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SPONSORED BY: Nichole Rogers, by request

ORDINANCE

APPROVING A PROJECT INVOLVING KAIROS POWER, LLC PURSUANT TO THE LOCAL ECONOMIC DEVELOPMENT ACT AND CITY ORDINANCE F/S O-04-10, THE CITY'S IMPLEMENTING LEGISLATION FOR THAT ACT, TO SUPPORT THE ACQUISITION, RENOVATION, DEVELOPMENT, AND IMPROVEMENT OF RESEARCH AND DEVELOPMENT FACILITIES IN ALBUQUERQUE, NEW MEXICO; AUTHORIZING THE EXECUTION OF A PROJECT PARTICIPATION AGREEMENT AND OTHER DOCUMENTS IN CONNECTION WITH THE PROJECT; MAKING CERTAIN DETERMINATIONS AND FINDINGS RELATING TO THE PROJECT INCLUDING THE APPROPRIATION OF FUNDS; RATIFYING CERTAIN ACTIONS TAKEN PREVIOUSLY; AND REPEALING ALL ACTIONS INCONSISTENT WITH THIS ORDINANCE.

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

16 WHEREAS, pursuant to Sections 5-10-1 through 5-10-13 NMSA 1978, as
17 amended (the "Act"), the City is authorized to provide economic development
18 assistance to eligible entities for certain projects located within the corporate
19 limits of the municipality; and

20 WHEREAS, pursuant to the Act, the City has adopted Ordinance No. F/S 04-
21 10 (the "LEDA Ordinance"), approving an economic development plan for the City
22 and authorizing the City to assist economic development projects in any legally
23 permissible manner, subject to the terms of the LEDA Ordinance; and

1 WHEREAS, pursuant to the LEDA Ordinance, Kairos Power, LLC (the
2 "Company"), has submitted to the Council and the Albuquerque Development
3 Commission (the "Commission") an application (the "Application") requesting
4 certain economic development assistance for the acquisition, renovation,
5 development and improvement of advanced energy technology research and
6 development facilities, which will include the addition of 100 new employees,
7 within the City (the "Project"); and

8 WHEREAS, the City will administer and disburse to the Company funds
9 totaling up to \$3,500,000, of which \$3,000,000 is to be received by the City from
10 the State Economic Development Department and \$500,000 are to be City funds;
11 and

12 WHEREAS, the Act and the LEDA Ordinance require that the City and the
13 Company enter into a project participation agreement meeting the requirements
14 of the Act and the LEDA Ordinance; and

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

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

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

25 WHEREAS, the City has obtained a cost-benefit analysis with respect to the
26 Project on the basis of information provided to the City by the Company, which
27 cost-benefit analysis shows that the City will recoup the value of its contribution
28 within ten (10) years; and

29 WHEREAS, the Application, together with the cost-benefit analysis,
30 demonstrates the benefits that will accrue to the community as a result of the
31 donation of public resources and demonstrates that the Company, by completing

1 the Project, will be making a substantive contribution to the community, as
2 required by the LEDA Ordinance; and

3 WHEREAS, the Commission has considered the Project and the proposed
4 Agreement and has recommended that the Council approve the Company's
5 proposal; and

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

11 WHEREAS, the City anticipates that the State will transfer to it, for
12 subsequent transfer to or on behalf of the Company pursuant to an
13 intergovernmental agreement between the City and the State, certain funds of the
14 State that are available for the Project; and

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

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

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

27 Section 1. RATIFICATION. All actions not inconsistent with the provisions
28 of this Ordinance previously taken by the Council and the officials of the City
29 directed toward the provision of economic development assistance in connection
30 with the Project be approved and the same hereby are ratified, approved and
31 confirmed.

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

7 Section 3. THE PROJECT. The Project will consist of the acquisition,
8 renovation, development, and improvement of advanced energy technology
9 research and development facilities, the addition of 100 new employees, and the
10 operation of the facility within the City for a minimum of ten years.

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

17 Section 5. AUTHORIZATION AND APPROVAL OF THE PROJECT AND THE
18 AGREEMENT; APPROPRIATION OF FUNDS. The City hereby approves the Project
19 and the Agreement, which provides, among other things, that the City will
20 administer and disburse to the Company funds totaling up to \$3,500,000, of which
21 \$3,000,000 is to be received by the City from the State Economic Development
22 Department and \$500,000 are to be City funds, in exchange for which the
23 Company will complete the Project as specified in the Agreement. There is
24 hereby appropriated for the Project up to \$3,500,000 of funds received from the
25 State Economic Development Department and up to \$500,000 of City funds.

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

27 (A) The form, terms, and provisions of the Agreement in the form
28 presented to the Council with this Ordinance are in all respects approved,
29 authorized, and confirmed, and the City is authorized to enter into the Agreement
30 in substantially the form thereof, with only such changes as are not inconsistent

1 with this Ordinance or such other changes as may be approved by supplemental
2 resolution of the Council.

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

8 (C) The Mayor, Chief Administrative Officer, Chief Financial
9 Officer, City Treasurer, and City Clerk are further authorized to execute,
10 authenticate and deliver such certifications, instruments, documents, letters and
11 other agreements, including an intergovernmental agreement with the State
12 Economic Development Department and any appropriate security agreements,
13 and to do such other acts and things, either prior to or after the date of delivery of
14 the executed Agreement, as are necessary or appropriate to consummate the
15 transactions contemplated by the Agreement.

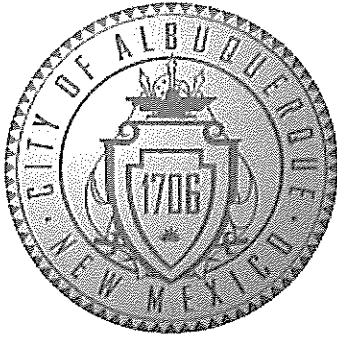
16 (D) City officials shall take such action as is necessary in
17 conformity with the Act, the LEDA Ordinance and this Ordinance to effectuate the
18 provisions of the Agreement and carry out the transactions as contemplated by
19 this Ordinance and the Agreement, including, without limitation, the execution
20 and delivery of any documents deemed necessary or appropriate in connection
21 therewith.

22 Section 7. SEVERABILITY. If any section, paragraph, clause or provision
23 of this Ordinance shall for any reason be held to be invalid or unenforceable, the
24 invalidity or unenforceability of that section, paragraph, clause, or provision shall
25 not affect any of the remaining provisions of this Ordinance.

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

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



Mayor Timothy M. Keller

CITY OF ALBUQUERQUE


Albuquerque, New Mexico

Office of the Mayor

INTER-OFFICE MEMORANDUM

September 21, 2024

TO: Dan Lewis, President, City Council

FROM: Timothy M. Keller, Mayor 

SUBJECT: Approving an Ordinance Involving Kairos Power LLC Project Pursuant to the Local Economic Development (LEDA Project 25-3)

Attached for your consideration and approval is an Ordinance involving Kairos Power LLC LEDA Project, Pursuant to the Local Economic Development Act (LEDA 25-3).

