	L, T, R	180,011	-	2	8	12	16	14
Total Jobs Created			2	14	72	167	226	224
Total Annualized Payroll			430,023	1,940,125	11,118,911	25,282,137	35,725,526	35,365,505
		Difference Headcount			70	95	59	
		Difference Payroll			11,118,911	14,163,225	10,443,390	

The Project is also expected to create approximately 288 indirect and induced jobs. Additionally, the Project will lead to the creation of 962 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?

Currently, the Company is not certain of the exact percentage of permanent new jobs that will be filled by current Albuquerque area residents, but the Company intends to hire as many local personnel as possible. Some roles with niche experience expectations may be hired from out of state and relocated to New Mexico.

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

All positions will be made available to all qualified applicants. The Company anticipates that the positions created for project operations in the fields of Engineering and Physics will be high income. The Technician jobs and some of the Administrative jobs will likely be filled by residents classified as low and moderate income. Additionally, construction of the project will create benefits for low and moderate income residents that would provide construction services, and the increase in local, high income jobs would be expected to boost the number of low and moderate income jobs needed to support the Company's employees.

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

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

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

While some City residents may possess the skills needed for jobs for the project, some roles with niche experience expectations may be hired from out of state and relocated to New Mexico.

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

Yes. Additionally, the company plans to utilize the Job Training Incentive Program.

6) What stated advancement opportunities are there?

The company supports training including leadership training for qualified employees and has a history of promoting employees to fill management and leadership roles over time.

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. Yes. The 224 new positions come with full employee benefits with the company offering medical, dental, vision, and 401k benefits.

8. LOCAL PURCHASING:

Currently, the Company is not certain as to the amount of goods and services that will be locally procured for the development and operation of the project. The Company would anticipate a substantial portion of the construction materials and services will be sourced locally, and the Company would prefer to purchase materials and equipment and source labor locally whenever feasible. Bearing this in mind, however, the highly specialized nature of the project may not always allow for a locally sourced option.

IV. PROJECT FEASIBILITY

9. COST/ FEASIBILITY/ FINANCING:

Cost of Improvements, Bond Amount and Private Financing

Cost of Improvements, Bond Amount and Private Financing

A summary of the project is as follows:

The total cost of the improvements to be constructed and the amount of bonds requested is \$776.6M. In 2024, the Company raised \$962M in tranching commitments.

Cost of Improvements

The Company anticipates that the cost of the land comprising the project site will be \$3.7M, the cost of site improvement and construction of the facility will be \$104.8M. The Company anticipates that the cost of equipment, fixtures and furnishings to be purchased with proceeds of the bonds will be \$671.8M.

Project Financing

The total cost of the improvements to be constructed and the amount of bonds requested is \$776.6M. In 2024, the Company raised \$962M in tranching commitments.

Funding is subject to City Council approval. Pacific Fusion Power intends to self-fund the improvements through their own working capital, and they are responsible for their own and the City's fees related to the IRB application and associated legal or other administrative fees, including the fiscal impact analysis.

10. DEVELOPER'S RECORD:

Pacific Fusion was founded in 2023 with a mission to power the world with abundant, affordable, clean energy. The company is rapidly designing and building a pulsed magnetic fusion system to achieve net facility gain (more fusion energy output than stored energy input). In parallel, they are developing key components that will be required to build and scale affordable fusion systems. Pacific Fusion is based in Fremont, CA.

A brief summary of the relevant experience of the founder of Pacific Fusion is included below, as well as a list of key personnel. Brief bios of other key individuals with the company are included as an exhibit to the application. Additional information about the company can be found on the company's website: <https://www.pacificfusion.com/>

Dr. Eric S. Lander is the Founding CEO of Pacific Fusion. A world-renowned scientist, he is also founding director and a core institute member of the Broad Institute of MIT and Harvard. A geneticist, molecular biologist, and mathematician, he has played a pioneering role in all aspects of the reading, understanding, and biomedical application of the human genome. Eric has led major international projects, including being a principal leader of the Human Genome Project, and has founded major scientific institutions, founded companies, and advised governments.

Dr. Will Regan serves as President of Pacific Fusion.

Dr. Keith LeChien is CTO of Pacific Fusion.

Dr. Leland Ellison is Head of Simulation for Pacific Fusion.

Carrie von Muench is COO of Pacific Fusion.

Based on the company's track record and continued growth, the Company appears capable of managing and completing the Project.

11. EQUITY:

The total cost of the improvements to be constructed and the amount of bonds requested is \$776.6M. In 2024, the Company raised \$962M in tranching commitments.

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

12. MANAGEMENT:

Pacific Fusion already has a management team for the site and to manage the project. Biographies 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.

13. FISCAL IMPACT ANALYSIS

The fiscal impact indicates that the operations associated with the \$776.6 million bond for Project Solis will remain tax positive throughout the bond term, totaling nearly \$29 million by 2044. While Project Solis is expected to reach full capacity by 2028 with 226 specialized jobs, the associated tax contribution is expected to continue throughout the lifespan of the IRB and beyond. Moreover, the Mesa del Sol development will receive a positive share of tax revenue, reaching a total of \$123,112 by the end of the IRB period.

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

FINDINGS:

1. IRB 26-1 is a qualified project as defined by the State's Industrial Revenue Bond Act and the City enabling legislation (Resolution R-196, Sixth Council (126-1985) as amended by Resolution 350 Sixth Council; and
2. IRB 26-1 would make positive substantive contributions to the local economy and community by creating 224 high-wage economic base jobs; and
3. IRB 26-1 will continue Albuquerque's position in the forefront of clean energy research and development; and
4. IRB 26-1 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives;

IRB 26-1: Pacific Fusion Corporation Project

5. IRB 26-1 would adequately meet the evaluation criteria established by the City for Industrial Revenue Bond Act projects, including the requirement that the City recoup the value of its investment over the term of the bonds.

