

CITY of ALBUQUERQUE

TWENTY SIXTH COUNCIL

COUNCIL BILL NO. F/S 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 December 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 December 1, 2025 (the “Lease”), pursuant
32 to which the Company will lease the Project Property from the City and will make
33 payments to the Depository sufficient to pay the principal of, redemption premium, if

1 any, and interest on the Bond, and to pay all other obligations incurred pursuant to
2 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 in as much 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;

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

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

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

5 Section 4. AUTHORIZATION AND APPROVAL OF THE BOND. To finance
6 the cost of acquiring, constructing, equipping and improving the Project Property, the
7 City hereby authorizes and approves the issuance and sale of its industrial revenue
8 bond to be designated "City of Albuquerque, New Mexico Taxable Industrial
9 Revenue Bond (Pacific Fusion Project), Series 2025" in the principal amount of
10 \$776,600,000 and the use of the proceeds of the Bond to finance the cost of the
11 Project and to pay expenses relating thereto.

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 10. NON TAXABLE TRANSACTION CERTIFICATES. The Company, as agent for the City, will acquire the Project. The City will cooperate with the Company to obtain and allow use of Type 9 Nontaxable Transaction Certificates ("Certificates") that have been properly executed for acquisition of tangible personal property relating to the Project as applicable under the New Mexico Gross Receipts and Compensating Tax Act. The Company shall not use the Certificates other than for such things as may be permitted by law, if any, nor shall the Company use such Certificates after the completion of the Project. No costs, expenses or other 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 September 15, 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.

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33