Kairos Power is a mission-driven engineering company focused on the delivery of a clean, affordable and safe energy solution through the integrated design, licensing and demonstration of advanced reactor technology. Growing from a broad research effort at U.S. universities and national laboratories, Kairos Power was founded to accelerate the development of an innovative nuclear technology that has the potential to transform the energy landscape in the United States and internationally.

The company is seeking the City of Albuquerque to be the fiscal agent for State LEDA funds and for the City to directly provide LEDA funds to be used for the construction of a manufacturing facility (the "Project"). The State has agreed to provide \$3,000,000 and the City proposes to provide \$500,000. Kairos will be eligible for reimbursement for costs of the renovation, expansion and improvement incurred following execution of the Project Participation Agreement ("PPA"). City Council recently approved a \$300,000,000 City Industrial Revenue Bond for the project.

The purpose of the proposed project operation is the research, development, and testing of advanced salt coolant technology and related systems. Kairos is seeking to build a Salt Production Facility on the west side of campus at its existing site in the Mesa del Sol Development at 5201 Hawking Dr SE. The new facility will use a proprietary chemical manufacturing process to produce a fluoride salt that will be used as the primary heat transfer fluid for Kairos's Fluoride Salt-Cooled High Temperature Reactor (KP-FHR) technology. The project will support development of a demonstration reactor that Kairos will build in Oak Ridge,

Tennessee as part of the U.S. Department of Energy's Advanced Reactor Demonstration Program. It is important to note that nuclear material will not be utilized on site.

The project represents an additional \$300 million investment by the company by the end of 2028. The operations includes the building at 5201 Hawking Dr. SE, Albuquerque in the Employment Center of the Mesa Del Sol Planned Community plus additional surrounding acreage.

This project builds upon Albuquerque and New Mexico's legacy in the development of alternative energy methods and products. The Company has close ties with Sandia and Los Alamos Labs, the Department of Energy, as well as UNM, NM State University, and NM Tech.

The majority of the 100 new positions will be primarily engineering and technical positions, are considered full time positions, and come with full employee benefits with the company paying 100% of benefits' costs. The average salary for the new positions is over \$100,000.


This project includes a fiscal impact analysis prepared by the State of New Mexico Economic Development Department. The fiscal impact determination of the Project is from information the Company provided. The analysis shows that the company will be making a substantive contribution to the community, and that the City could realize a positive tax benefit with this project over the next ten years. Overall, the City will receive approximately \$12,640,245 in net benefits over the 10-year period, equating to a Present Value of \$10,961,114. The Project will have an estimated Economic Impact of \$ 478,683,751 and an overall Net Benefit of \$17,181,539 over the 10-year period.

Your consideration and approval are requested.

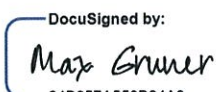
Approved:

Approved as to Legal Form:


Samantha Sengel, EdD Date
Chief Administrative Officer

DocuSigned by:
 10/7/2024 | 12:28 PM MDT
1A21D96D32C74EE...
Lauren Keefe Date
City Attorney

Recommended:

DocuSigned by:
 10/7/2024 | 9:18 AM MDT
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Max Gruner, Date
Director

Cover Analysis

1. What is it?

This is an ordinance authorizing a Local Economic Development Act (LEDA) Project for Kairos Power LLC (the “Company” or “Kairos”) in the amount of \$500,000 from the City of Albuquerque (LEDA Project 25-3). The company is seeking the City of Albuquerque to be the fiscal agent for State LEDA funds and for the City to directly provide LEDA funds to be used for the construction of a manufacturing facility (the “Project”). The State has agreed to provide \$3,000,000 and the City proposes to provide \$500,000. Kairos will be eligible for reimbursement for costs of the renovation, expansion and improvement incurred following execution of the Project Participation Agreement (“PPA”).

Kairos Power is a mission-driven engineering company focused on the delivery of a clean, affordable and safe energy solution through the integrated design, licensing and demonstration of advanced reactor technology. Growing from a broad research effort at U.S. universities and national laboratories, Kairos Power was founded to accelerate the development of an innovative nuclear technology that has the potential to transform the energy landscape in the United States and internationally.

The purpose of the proposed project operation is the research, development, and testing of advanced salt coolant technology and related systems. Kairos is seeking to build a Salt Production Facility on the west side of campus at its existing site in the Mesa del Sol Development at 5201 Hawking Dr SE. The new facility will use a proprietary chemical manufacturing process to produce a fluoride salt that will be used as the primary heat transfer fluid for Kairos’s Fluoride Salt-Cooled High Temperature Reactor (KP-FHR) technology. The project will support development of a demonstration reactor that Kairos will build in Oak Ridge, Tennessee as part of the U.S. Department of Energy’s Advanced Reactor Demonstration Program.

The project represents an additional \$300 million investment by the company by the end of 2028 and the creation of 100 new high-quality jobs. The majority of the new positions will be primarily engineering and technical positions, are considered full time positions, and come with full employee benefits with the company paying 100% of benefits costs. The average salary for the new positions is over \$100,000.

2. What will this piece of legislation do?

The ordinance would support the continued development of a campus of facilities for research, development, and testing of advanced salt coolant technology and related systems. Kairos Power is a mission-driven engineering company focused on the delivery of a clean, affordable and safe energy solution through the integrated design, licensing and demonstration of advanced reactor technology.

This is an ordinance authorizing a Local Economic Development Act Project for Kairos Power in the amount of \$500,000 from the City of Albuquerque. The company is seeking the City of Albuquerque to be the fiscal agent for \$3,000,000 in State LEDA funds.

3. Why is this project needed?

The Project represents a significant capital investment in our community and the creation of 100 high-quality, permanent jobs at an average annual wage of \$100,000. Albuquerque already has the talent, workforce development programs, infrastructure and intellectual capital to drive sustainable long-term growth and future investment in this industry.

This legislation is a vital component in the overall incentive package for Kairos' planned expansion.

This project includes a fiscal impact analysis prepared by the State of New Mexico Economic Development Department. The fiscal impact determination of the Project is from information the Company provided. The analysis shows that the company will be making a substantive contribution to the community, and that the City could realize a positive tax benefit with this project over the next ten years. Overall, the City will receive approximately \$12,640,245 in net benefits over the 10-year period, equating to a Present Value of \$10,961,114. The Project will have an estimated Economic Impact of \$ 478,683,751 and an overall Net Benefit of \$17,181,539 over the 10-year period.

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

\$500,000. General Fund.

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

No. There is no direct revenue to the City.

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

The incentive is critical to the success of the Project. If the legislation does not pass, the result would be a major negative impact on the Project which could lead to a change in the Company's plans and a potential loss of new jobs and revenue.

7. Is this service already provided by another entity?

No.

ALBUQUERQUE DEVELOPMENT COMMISSION
Local Economic Development Act Hearing

September 7, 2024

Case #2024-11

LEDA-19-4: Kairos Power, LLC. Project

REQUEST: Approving an Ordinance for Kairos Power, LLC Pursuant to the Local Economic Development Act

PROJECT SUMMARY: Kairos Power, LLC (“Kairos”), is a California-based energy technology and engineering company launched out of a broad research effort at U.S. universities and national laboratories, with whom the company still maintains many positive synergistic relationships. It was founded to accelerate the development of a clean, safe, innovative technology that has the potential to transform the energy landscape nationally and internationally.