STAFF RECOMMENDATION:

Based on the above findings, staff recommends approval of IRB 26-1 as proposed in the project plan application.

Chris Chavez, Economic Development Manager
Economic Development Department

APPLICATION
for
INDUSTRIAL REVENUE BOND
Project Approval

Name of Project: Project Solis

Location of Project: Mesa Del Sol

Company Name: Pacific Fusion Corporation

Contact Person: Mindy Eihusen

Address: 6082 Stewart Avenue

Freemont, CA 94538

Telephone:

Email:

Bond Counsel: Rodey Law Firm (Justin Horwitz & Peter Kelton)

Address: 201 Third Street NW, Suite 2200

Albuquerque, NM 87102

Telephone: (505) 765-5900

Bond Amount Requested: \$776,600,000 Fee to be Submitted: \$2,500

FOR STAFF USE

Staff Assigned:

Case Number:

Fee Received: \$

ADC Hearing Date: _____
Council Dates (Tentative): Introduction _____
Committee _____
Council Hearing _____

PREFACE

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

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

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

APPLICATION DESCRIPTION

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

I. GENERAL DESCRIPTION

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

Pacific Fusion Corporation (the "Company") is building a 225,470 square foot research and development headquarters to house its Demonstration System for its pulsed magnetic inertial fusion technology. This facility will be the research and development headquarters for the Company in perpetuity and house a machine that achieves net facility gain. The facility will be constructed in 2026-2027 and be fully operational in mid-2027. The Company currently anticipates locating the Demonstration System within the City of Albuquerque (the "City") at

Mesa Del Sol. If approved, the industrial revenue bond (“IRB”) proceeds would be used to support the development of the project, which may include infrastructure, tenant improvements, and other eligible project expenses at the Demonstration System facility.

The Company is working to commercialize fusion energy production, which will transform the entire energy infrastructure of the world. This facility is critical to achieving net facility gain as the next step toward commercial fusion power production.

II. SITE AND EXISTING CONDITIONS

A. Legal Description

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

Tract lettered J of Bulk Land Plat for Mesa Del Sol Innovation Park II, (a replat of Tracts 1, 12, 15, 4-A-2, 4- A-3 and 4-A-4, Mesa Del Sol and Tracts 2-A, 2-B, 3, 4, 7, 8, 9, 10, 16, 18, 19, 20, 21, OS- 1, OS-2, OS-3 and OS-6, Mesa Del Sol Innovation Park) Albuquerque, Bernalillo County, New Mexico, as the same is shown and designated on the plat of said addition filed in the office of the County Clerk of Bernalillo County, New Mexico, on August 7, 2008, in Plat Book 2008C, Page 175, as Document No. 2008089615.

UPC: 101605115947920604

B. Prevailing Site Conditions

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

The site is currently vacant.

C. Present Assessed Value

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

\$935,400

D. Present and Proposed Zoning

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

Present Zoning: PC

Requested Zoning: Research and Development
ZHE approval for the zoning change was received July 30, 2025

E. Renewable Energy

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

The fusion technology developed by the Company would play an integral role in addressing our world's constantly growing electricity needs by providing an energy source that does not produce greenhouse gases or harmful air pollutants during the fusion process.

III. PROJECT PLAN

A. Information Concerning Applicant

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

The Company is a Delaware corporation founded in 2023 with the objective to power the world with affordable clean energy. The Company utilizes an approach known as pulsed magnetic inertial fusion, which combines hydrogen atoms to produce helium and release energy. Pulsed magnetic fusion works by running a brief but very large electric current across a small metal cylinder (less than half an inch in size) containing fusion fuel. The electric current creates a powerful magnetic field that rapidly squeezes the cylinder to reach fusion conditions, releasing large amounts of energy which is then used to generate electricity. The process is repeated over and over.

More information about Pacific Fusion can be found at www.pacificfusion.com.

Biographies of the Founders have been provided under separate cover.

B. Tax Issues

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

The Company has no outstanding substantive federal, state or local tax issues.

C. Information Concerning Products and Process

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

The Demonstration System facility would facilitate the Company's research and development of fusion technologies. The proposed development is not anticipated to generate air, noise, or waste pollution or traffic congestion.

D. Competition

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

The Company is not aware of any competition in the same area of commerce or industry existing in the City. Rather, the Company's activities are anticipated as being synergistic with existing companies in the City, such as Sandia National Laboratories.

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

Describe the predicted effects of the project including construction jobs generated, increased employment, increased sales, new industrial base, possible spin-off business, etc.

The New Mexico Economic Development Department ("NMEDD") is currently performing its own analysis to estimate the number of construction jobs that it anticipates will be generated from the project. Upon full project development and finalization, the project is anticipated as directly creating over 200 long-term jobs. The project is also anticipated as synergizing with existing businesses and industries, increasing the likelihood of other supporting industries and businesses developing and locating within the City due to the Company's development of the project in the City, and the creation of opportunities to collaborate with local educational institutions.

F. Land Acquisition

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

The Company would request the ability and capacity to use IRB proceeds to acquire the land, and the Company is currently negotiating the acquisition of the land that will become the project site.

G. Description of Proposed Development

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

The development of the project would involve the construction of a 225,470 square foot research and development headquarters on currently vacant land in Mesa Del Sol. There are no existing buildings on the anticipated project site, and no demolition of structures would be necessary. A draft site plan is attached.

H. Infrastructure

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

The Company will require extension of utility access and road development for operating the project, and the Company is in the process of exploring options with respect to cost sharing agreements and other, similar arrangements with the City and utility providers.

I. Area Enhancement

Describe how project design and placement will enhance the area.