Kairos Power, LLC, a limited liability company registered to do business in New Mexico, is seeking the City of Albuquerque to be the fiscal agent for State LEDA funds and for the City to directly provide LEDA funds to be used for the construction of a Salt Production facility (the “Project”). Kairos is seeking LEDA funding in the amount of \$3,500,000. The State has agreed to provide \$3,000,000 and the City proposes to provide \$500,000. Kairos will be eligible for reimbursement for costs of the renovation, expansion and improvement incurred following execution of the Project Participation Agreement (“PPA”). (The Company also is requesting assistance as an Industrial Revenue Bond—IRB—Project, but that was considered separately at a previous meeting.)

The purpose of the proposed project operation is the research, development, and testing of advanced salt coolant technology and related systems. Kairos is seeking to build a Salt Production Facility on the west side of campus at its existing site in the Mesa del Sol Development at 5201 Hawking Dr SE. The new facility will use a proprietary chemical manufacturing process to produce a fluoride salt that will be used as the primary heat transfer fluid for Kairos’s Fluoride Salt-Cooled High Temperature Reactor (KP-FHR) technology. The project will support development of a demonstration reactor that Kairos will build in Oak Ridge, Tennessee as part of the U.S. Department of Energy’s Advanced Reactor Demonstration Program.

In addition, Kairos is seeking to build two fuel development lab facilities at the existing site. These facilities will focus on prototyping and innovation in design-build-test cycles to advance Kairos’s fuel production capabilities prior to commercial deployment. In the Pebble Development Lab, Kairos will develop manufacturing processes to produce annular graphite fuel pebbles using surrogate materials. In the TRISO Development Lab, Kairos will use natural and depleted uranium to optimize production techniques for TRISO particles. Only natural and depleted uranium material will be handled at Kairos’s Mesa del Sol facility.

It is important to note that nuclear material will not be utilized on site.

LEDA 25-3: Kairos Power LLC Project

The operations includes the building at 5201 Hawking Dr. SE, Albuquerque in the Employment Center of the Mesa Del Sol Planned Community plus additional surrounding acreage. The proposed use of the facility by the Company would not require a change in zoning. The purpose of the Planned Community Zone is to accommodate very large scale residential or mixed use-communities. There are no particular environmental impacts associated with this Project.

This project builds upon Albuquerque and New Mexico's legacy in the development of alternative energy methods and products. The Company has close ties with Sandia and Los Alamos Labs, the Department of Energy, as well as UNM, NM State University, and NM Tech.

The majority of the 100 new positions will be primarily engineering and technical positions, are considered full time positions, and come with full employee benefits with the company paying 100% of benefits' costs. The jobs average over \$100,000.

The company anticipates utilizing the Job Training Incentive Program and is looking to spearhead a consortium focused on key technical skills relevant to Kairos, the national labs, other interested companies, and educational institutions (CNM, NMSU, UNM, and NM Tech) in the area.

The Project is also expected to create approximately 74 indirect and induced jobs. Additionally, the Project will lead to the creation of 646 construction jobs sourced from local labor pools, as much as possible.

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

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

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

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

Exhibit 2 delineates the required Project Participation Agreement ("PPA") between Kairos Power, LLC and the City. The PPA is summarized in Section V.

This project includes a fiscal impact analysis prepared by the University of New Mexico's Bureau of Business and Economic Research (BBER). The fiscal impact determination of the Project is from information the Company provided. The analysis shows that the company will be making a substantive contribution to the community, and that the City could realize a positive tax benefit with this project over the next ten years. The source of specific benefits and costs are provided in greater detail for each taxing district on subsequent pages. Overall, the City will

LEDA 25-3: Kairos Power LLC Project

receive approximately \$12,640,245 in net benefits over the 10-year period, equating to a Present Value of \$10,961,114. The Project will have an estimated Economic Impact of \$ 478,683,751 and an overall Net Benefit of \$17,181,539 over the 10-year period.

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

FINDINGS:

1. LEDA 25-3 is a qualified project as defined by the State’s Local Economic Development Act and the City enabling legislation (F/S O-04-10); and
2. LEDA 25-3 would make positive substantive contributions to the local economy and community by creating 100 high-wage economic base jobs; and
3. Subject to the development of acceptable Security documents, LEDA 25-3 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives, including remaining in operation for ten years; and
4. Subject to the development of acceptable Security documents, LEDA 25-3 would adequately meet the evaluation criteria established by the City for Local Economic Development Act projects, including the requirement that the City recoup the value of its investment within ten years.

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

I. PROJECT ELIGIBILITY

1. QUALIFYING ENTITY

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

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

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

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

2. ECONOMIC DEVELOPMENT POLICIES AND OBJECTIVES

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

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

II. LAND USE, PLAN AND DESIGN ELEMENTS

1. PLAN & ZONING:

Legal Description

The proposed property is at 5201 Hawking Dr SE, Albuquerque, NM 87106 and adjacent vacant parcels. Legal descriptions are below:

Lot D-1, 16.4161 Acres

TR D-1 PLAT OF TRACTS D-1 THRU D-7 MESA DEL SOL INNOVATION PARK II
(A SUBDIVISION OF TRACT D MESA DEL SOL INNOVATION PARK II)

Lot D-2, 3.7660 Acres

TR D-2 PLAT OF TRACTS D-1 THRU D-7 MESA DEL SOL INNOVATION PARK II
(A SUBDIVISION OF TRACT D MESA DEL SOL INNOVATION PARK II)

Lot D-3 / Schott Building, 12.0217 Acres

TR D-3 PLAT OF TRACTS D-1 THRU D-7 MESA DEL SOL INNOVATION PARK II
(A SUBDIVISION OF TRACT D MESA DEL SOL INNOVATION PARK II)

5201 Hawking DR SE, Albuquerque NM 87106

Prevailing Site Conditions

The property consists of three contiguous parcels with an existing manufacturing building that is approximately 113,000 square feet in area.

Present Assessed Value

The current 2023 assessed property values shown in the table below were pulled from the Bernalillo County Assessor Property Search Portal.

Parcel	Description	Total Full Value	Net Taxable Value
TR D-1	16.4161 Acres	\$1,138,400	\$379,429
TR D-2	3.7660 Acres	\$318,600	\$106,822
TR D-3	12.0217 Acres / Kairos Building	\$14,608,009	\$4,868,849

Present and Proposed Zoning

The site is currently in an IDO Zone District with designation PC (Planned Community).

No changes will be required for the proposed use.

As stated in the IDO, the purpose of the Planned Community District—Employment Center zoning district is to accommodate very large scale residential or mixed use-communities. A wide variety of non-residential uses include a wide variety of office, commercial research, light industrial, manufacturing, office, research and development, distribution, showroom, processing, and institutional uses.