The project will enhance the area by continuing to grow and develop currently vacant areas within the Mesa Del Sol development. Additionally, the expansion of roads and utility access to support project operations is anticipated as providing a needed catalyst to allow other developments to more feasibly locate in the surrounding area by reducing the cost of further expansion of roads and utility access.

J. Local Purchasing

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

Currently, the Company is not certain as to the amount of goods and services that will be locally procured for the development and operation of the project. The Company would anticipate a substantial portion of the construction materials and services will be sourced locally, and the Company would prefer to purchase materials and equipment and source labor locally whenever feasible. Bearing this in mind, however, the highly specialized nature of the project may not always allow for a locally sourced option.

K. Water Conservation

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

Currently, the Company has estimated average water consumption for the project at 240,600 gal/month. The Company's biggest water need is to support its fire suppression system, and the Company will put a pump in place to bolster the water pressure coming from the water tower at Mesa Del Sol. As part of the development, the Company plans to integrate equipment and systems that will reduce and mitigate water usage for the project.

L. Relocation of Individuals or Businesses

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

The Company anticipates that no individuals, families or businesses will be displaced by the activities outlined in this plan.

M. Number and Types of Jobs Created

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

The Company anticipates the following job creation figures for the first five years of the project:

<u>Category</u>	<u>Average Salary</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>Total</u>
Technicians	\$115,008	40	60	20	0	0	120
Engineers	\$208,197	12	18	15	0	0	45
Physicists	\$215,011	10	13	20	0	0	43
Administrative	\$180,011	8	4	4	0	0	16
<i>Total</i>		<i>70</i>	<i>95</i>	<i>59</i>	<i>0</i>	<i>0</i>	<i>224</i>

- 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?

Currently, the Company is not certain of the exact percentage of permanent new jobs that will be filled by current Albuquerque area residents, but the Company intends to hire as many local personnel as possible. Some roles with niche experience expectations may be hired from out of state and relocated to New Mexico.

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

The Company anticipates that the positions created for project operations in the fields of Engineering and Physics will be high income. The Technician jobs and some of the Administrative jobs will likely be filled by residents classified as low and moderate income. Additionally, construction of the project will create benefits for low and moderate income residents that would provide construction services, and the increase in local, high income jobs would be expected to boost the number of low and moderate income jobs needed to support the Company's employees.

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

Yes.

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

While some City residents may possess the skills needed for jobs for the project, some roles with niche experience expectations may be hired from out of state and relocated to New Mexico.

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

Yes.

6) What stated advancement opportunities are there?

The company supports training including leadership training for qualified employees and has a history of promoting employees to fill management and leadership roles over time.

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.

N. Corporate Citizenship Policy/Plan

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

This project has the potential to serve as a catalyst for high-quality jobs and long-term workforce development in New Mexico. The company is excited to work with local education systems to build a talent pipeline across physics, engineering, and technician roles — with a particular focus on expanding opportunities for underrepresented and Indigenous communities. This includes developing a custom High Voltage Technician program with the Central New Mexico Community College, hiring physics and engineering interns from University of New Mexico, New Mexico State University and other higher education institutions as well as being involved with STEM programs at the Secondary School level. Company leadership is committed to partnering with local and state institutions to ensure this effort delivers meaningful, inclusive economic impact.

O. Positive Contributions

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

In addition to the corporate citizenship items listed above, the Company also anticipates: (i) synergies with existing industries; and (ii) the likelihood of other supporting industries and businesses developing as a result of the Company locating in the Albuquerque area.

P. Management

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

The project will be managed by a team including the applicant, the applicant's developer and local architect and civil engineering teams in Albuquerque.

IV. PROJECT FINANCING

A. Cost of Improvements, Bond Amount and Private Financing

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

The total cost of the improvements to be constructed and the amount of bonds requested is \$776.6M. In 2024, the Company raised \$962M in tranch commitments.

B. Estimated Value After Completion

Indicate the estimated appraised value of the project after completion.

The project is a \$1 billion investment total.

C. Feasibility

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

In 2024, the Company raised \$962M in tranch commitments, and a copy of the Company's pro forma can be made available for inspection in person upon request.

D. Construction Schedule

Give the date of anticipated beginning and completion of construction.

The Company anticipates breaking ground in Q1 2026, completing the hi-bay portion of the facility in Q4 2026, and completing construction in Q2 2027.

E. Issuance of Bonds

Provide the anticipated date of bond issuance.

October 2025.

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

Please see attached the relevant Zone Atlas Pages with the property highlighted.

FISCAL IMPACT ANALYSIS

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

1. Describe the type or nature of project operations.

The Demonstration System developed as part of the project will be the research and development headquarters for the Company's research and development of fusion technologies.

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

The Company anticipates that 224 new employees would be created from the project, with a total net payroll of \$35.3M. The Company anticipates an estimated annual pay increase commensurate with market rates in future years.

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

<u>Category</u>	<u>Average Salary</u>	<u>Number</u>
Technicians	\$115,008	120
Engineers	\$208,197	45
Physicists	\$215,011	43
Administrative	\$180,011	16

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

The Company provides to its employees Health, Dental, Vision, FSA, Life Insurance, EAP, Pet Insurance, Commuter Benefits, Paid Parental Leave, 401k & matching contribution, PTO and Sick Leave. The estimated value of such benefits varies based on participation but on average results in approximately 25% of an employee's salary.

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

Currently, the Company is not certain as to the amount of goods and services that will be locally procured for the development and operation of the project. The Company would anticipate a substantial portion of the construction materials and services will be sourced locally, and the Company would prefer to purchase materials and equipment and source labor locally whenever feasible. Bearing this in mind, however, the highly specialized nature of the project may not always allow for a locally sourced option.