2. LAND USE:

The site for the Project will be on Kairos's existing property, where the expansion project is focused on development and construction on the west side of campus. Kairos will not be acquiring additional land for the expansion.

Current plans for 2024 through 2028 include the construction of a Salt Production Facility, which will use Kairos's proprietary chemical manufacturing process in order to produce fluoride salt, which will be used as a primary heat transfer fluid in Kairos's KP-FHR technology. Additionally, Kairos plans to construct two fuel development lab facilities at the existing site, which would focus on prototyping in design-build-test cycles in order to advance its fuel production capabilities.

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

It is important to note that nuclear material will not be utilized on site.

The proposed operations will not generate any notable air, noise, or waste pollution. Given the modest proposed employment level and focus on research and development rather than on manufacturing, there will not be significant employee or truck traffic associated with the project. From time-to-time large pieces of testing equipment will be shipped in for installation, particularly during facility construction.

D. Competition

The research and technology development to be conducted by Kairos Power in Albuquerque is extraordinarily unique with few competitors globally and none locally or even in the state of New Mexico. There are some research synergies with the National Labs in the area.

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

Kairos expect to have both construction contracts and equipment contracts. Once the additional facilities are fully operational, approximately 100 full-time operator, engineer, fabricator, machinists, and R&D jobs will be created. Given the nature of the proposed testing operations, significant quantities of electricity and natural gas will be utilized, resulting in an increase of local purchases from PNM and NMGCO.

More detail is provided in the fiscal impact analysis.

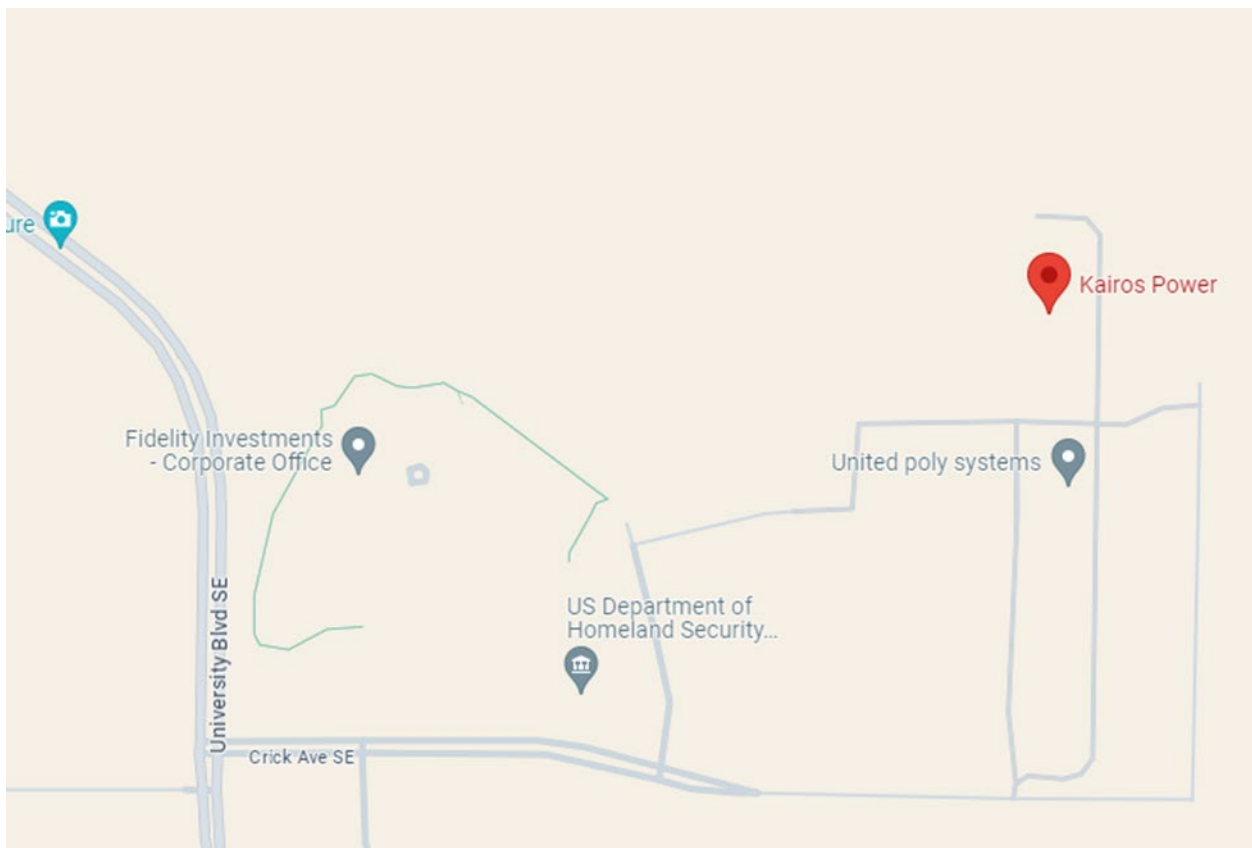
The project would support: a) An Economic Development Strategy for Albuquerque/Bernalillo County to attract, develop, and retain responsible and responsive businesses; nourish expansion of existing and new local businesses; and emphasize economic base companies; and b) The Comprehensive Plan Economic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

The Kairos Power Project further supports the Economic Development Department's criteria for the use of incentives by Leveraging our Core Assets, Implementing Place-Based Strategies (by occupying a large existing mostly vacant office building and surrounding areas in a designated Employment Center), Supporting Focused and Positive ROI Projects, and creating 100 high-paying Economic Base jobs.

3. INFILL:

Most infrastructure, parking and utilities are already developed. Kairos previously installed a new water line and new water meter to allow its water usage to be tracked separately from the neighboring property's use. For this expansion project, Kairos expects no significant water, sewer or road infrastructure improvements will be required. A map of the area is included. From a community development perspective, PNM will be able to utilize the significant electric requirements of the project as the basis for making substantial upgrades to the electrical infrastructure in Mesa del Sol, supporting future growth and development in the area. This project will share in the cost of the substation through an initial up-front capital contribution as well as an investment credit recovered through the electric rate. PNM will absorb a large portion of the cost as part of general infrastructure improvements required to support anticipated growth in the area.

LEDA 25-3: Kairos Power LLC Project



4. DESIGN AND CONSERVATION:

The facility is an existing area designed as an employment center. No historic properties are involved.

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

Kairos's engineering team is currently reviewing means to reduce water consumption through use of alternative cooling technologies and recirculation of cooling water. The company fully expects to be able to utilize water from the nearby water reuse (purple) line for all water needs other than the potable water required for the facility.

The overall design of the Salt Production Facility along the two fuel development lab facilities will be planned to integrate well into the Mesa del Sol development and will adhere to requirements of the development to ensure it contributes positively to the overall image of the area.

5. RENEWABLE ENERGY:

The Company will not create or produce renewable energy from the facility. The site's energy needs are supplied by PNM, and Kairos will utilize renewable energy to the extent it is part of PNM's energy portfolio.

III. ECONOMIC BENEFITS

6. COMPETITION:

The research and technology development to be conducted by Kairos Power in Albuquerque is extraordinarily unique with few competitors globally and none locally or even in the state of New Mexico. There are some research synergies with the National Labs in the area.