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

Currently, the Company is not certain as to the amount of goods and services that will be locally procured for the development and operation of the project. The Company would anticipate a substantial portion of the construction materials and services will be sourced locally, and the Company would prefer to purchase materials and equipment and source labor locally whenever feasible. Bearing this in mind, however, the highly specialized nature of the project may not always allow for a locally sourced option.

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

Currently, the Company is not certain as to the amount of goods and services that will be procured out-of-state and subject to the New Mexico compensating tax for the development and operation of the project. The Company would anticipate a substantial portion of the construction materials and services will be sourced locally, and the Company would prefer to purchase materials and equipment and source labor locally whenever feasible. Bearing this in mind, however, the highly specialized nature of the project may not always allow for a locally sourced option.

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

Given the nature of the Company's research and development activities, it is difficult to estimate or analogize its activities to the sale of local goods and services that are subject to New Mexico gross receipts tax.

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

The Company anticipates that the cost of the land comprising the project site will be \$3.7M, the cost of site improvement and construction of the facility will be \$104.8M.

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

The Company anticipates that the cost of equipment, fixtures and furnishings to be purchased with proceeds of the bonds will be \$671.8M. The Company would prefer to purchase these items in-state where possible, but is currently not certain of the precise breakdown of such items that will be purchased in-state and out-of-state, and the highly specialized nature of the project may reduce the feasibility of making such purchases in-state.

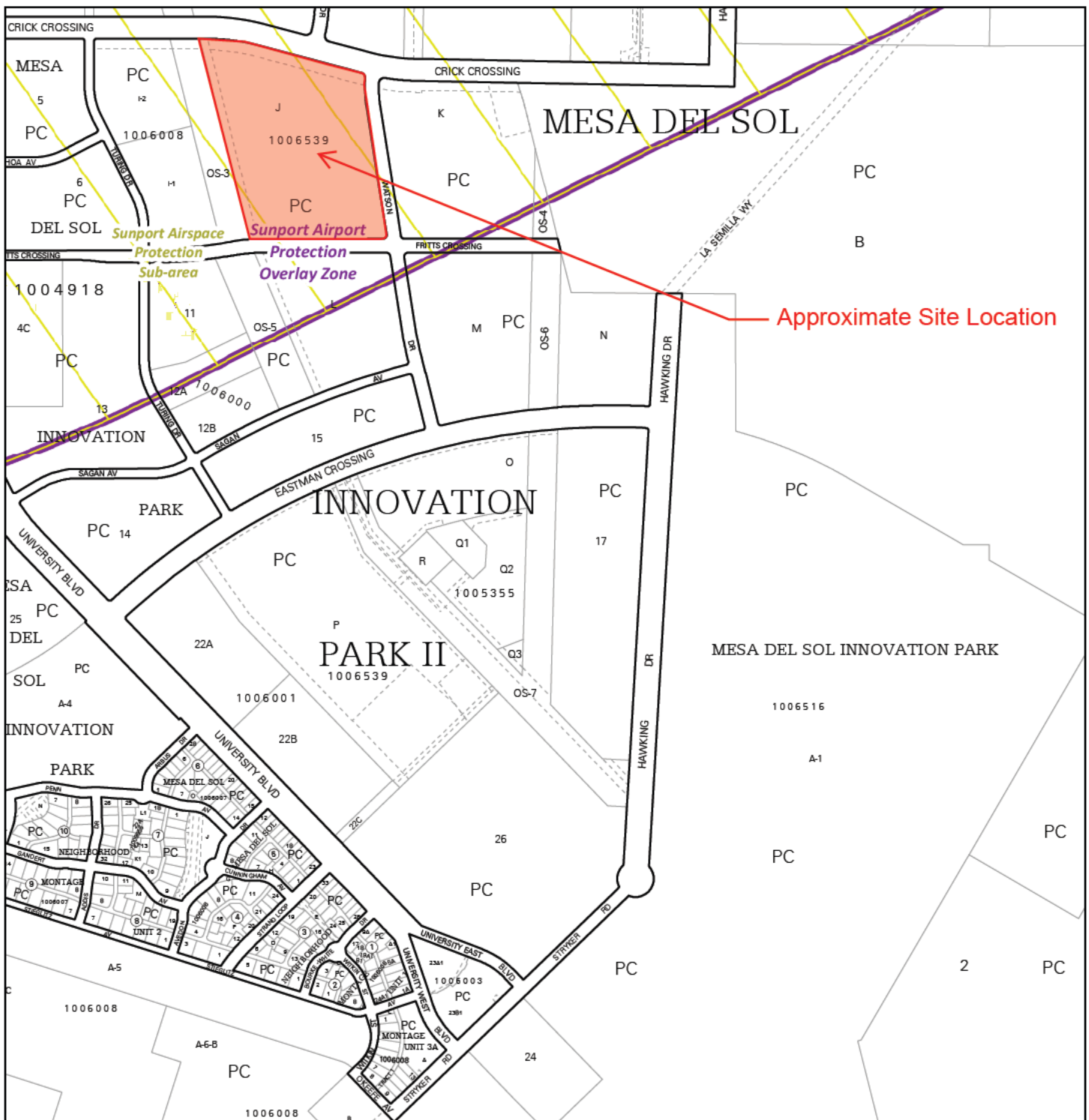
11. An estimated incremental New Mexico corporate income tax as a result of the proposed Industrial Revenue Bond project, and an estimated annual increase.

The Company does not anticipate an increase in its corporate income tax as a result of the proposed Industrial Revenue Bond project.

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

The Company anticipates up to \$671.8M of its capital expenditures may be qualified for the New Mexico investment tax credit.