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:

LEDA 25-3: Kairos Power LLC Project

Job Title	Year 1	Avg Salary	Year 1 Salary	Year 2	Avg Salary	Year 2 Salary	Year 3	Avg Salary	Year 3 Salary	Year 4	Avg Salary	Year 4 Salary	Year 5	Avg Salary	Year 5 Salary	Total
Operator	2	73,000	146,000	7	75,190	526,330	6	77,446	464,674	3	79,769	239,307	-	82,162	-	18
Tech Coordinator	1	73,900	73,900	-	76,117	-	-	78,401	-	-	80,753	-	-	83,175	-	1
QA Lead Role	1	69,500	69,500	-	71,585	-	-	73,733	-	-	75,945	-	-	78,223	-	1
Day Lab Chemist	2	89,700	179,400	-	92,391	-	-	95,163	-	-	98,018	-	-	100,958	-	2
Maintenance Coordinator	-	47,100	-	1	48,513	48,513	-	49,968	-	-	51,467	-	-	53,011	-	1
PDL Operator	-	77,670	-	1	80,000	80,000	-	82,400	-	-	84,872	-	-	87,418	-	1
CDL CVD Engineer	1	150,000	150,000	-	154,500	-	-	159,135	-	-	163,909	-	-	168,826	-	1
WML Test Engineer	1	130,000	130,000	-	133,900	-	-	137,917	-	-	142,055	-	-	146,316	-	1
I&C Engineer	-	130,000	-	-	133,900	-	1	137,917	137,917	-	142,055	-	-	146,316	-	1
TDL Automation Engineer	1	150,000	150,000	-	154,500	-	-	159,135	-	-	163,909	-	-	168,826	-	1
KDL Test Engineer	-	126,214	-	1	130,000	130,000	-	133,900	-	-	137,917	-	-	142,055	-	1
TDL Technologist	-	77,670	-	1	80,000	80,000	-	82,400	-	-	84,872	-	-	87,418	-	1
TDL Technologist	-	77,670	-	1	80,000	80,000	-	82,400	-	-	84,872	-	-	87,418	-	1
TDL Technologist	-	77,670	-	1	80,000	80,000	-	82,400	-	-	84,872	-	-	87,418	-	1
KDL Operator	-	77,670	-	1	80,000	80,000	-	82,400	-	-	84,872	-	-	87,418	-	1
CDL Operator	-	77,670	-	1	80,000	80,000	-	82,400	-	-	84,872	-	-	87,418	-	1
WML Operator	-	77,670	-	1	80,000	80,000	-	82,400	-	-	84,872	-	-	87,418	-	1
Fuels Fellow	-	194,175	-	1	200,000	200,000	-	206,000	-	-	212,180	-	-	218,545	-	1
Characterization Lead	1	102,000	102,000	-	105,060	-	-	108,212	-	-	111,458	-	-	114,802	-	1
Characterization Tech	-	72,816	-	1	75,000	75,000	-	77,250	-	-	79,568	-	-	81,955	-	1
Characterization Tech	-	72,816	-	1	75,000	75,000	-	77,250	-	-	79,568	-	-	81,955	-	1
SPF Manufacturing - Accelerated Fabricator Onboarding	2	95,000	190,000	-	97,850	-	-	100,786	-	1	103,809	103,809	-	106,923	-	3
Fabricators	2	95,000	190,000	2	97,850	195,700	2	100,786	201,571	2	103,809	207,618	2	106,923	213,847	10
Machinists	2	97,500	195,000	2	100,425	200,850	2	103,438	206,876	5	106,541	532,704	2	109,737	219,474	13
Quality Control Technician	2	100,000	200,000	1	103,000	103,000	1	106,090	106,090	1	109,273	109,273	1	112,551	112,551	6
Planners	2	90,000	180,000	-	92,700	-	-	95,481	-	-	98,345	-	-	101,296	-	2
Machine Operator	2	75,000	150,000	-	77,250	-	-	79,568	-	-	81,955	-	-	84,413	-	2
Leader CatchAll (Supervisor, Managers, Director)	3	175,000	525,000	-	180,250	-	1	185,658	185,658	-	191,227	-	-	196,964	-	4
Helpers	1	46,400	46,400	1	47,792	47,792	1	49,226	49,226	3	50,703	152,108	-	52,224	-	6
Mechanical Technologist (Mod Skid)	-	74,100	-	3	76,323	228,969	3	78,613	235,838	-	80,971	-	-	83,400	-	6
Construction Manager	1	85,300	85,300	-	87,859	-	1	90,495	90,495	-	93,210	-	-	96,006	-	2
Engineer	1	95,600	95,600	-	98,468	-	1	101,422	101,422	-	104,465	-	-	107,599	-	2
Process Piping Quality Assurance	1	50,800	50,800	-	52,324	52,324	-	53,894	-	-	55,511	-	-	57,176	-	2
Construction Procurement Specialist	1	98,000	98,000	-	100,940	-	-	103,968	-	-	107,087	-	-	110,300	-	1
Reviewing design(s)	-	69,500	-	1	71,585	71,585	1	73,733	73,733	-	75,945	-	-	78,223	-	2
Total	30		3,006,900	30		2,515,063	20		1,853,498	15		1,344,819	5		545,872	100

The Project is also expected to create approximately 74 indirect and induced jobs. Additionally, the Project will lead to the creation of 646 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?

Albuquerque is uniquely positioned to provide professionals with the specialized skills and knowledge required for the proposed expanded operations. However, given the rapid ramp-up and nationwide competition for the engineering skills required for the project, it may not be possible to hire all of the required staff locally, though the company will certainly make every effort to do so. It is estimated that from the 100 new jobs, 45% likely will move in from out of state.

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

All positions will be made available to all qualified applicants.

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

Yes. The facility will have an average salary of approximately \$100,000.

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

Yes. Part of the appeal of Albuquerque for this project is the skill set present in the region with the university, the national labs, and other major technology companies.

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

Yes. The company is anticipating it will utilize the Job Training Incentive Program and is looking to spearhead a consortium focused on key technical skills relevant to Kairos Power, the national labs, other interested companies, and educational institutions (CNM, NMSU, UNM, and NM Tech) in the area.

6) What stated advancement opportunities are there?

Kairos Power fully supports advancement from within. As a growing, entrepreneurial business, there are ample opportunities for team members who wish to advance to do so, either in management or through leadership of technical teams.

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. The company pays for 100% employee’s premiums for medical, dental, and vision coverage. In addition, the company pays for a majority of employee’s dependent(s) premiums—medical at 100%, dental and vision at 85%.

J. Local Purchasing

Estimates of annual utility expenditures are shown in the table below and reflect the planned operational ramp-up along with the assumption of a 5-year economic development rate in effect for electric service (undiscounted total shown in 2028). Because future increases are difficult to predict, Kairos has erred on the side of a conservative estimate and not applied any annual increase in the applicable base rates.