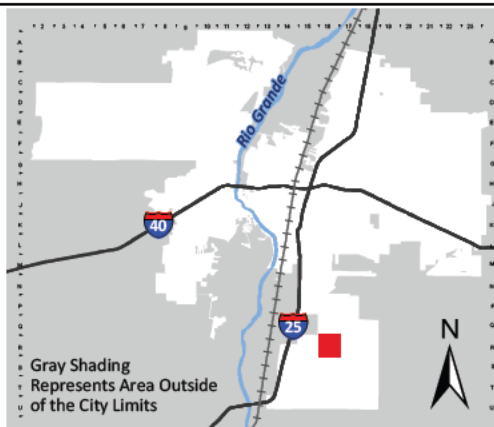


For more details about the Integrated Development Ordinance visit: <http://www.cabq.gov/planning/codes-policies-regulations/integrated-development-ordinance>

IDO Zone Atlas May 2018

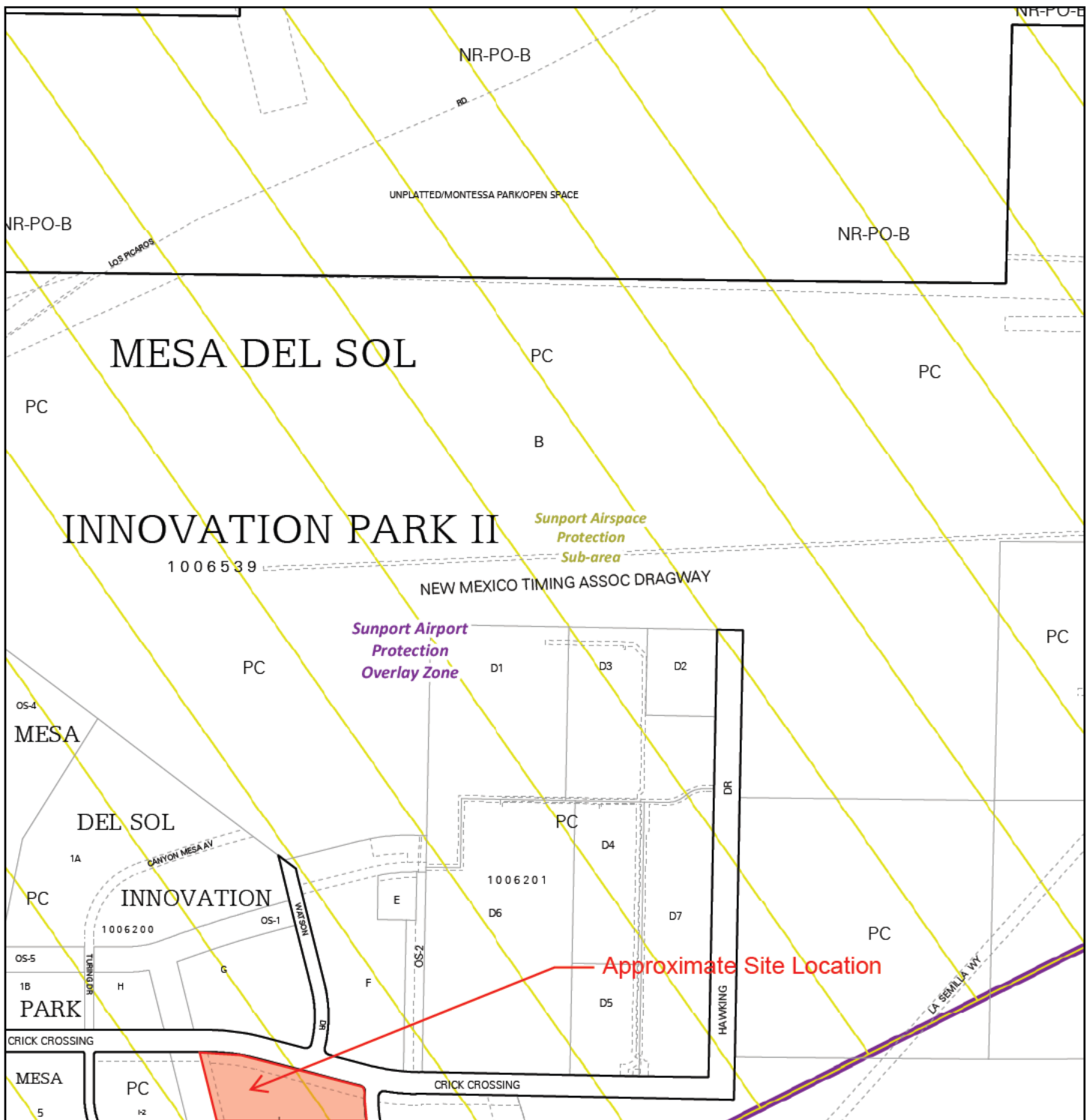


IDO Zoning information as of May 17, 2018
The Zone Districts and Overlay Zones
are established by the
Integrated Development Ordinance (IDO).



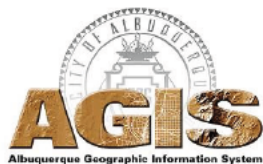
Zone Atlas Page:
R-16-Z

- Easement
 - Escarpment
 - Petroglyph National Monument
 - Areas Outside of City Limits
 - Airport Protection Overlay (APO) Zone
 - Character Protection Overlay (CPO) Zone
 - Historic Protection Overlay (HPO) Zone
 - View Protection Overlay (VPO) Zone
- Gray Shading Represents Area Outside of the City Limits
- 0 250 500 1,000 Feet

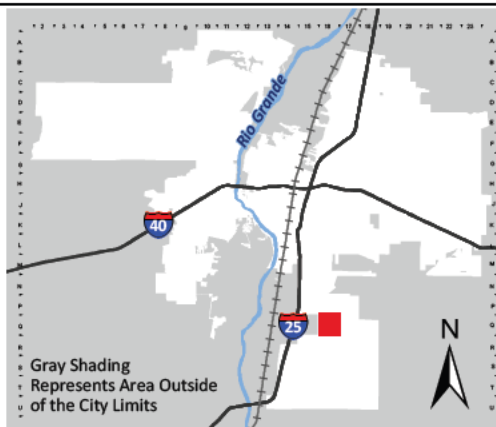


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IDO Zone Atlas May 2018

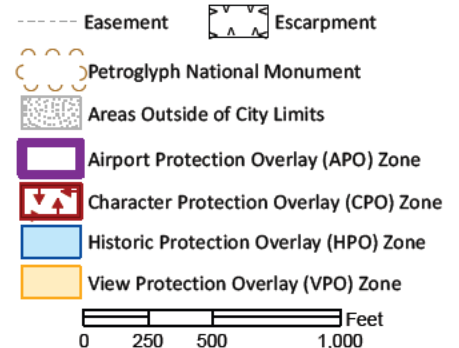


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Zone Atlas Page:

Q-16-Z





Fiscal Impact Analysis of Proposed Pacific Fusion Project (Project Solis) on the City of Albuquerque

Prepared for the City of Albuquerque Economic Development Department

Alexis P. Amodio-Cardwell, Research Scientist

AUGUST 2025

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Introduction

The Economic Development Department at the City of Albuquerque (the City) has requested that The University of New Mexico's Bureau of Business and Economic Research (UNM BBER) conduct a fiscal impact analysis regarding an industrial revenue bond (IRB) application submitted by Pacific Fusion. The current project name is titled "Project Solis."

Founded in Fremont, California, in 2023, Pacific Fusion proposes to construct a 225,470-square-foot, state-of-the-art research and development facility within Albuquerque's Mesa del Sol development. This facility, which will house the Demonstration System, will use pulsed magnetic inertial fusion technology to achieve net energy gain. This major breakthrough of net energy gain – generating more fusion energy than the total energy stored in the system – is considered a critical step toward revolutionizing global energy infrastructure by providing a clean energy source that does not produce greenhouse gases or harmful air pollutants.

The project is expected to create 226 jobs across various disciplines, including technicians, engineers, physicists, and administrative personnel. Beyond direct employment, the project will also spur construction jobs, workforce development programs, and regional economic activity.

In pursuit of this project, Pacific Fusion is requesting a \$776.6 million bond from the City. In addition, Pacific Fusion is seeking a 100% abatement of all gross receipts and compensating taxes on purchases of eligible tangible personal property acquired in connection with Project Solis, as well as an 80% real and 90% personal property tax abatement for the site. Bond proceeds will be used for land acquisition, infrastructure development, tenant improvements, and other eligible project costs, as the site is currently vacant.

Property

As mentioned in the introduction, Project Solis will be built in Southeast Albuquerque in the Mesa del Sol development:

- UPC: 101605115947920604
- Legal Description: Tract lettered J of Bulk Land Plat for Mesa Del Sol Innovation Park II, (a replat of Tracts 1, 12, 15, 4-A-2, 4-A-3 and 4-A-4, Mesa Del Sol and Tracts 2-A, 2-B, 3, 4, 7, 8, 9, 10, 16, 18, 19, 20, 21, OS- 1, OS-2, OS-3 and OS-6, Mesa Del Sol Innovation Park) Albuquerque, Bernalillo County, New Mexico, as the same is shown and designated on the plat of said addition filed in the office of the County Clerk of Bernalillo County, New Mexico, on August 7, 2008, in Plat Book 2008C, Page 175, as Document No. 2008089615.
- Assessed Value: \$935,400¹

¹ This value has been verified with the Notice of Value provided by the assessor.

Data and Methods

This analysis is based on self-reported budget and expenditures information provided by Pacific Fusion representatives. The figures submitted in the IRB application to the City have also been taken into consideration. Given that Pacific Fusion is seeking a 20-year bond rate, data includes expected payroll and employment figures, operational spending, and capital expenditures over the next 20 years.

Employment data includes the creation of 226 new jobs from 2025 to 2028.² Total compensation for these jobs, which includes salaries and benefits, ranges from \$155,261 to \$290,265. Pacific Fusion also plans to offer an average salary increase of 3%, with a fringe benefits rate of 25%.

Construction of the permanent facility in the Mesa del Sol development is scheduled to begin in the first quarter of 2026 and conclude by the second quarter of 2027. During this period, Pacific Fusion intends to lease a temporary facility to support initial operations, hence why some employment figures have been reported prior to the commencement of construction.

This analysis assesses the tax impact of Pacific Fusion's operations on the City of Albuquerque over the next 20 years, focusing on gross receipts, property, and other taxes. It includes the effects of spending related to direct, indirect, and induced jobs generated by Pacific Fusion operations, including construction. The analysis also incorporates the expected tax contributions from the industry.

Major assumptions were undertaken to complete this analysis, many of which are listed below:

1. Mesa del Sol is a Tax Increment Development District (TIDD), which is a special district created to help finance infrastructure investment. As such, a portion of the City's share of the GRT and Real Property Tax – where Pacific Fusion will be located – will be remitted to the TIDD.
2. Real and Personal Property Tax Exemption: The analysis assumes a 20% Payment in Lieu of Taxes (PILOT) on real property and a 10% PILOT on personal property. This abatement structure assumes that Pacific Fusion (the Company) "would not qualify for other New Mexico tax incentives that have been discussed between the Company and the City. In the event that the Company does qualify for those New Mexico tax incentives, though, the City would instead utilize a 70% real and personal property tax abatement for the industrial revenue bond incentives structure, and the City's anticipated return on investment would be expected to correspondingly increase."³
3. Multipliers used for estimating the impacts of the project were based on historical budget information and the industry for which the impact was modeled – NAICS 335999: All Other Miscellaneous Electrical Equipment and Component Manufacturing.⁴ The following is the 2022 NAICS definition for NAICS 335999: "This U.S. industry comprises establishments primarily engaged in manufacturing industrial and commercial electric apparatus and other equipment (except lighting equipment, household

² Pacific Fusion has already filled two of these positions with Albuquerque residents.