Year	Electric	Natural Gas	Water	Wastewater	Solid Waste
2024	\$600,000	\$79,482	\$98,223	\$67,712	\$7,970
2025	\$800,000	\$90,836	\$122,779	\$77,385	\$9,962
2026	\$900,000	\$102,191	\$147,335	\$87,058	\$11,954
2027	\$1,000,000	\$102,191	\$171,890	\$87,058	\$11,954
2028	\$1,000,000	\$102,191	\$196,446	\$87,058	\$11,954

As of now, Kairos is unable to estimate the future annual expenditure of goods and services procured locally that will be subject to New Mexico gross receipts tax. Kairos can share that approximately \$2.3M for FY2022 and FY2023 was paid in gross receipts tax on invoices providing goods or services to Kairos's location in New Mexico. This total does

not include FY2021 and FY2020 gross receipt tax paid.

IV. PROJECT FEASIBILITY

9. COST/ FEASIBILITY/ FINANCING:

Cost of Improvements, Bond Amount and Private Financing

A summary of the project is as follows:

Cost of Improvements

- a. Land - \$0 (existing site)
- b. Building and Other Real Property Improvements - \$92M
- c. Equipment, Furniture, & Fixtures - \$208M
- d. Infrastructure - \$0 (no estimated included at this time)

Bond Amount - Kairos is requesting its existing self-funded IRB to be extended and increased in the amount of \$300,000,000.

Project Financing

Financing for the project will come from two sources: the company's award from the U.S. Department of Energy under the Advanced Reactor Demonstration Program (ARDP) and existing private investors.

The Project application includes a letter from Kairos's Vice President of Financial Operations, Linda Schenk, that outlines the finance plan for the project.

As stated above, the Company intends to spend approximately \$92 million in new building construction and other real estate improvements.

Funding is subject to City Council approval. Kairos 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 LEDA and IRB applications and associated legal or other administrative fees, including the fiscal impact analysis.

10. DEVELOPER'S RECORD:

Kairos is a Delaware limited liability company registered to do business in New Mexico. Kairos was founded in 2016 and is based in the San Francisco Bay area. The company currently has approximately 400 employees company-wide, including 113 employees in New Mexico. Kairos is privately funded but has received a significant award from the U.S. Department of Energy, which recognizes the importance of Kairos's technology to the country's clean energy goals.

Brief summaries of the relevant experience of the three co-founders of Kairos Power are included below and their resumes are attached to the Application. Additional information about other key individuals with the company can be found on the company's website.

Michael Laufer, Co-Founder and Chief Executive Officer

Dr. Michael Laufer is the Co-Founder & CEO of Kairos. In this role, Dr. Laufer is responsible for high level strategy and operations within the company for Kairos's design, development, and commercialization of KP-FHR technology.

Prior to co-founding Kairos, Dr. Laufer was a postdoctoral scholar at the University of California, Berkeley where his research included work in reactor safety, design, licensing, and code validation for advanced non-light water reactors. His technical expertise includes experimental and discrete-element simulation methods for granular flows relevant to pebble-bed nuclear reactors.

Dr. Laufer graduated from Stanford University with a B.S. in Mechanical Engineering with Honors in International Security Studies. He received his Ph.D. in Nuclear Engineering from the University of California, Berkeley.

Edward Blandford, Co-Founder and Chief Technology Officer

Dr. Edward Blandford is a Co-Founder & CTO of Kairos Power. He is responsible for technology development, experimental testing, modeling and simulation, and licensing activities at Kairos Power.

Prior to co-founding Kairos Power, he was at the University of New Mexico where he was an assistant professor in the Department of Nuclear Engineering. Dr. Blandford was also a Stanton Nuclear Security Fellow at the Center for International Security and Cooperation at Stanford University. He also worked for several years as a project manager at the Electric Power Research Institute focusing on steam generator thermal-hydraulics and material degradation management.

Dr. Blandford has a B.S. in Mechanical Engineering from University of California, Los Angeles and a M.S. and Ph.D. in Nuclear Engineering from the University of California, Berkeley.

Per Peterson, Co-Founder and Chief Nuclear Officer

Dr. Per Peterson is a Co-Founder & Chief Nuclear Officer of Kairos. Dr. Peterson also holds the William and Jean McCallum Floyd Chair in the Department of Nuclear Engineering at the University of California, Berkeley.

Dr. Peterson is an expert in topics related to high-temperature fission energy systems, safety and security of nuclear materials, and waste management. As a member of the Evaluation Methodology Group, he participated in the development of the Gen IV Roadmap while serving as co-chair for the Proliferation Resistance and Physical Protection Working Group. His research has contributed to the development of the passive safety systems used in the General Electric ESBWR and Westinghouse AP1000 reactor designs. With Charles Forsberg and Paul Pickard, in 2003, he proposed the FHR concept of a molten-salt cooled, solid fueled reactor.

Dr. Peterson graduated from the University of Nevada at Reno with a B.S. in Mechanical Engineering. He holds an M.S. and Ph.D. in Mechanical Engineering from the University of California, Berkeley. The Kairos Power FHR (KP-FHR) is a novel advanced reactor technology that leverages TRISO fuel in pebble form combined with a low-pressure fluoride salt coolant. The technology uses an efficient and flexible steam cycle to convert heat from fission into electricity and to complement renewable energy sources.

Kairos Power is among a select group of companies working with the U.S. Department of Energy and others to advance and transform the nuclear power landscape and safety discussion. Kairos Power is among a select group of companies working with the U.S. Department of Energy and others to advance and transform the nuclear power landscape and safety discussion. Examples of recent company news and developments are included below.

JULY 2024

[Kairos Power Begins Construction on Hermes Low-Power Demonstration Reactor](#)

Kairos Power has started construction on the Hermes Low-Power Demonstration Reactor, the first and only Gen IV reactor to be approved for construction by the U.S. Nuclear Regulatory Commission and the first non-light-water reactor to be permitted in the U.S. in over 50 years.

FEBRUARY 2024

[U.S. Department of Energy and Kairos Power Execute Novel Performance-Based, Fixed-Price Milestone Contract](#)

The U.S. Department of Energy (DOE) and Kairos Power have signed a Technology Investment Agreement to implement an Advanced Reactor Demonstration Program (ARDP) risk reduction award, for which the company was selected in Dec. 2020, to support the design, construction, and commissioning of the Hermes demonstration reactor in Oak Ridge, Tenn.

Additional information is available on www.kairospower.com.

Based on the company's track record and the successful first phase of the project, the Company appears capable of managing and completing the Project.