³ Information provided by Pacific Fusion's bond counsel.

⁴ Pacific Fusion has self-identified its primary industry classification as NAICS 335999.

- appliances, transformers, motors, generators, switchgear, relays, industrial controls, batteries, communication and energy wire and cable, wiring devices, and carbon and graphite products).”^{5,6}
4. 25% of specialized employees are expected to relocate from outside New Mexico, leading to an increase in the City’s population and generating costs for the City.
 5. 90% of construction-related jobs are assumed to be filled by Albuquerque-based workers.
 6. 90% of depreciable business and personal property purchases and 100% of goods and services spent on annual operations are assumed to be sourced locally.
 7. Construction is scheduled to begin in Q1 2026 and conclude in Q2 2027.
 8. Zero percent of electricity and natural gas use is currently dedicated to manufacturing, as there is uncertainty as to whether or not the Company’s operations would qualify as manufacturing.
 9. This analysis assumes that all employment resulting from this agreement – including construction and research & development – will be a net gain to Albuquerque. Company spending is a net gain. The purchase of goods and services, real and personal properties, and construction expenditures are considered for gross receipt, compensating, and property taxes.
 10. Only the City of Albuquerque incentives and the ensuing fiscal impact on the City are considered; incentives received from the State of New Mexico and/or any other governing entity are not included in the analysis.
 11. Employee wages and salaries are projected to grow at a fixed rate over the duration of the analysis period.
 12. All figures and findings are preliminary.

Results

The fiscal impact presented in Table 1 indicates that the operations associated with the \$776.6 million bond for Project Solis will remain tax positive throughout the bond term, totaling nearly \$29 million by 2044.⁷ While Project Solis is expected to reach full capacity by 2028 with 226 specialized jobs, the associated tax contribution is expected to continue throughout the lifespan of the IRB and beyond. Moreover, the Mesa del Sol development will receive a positive share of tax revenue, reaching a total of \$123,112 by the end of the IRB period.

⁵ <https://www.census.gov/naics/?input=335999&year=2022&details=335999>

⁶ NAICS 541715 – Research and Development in the Physical, Engineering, and Life Sciences (except Nanotechnology and Biotechnology) – could have also been an appropriate industry classification, given Pacific Fusion’s focus on researching and developing a *Demonstration System* that will use pulsed magnetic inertial fusion technology to achieve net energy gain. Similar results would have been obtained with this industry.

⁷ The cumulative total is determined around the 20-year general obligation bond rate of 3.68%, as last updated on 06/14/2024. It is likely that this rate has changed.

Table 1. IRB Analysis: Estimated Tax Revenues for Proposed Pacific Fusion (Project Solis) Project, Including Incremental Tax, Present Value of City Taxes, and Net Tax Increment, and Cumulative Net Present Value by Year (2025 dollars)

	Gross Receipts and Compensating Taxes						Property Tax			Other Taxes	Total Revenues	TIDD Share						Foregone			City Costs	Fiscal Impact		
	Company Employees	Indirect and Induced Employees	Company Purchases	Construction	Construction Employees	Utilities	Real (Company)	Personal (Company)	Real (Employees)			Construction GRT	GRT	Utilities GRT	Personal Property	Real Property Tax	TIDD Total	Real Property Tax	Personal Property Tax	GRT & CMP		Annual	Present Value	Cumulative
2025	2,891	11,787	23,295,694	2,562,500	-	-	2,352	-	2,444	209	#####	-	-	-	557,370	1,159	558,529	1,882	-	-	2,438	25,873,558	25,873,558	25,873,558
2026	15,784	69,576	12,845,361	4,375,875	696,092	19,237	505,213	1,131,630	12,570	1,075	#####	1,839,750	1,849,225	9,475	557,370	248,836	2,655,431	404,171	1,018,467	30,674,063	12,538	(12,436,825)	(11,995,394)	13,878,164
2027	37,658	162,948	1,732,919	933,813	174,023	19,621	612,576	1,527,736	29,156	2,493	5,232,943	459,938	469,602	9,664	752,467	301,716	1,523,785	490,060	1,374,963	13,142,396	29,080	(9,803,557)	(9,119,976)	4,758,187
2028	53,133	237,165	1,452,261	-	-	20,014	589,629	1,286,394	39,457	3,374	3,681,426	-	9,857	9,857	633,597	290,414	933,869	471,703	1,157,754	-	39,354	2,012,614	1,805,824	6,564,011
2029	54,727	244,280	1,481,306	-	-	20,414	566,682	1,045,051	39,457	3,374	3,455,291	-	10,055	10,055	514,727	279,112	803,893	453,346	940,546	-	39,354	2,022,045	1,749,890	8,313,902
2030	56,369	251,608	1,510,932	-	-	20,822	543,735	803,709	39,457	3,374	3,230,006	-	10,256	10,256	395,857	267,810	673,922	434,988	723,338	-	39,354	2,032,326	1,696,361	10,010,263
2031	58,060	259,156	1,541,151	-	-	21,239	520,789	562,366	39,457	3,374	3,005,591	-	10,461	10,461	276,986	256,508	543,955	416,631	506,130	-	39,354	2,043,476	1,645,128	11,655,391
2032	59,802	266,931	1,571,974	-	-	21,663	497,842	321,024	39,457	3,374	2,782,066	-	10,670	10,670	158,116	245,206	413,992	398,273	288,921	-	39,354	2,055,517	1,596,086	13,251,477
2033	61,596	274,939	1,603,413	-	-	22,097	474,895	79,681	39,457	3,374	2,559,452	-	10,883	10,883	39,246	233,904	284,033	379,916	71,713	-	39,354	2,068,468	1,549,134	14,800,611
2034	52,168	283,187	1,635,482	-	-	22,539	451,948	-	39,457	3,374	2,488,154	-	11,101	11,101	-	222,601	233,703	361,559	-	-	39,354	2,087,241	1,507,710	16,308,320
2035	53,733	291,683	1,668,191	-	-	22,989	429,002	-	39,457	3,374	2,508,429	-	11,323	11,323	-	211,299	222,622	343,201	-	-	39,354	2,125,873	1,481,110	17,789,431
2036	55,345	300,433	1,701,555	-	-	23,449	406,055	-	39,457	3,374	2,529,668	-	11,550	11,550	-	199,997	211,547	324,844	-	-	39,354	2,165,470	1,455,148	19,244,579
2037	57,005	309,446	1,735,586	-	-	23,918	383,108	-	39,457	3,374	2,551,895	-	11,781	11,781	-	188,695	200,476	306,486	-	-	39,354	2,206,054	1,429,803	20,674,382
2038	58,715	318,730	1,770,298	-	-	24,397	360,161	-	39,457	3,374	2,575,131	-	12,016	12,016	-	177,393	189,409	288,129	-	-	39,354	2,247,648	1,405,055	22,079,437
2039	60,477	326,320	1,805,704	-	-	24,884	337,215	-	39,457	3,374	2,597,430	-	12,257	12,257	-	166,091	178,347	269,772	-	-	39,354	2,288,304	1,379,698	23,459,135
2040	62,291	334,138	1,841,818	-	-	25,382	314,268	-	39,457	3,374	2,620,727	-	12,502	12,502	-	154,789	167,290	251,414	-	-	39,354	2,329,959	1,354,950	24,814,085
2041	64,160	342,190	1,878,654	-	-	25,890	291,321	-	39,457	3,374	2,645,046	-	12,752	12,752	-	143,486	156,238	233,057	-	-	39,354	2,372,634	1,330,795	26,144,880
2042	66,085	350,484	1,916,227	-	-	26,408	268,374	-	39,457	3,374	2,670,409	-	13,007	13,007	-	132,184	145,191	214,699	-	-	39,354	2,416,355	1,307,212	27,452,091
2043	68,067	359,027	1,954,552	-	-	26,936	245,428	-	39,457	3,374	2,696,840	-	13,267	13,267	-	120,882	134,149	196,342	-	-	39,354	2,461,143	1,284,184	28,736,275
2044	70,109	367,826	-	-	-	27,475	222,481	-	39,457	3,374	730,721	-	13,532	13,532	-	109,580	123,112	177,985	-	-	39,354	513,382	258,366	28,994,641

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



Dr. Eric S. Lander is the Founding CEO of Pacific Fusion. A world-renowned scientist, he is also founding director and a core institute member of the Broad Institute of MIT and Harvard. A geneticist, molecular biologist, and mathematician, he has played a pioneering role in all aspects of the reading, understanding, and biomedical application of the human genome. Eric has led major international projects, including being a principal leader of the Human Genome Project, and has founded major scientific institutions, founded companies, and advised governments. You can read more about his background [here](#).

[\[headshot is here\]](#)

Dr. Will Regan serves as President of Pacific Fusion. Will is a physicist who helped catalyze the emerging fusion industry, as co-developer of ARPA-E's ALPHA program, which provided early support to several leading fusion startups, and founding advisor to Strong Atomix, the first fusion-focused VC fund. Most recently, he built energy and climate projects in Alphabet's X lab, including founding Mineral, an Alphabet company focused on computational agriculture.

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Dr. Keith LeChien is CTO of Pacific Fusion. Keith is an internationally recognized leader in pulsed magnetic fusion science and technology. He was previously the leader of Lawrence Livermore National Laboratory's magnetically-driven high-energy density physics program and lead target designer for pulsed magnetic fusion experiments at the Z Facility. Prior to his work at LLNL, he oversaw the Inertial Confinement Fusion Program for the Department of Energy and was the federal lead author of the multi-year scientific framework that led to ignition at the National Ignition Facility. Before joining the DOE, Keith was a principal staff member in advanced accelerator physics at Sandia National Laboratories.

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Dr. Leland Ellison is Head of Simulation for Pacific Fusion. He was previously the lead magnetohydrodynamics developer for the Ares multiphysics code at Lawrence Livermore National Laboratory, supporting experimental campaigns at Sandia's Z machine and adapting the code to run on the #2-ranked supercomputer in the world. Prior to his current role, he gained experience building early-stage startup teams as a member of Sutter Hill Ventures. He obtained his PhD in plasma physics from Princeton University in 2016.

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Carrie von Muench is COO of Pacific Fusion. She has spent her career working in technical organizations across industrials and climate tech, most recently as an early-stage investor at Innovation Endeavors. Carrie previously worked as an early pipeline strategist at Alphabet's X, where she helped launch new bets, and as a consultant in BCG's industrial goods and public sector practices. She holds a B.S. and M.S from Stanford in Environmental Fluid Dynamics.

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LEDA Application
Job Creation Worksheet

Job Title	Source	Average Annual Salary	At Start-up	End of 2025	End of 2026	End of 2027	End of 2028	End of 2029
Technicians	L	115,008	-	10	40	100	120	120
Engineers	L, T, R	208,197	-	-	12	30	45	45
Physicists	L, T, R	215,011	2	2	12	25	45	45
Administrative	L, T, R	180,011	-	2	8	12	16	14
Total Jobs Created			2	14	72	167	226	224
Total Annualized Payroll			430,023	1,940,125	11,118,911	25,282,137	35,725,526	35,365,505
		Difference Headcount			70	95	59	
		Difference Payroll			11,118,911	14,163,225	10,443,390	