11. EQUITY:

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

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

12. MANAGEMENT:

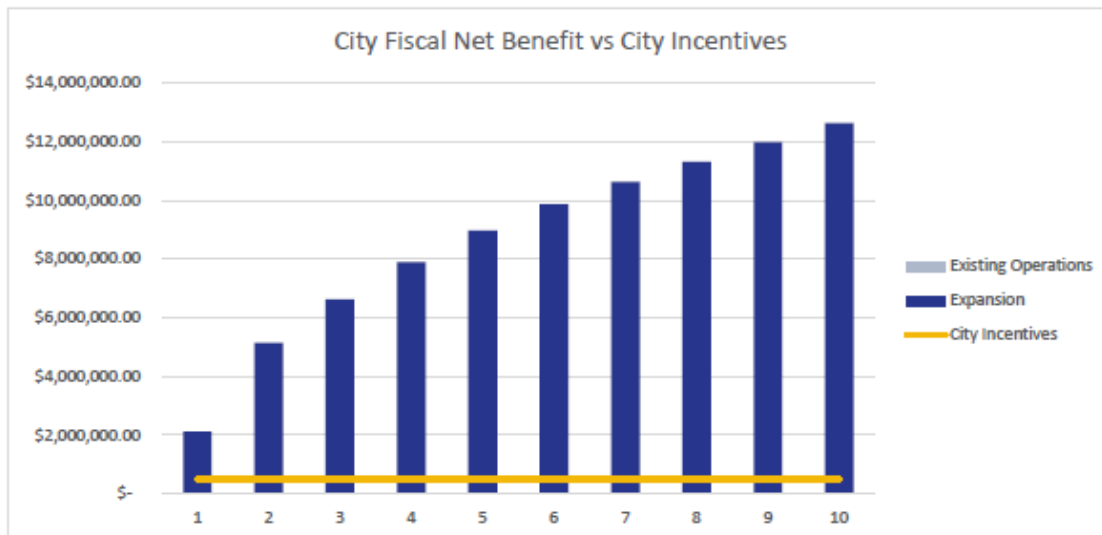
Kairos Power will develop their management team for the site. Resumes of Company senior personnel are attached in the Application.

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

13. FISCAL IMPACT ANALYSIS

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

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



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

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

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

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

Taxes and Revenue			
	Gross Receipt Taxes	\$	4,981,057
	Misc. Taxes and Revenue	\$	514,686
	Property Taxes	\$	7,315,668
	Subtotal of Benefits	\$	12,811,410
Costs			
	Costs	\$	171,165
	Subtotal of Costs	\$	171,165
Net Benefits			
	Net Benefits	\$	12,640,245
	Present Value	\$	10,961,114

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

V. PROJECT PARTICIPATION AGREEMENT

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

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

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

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

1. COMPANY CONTRIBUTION

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

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

A. \$2,000,000 will be distributed upon the City's passage of the Project Ordinance and receipt of the Certificate of Occupancy for the Project Facilities, incurrence of LEDA eligible expenses and Kairos being current with all required reporting under this Agreement.

B. \$500,000 will be distributed upon Kairos hiring 30 full-time employees, for a total of 164 employees, which employment is maintained for one quarterly reporting period, incurrence of LEDA eligible expenses and Kairos being current with all required reporting under this Agreement.

C. \$500,000 will be distributed upon Kairos hiring 79 full-time employees, for a total of 234 employees, which employment is maintained for one quarterly reporting period, incurrence of LEDA eligible expenses and Kairos being current with all required reporting under this Agreement.

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

The City Contribution. Pursuant to the Project Ordinance and the LEDA Ordinance, the City has committed the amount of \$500,000 to be used in connection with the Project. The City's Contribution will be in increments of \$250,000 upon the same terms and schedule as the State Contribution as outlined in paragraphs 3(B) and 3(C) herein.

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

6. Use of Public Contributions. Kairos will be eligible for reimbursement of up to \$3,500,000 for reimbursements for acquisition, construction, renovation, and improvements related to the Project Facilities actually incurred after January 22, 2024 and paid for by Kairos, subject to the receipt by the City of the State Contribution. The City will make payment to Kairos following submission to the City of documentation satisfactory to the City evidencing payment of eligible expenses related to construction, renovation and improvements with respect to the Project.

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

7. Job Commitment and Clawbacks.

A. Number of Jobs. Kairos Power will employ at least 100 full-time employees by December 31, 2029, at an average annual salary of more than \$100,000 plus benefits, and maintain at least 60 full-time employees (90% of total) through December 31, 2029 (the "Jobs"). A Job will represent an employment position for a person for at least one pay period consisting of at least 32 hours of work per week and offering the employee the full range of benefits offered to other similarly situated Kairos Power employees from time to time. Positions filled by contract, part-time and temporary workers will not be considered Jobs. All references herein to "employees" mean employees in Jobs as contemplated by this Section 7.A.

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

C. Performance Clawbacks. If Kairos does not employ at least 90% of the required number of full-time employees as set forth in Section 8.A herein by December 31, 2025, or by December 31 of any year thereafter through the year 2034, then subject to the remainder of this Section 7.C, Kairos will repay to the City, within sixty (60) days of the due date of the annual report referred to in Section 11 below, ten percent (10%) of the total amount of the City Contribution and State Contribution paid on behalf of Kairos pursuant to this Agreement that has already been disbursed to Kairos for such year as of the date of repayment (the "Performance Clawback").

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

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

D. Project Closure Clawback. Should Kairos cease operation, or notify the City of its intent to cease operation, of the Project (i.e., cease to conduct operations at the Project) before December 31, 2034, Kairos shall, within ninety (90) days of the cessation of operations, pay to the City, in cash, an amount equal to a specified percentage of the amount of the City Contribution and State Contribution paid pursuant to this Agreement, with the specific percentage based on the date of cessation of operations in accordance with the following table:

Date of Cessation of Operations	Percent of Public Contributions to be Repaid
Years 1-5 (Year 1 shall commence on the date of signing the lease. All subsequent years are based on anniversary dates of that signing.)	100%
Years 6-8	60%
Years 9-10	25%

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

E. Nuclear Material. Kairos shall be subject to a 100% clawback of all distributed State Contribution and City Contribution if any nuclear material is ever utilized or present at the Project Facilities.

F. Maximum Clawback; Unpaid Payments. Notwithstanding anything herein to the contrary, the maximum aggregate clawback payable hereunder will be \$3,500,000, not including interest. Any clawbacks not paid when due shall bear interest at the Prime Rate plus 2% per annum from the due date until paid. “Prime Rate” means the U.S. prime rate as reported

from time to time in *The Wall Street Journal* in its Bonds, Rates and Yields table, or successor table.

FINDINGS:

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

STAFF RECOMMENDATION:

Based on the above findings, staff recommends approval of LEDA 25-3 as proposed in the project plan application.

Max Gruner, Director
Economic Development Department

FY23/24/25 LEDA Application-ABQ

Applicant	Ginny Norris
Applicant ID	APP-019184
Company Name	Kairos Power LLC
Phone	423.488.9239
Email	norris@kairospower.com
Status	Submitted
Application Amount	\$0.00
Funded/Approved	<input type="checkbox"/>
LEDA Starting Job Count	113

Contact Information

Question: Legal Company Name

Kairos Power LLC

Question: Trade Name (dba)

Kairos Power LLC

Question: Project Name

Maia

Question: Company Street Address

5201 Hawking Drive SE

Question: Company City

Albuquerque

Question: Company State

New Mexico

Question: Company Zip

87106

Question: Phone

(505) 470-3572

Question: Website

<https://kairospower.com/>

Question: Primary Contact Person First Name

Ginny

Question: Primary Contact Person Last Name

Norris

Question: Federal Tax ID #

81-3697787

Question: NM State Tax and Revenue Identification Number

03424897008

Question: City/County Business License Registration will be pursued

☐ Yes

☐ No

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

332410

Question: DUNS # (preferred but not required)

Not Answered

Question: This Business is organized as a:

☐ C-Corporation

☐ S-Corporation

☒ LLC

☐ Partnership

☐ Sole Proprietorship

☐ B-Corporation

Question: Incorporation Papers

[1. Kairos Power LLC - Certificate of Formation.pdf](#) (9/3/2024, 8:55 AM)

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

[2. Resumes.pdf](#) (9/3/2024, 8:56 AM)

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

Colleen Gutierrez

Question: Title

Payroll Manager

Question: Telephone

510-808-5625

Question: Cell Phone

925-325-8722

Question: Email

gutierrezcol@kairospower.com

Project Information

Please include detailed information such as:

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

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

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

Current plans for 2024 through 2028 include the construction of a Salt Production Facility, which will use Kairos's proprietary chemical manufacturing process in order to produce fluoride salt, which will be used as a primary heat transfer fluid in Kairos's KP-FHR technology. Additionally, Kairos plans to construct two fuel development lab facilities at the existing site, which would focus on prototyping in design-build-test cycles in order to advance its fuel production capabilities.

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

Kairos is a mission-driven engineering company focused on the delivery of a clean, affordable, and safe energy solution through the integrated design, licensing, and demonstration of advanced nuclear reactor technology. The company was launched out of a broad research effort at U.S. universities and national laboratories with which the company maintains strong working relationships. These relationships include the University of New Mexico, Sandia National Laboratories, and Los Alamos National Laboratory.

Kairos is seeking to build a Salt Production Facility on the west side of campus at its existing site in the Mesa del Sol Development at 5201 Hawking Dr SE. The new facility will use a proprietary chemical manufacturing process to produce a fluoride salt that will be used as the primary heat transfer fluid for Kairos's Fluoride Salt-Cooled High Temperature Reactor (KP-FHR) technology. The Salt Production Facility will be engineered to protect the safety of workers and the environment.

In addition, Kairos is seeking to build two fuel development lab facilities at the existing site. These facilities will focus on prototyping and innovation in design-build-test cycles to advance Kairos's fuel production capabilities prior to commercial deployment. In the Pebble Development Lab, Kairos will develop manufacturing processes to produce annular graphite fuel pebbles using surrogate materials. In the TRISO Development Lab, Kairos will use natural and depleted uranium to optimize production techniques for TRISO particles. Only natural and depleted uranium material will be handled at Kairos's Mesa del Sol facility. The production of TRISO fuel particles using enriched uranium will occur at a different location licensed to handle such nuclear

material.

The Salt Production Facility and two fuel development facilities will support development of a demonstration reactor that Kairos will build in Oak Ridge, Tennessee as part of the U.S. Department of Energy's Advanced Reactor Demonstration Program. Kairos is expecting to spend approximately \$300M for this expansion project in Albuquerque and will lead to the creation of at least 100 full time jobs by the end of 2028.

All new construction is expected to be attractive, high-quality metal over block style that will blend into the Mesa del Sol development and meet the established standards for the area.

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

Not Answered

Question: Supporting Documentation

No Attachments

Financial Information

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

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

[28. 3-Year Cash Flow Projection.pdf](#) (9/5/2024, 1:50 PM)

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

[5. Financial Statements Combined.pdf](#) (9/3/2024, 9:14 AM)

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

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

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

This question has been answered solely because it is required to proceed. The applicant understands that discussion will be ongoing to provide a form of security acceptable to the state.

Question: What is the equity investment from the applicant?

\$0.00

Question: External Equity Investment Sources

Mirlo and Mica

Question: External Equity Investment Amount

\$146,250,000.00

Question: City/County Funding Source

LEDA

Question: City/County Funding Amount

\$750,000.00

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

None

Question: Bank Loans Amount Total

\$0.00

Question: Other Loans Source

None

Question: Other Loans Amount

\$0.00

Question: Other Sources

LEDA funding from the state and ARDP Funding from DOE

Question: Other Sources Amount

\$153,000,000.00

Question: Total Project Amount (Sum of above)

\$300,000,000.00

Question: Supporting financial documentation

No Attachments

Company History and Background

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

8 years (incorporated in DE 8/22/2016)

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

134.00

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

Owner: Mirlo and Mica

Officers: Mike Laufer-CEO, Edward Blandford-CTO, Peter Hastings-VP, Regulatory Affairs & Quality, Linda Schenk - VP Financial Operations/Treasurer, Jeff Olson-VP, Bus Dev & Finance, Per Peterson-Chief Nuclear Officer

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

Yes

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

No

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

KP-SA, KP-Auxo, Hermes Operating Company

Community Aspects

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

Kairos previously installed a new water line and new water meter to allow its water usage to be tracked separately from the neighboring property's use.

For this expansion project, Kairos expects no significant water, sewer or road infrastructure improvements will be required.

Question: What specific incentives are being REQUESTED from the COMMUNITY? Please explain where the applicant is in this process and provide an idea of a timeline for incentives' deployment.

The City's LEDA grant has been requested and the issuance of an additional \$300,000,00 of Industrial Revenue Bonds for Gross Receipts, Compensating and Property tax exemptions.

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

Our understanding is that the City will provide the LEDA grant and the Industrial Revenue Bonds.

Job Creation / Performance

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

- [Job Creation Worksheet](#)

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

The company anticipates creating approximately 100 full-time jobs over the 5-year period. The jobs will be:

Operators - 24

Engineers - 7

Fabricators - 10

Machinists - 13

Other R&D Jobs - 46

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

The pay scale for the newly created jobs will range from \$46,400-\$218,545. The overall payroll will increase by \$9,266,152 over the 5-year period.

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

Kairos pays 100% of employees' premiums for medical, dental, and vision coverage. In addition, Kairos pays most dependents' premiums (medical at 100%, dental and vision at 85%), as well as

majority of employees' medical deductibles (individuals at 100%, until max out of pocket). In addition to the above benefits, Kairos automatically provides full-time employees with base life insurance coverage, accidental death and dismemberment (AD&D) coverage, plus short and long-term disability programs.

Kairos also offers an Employee Assistance Program (EAP) and a Flexible Spending Account (FSA) for medical, dependent care, and commuter benefits. Optional paid group benefits are offered for life, hospital, and accident insurance as well as critical illness.

Kairos also promotes employee health and wellness through work-life balance initiatives, access to wellness programs and mental health support, and other employee perks. These employee benefits are part of the reason why Kairos has been named a Platinum recipient of the Family Friendly New Mexico Award.

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

Albuquerque is uniquely positioned to provide professionals with the specialized skills and knowledge required for the proposed expanded operations. However, given the rapid ramp-up and nationwide competition for the engineering skills required for the project, it may not be possible to hire all of the required staff locally, though the company will certainly make every effort to do so. It is estimated that from the 100 new jobs, 45% likely will move in from out of state.

Question: Attach job creation worksheet

[Jobs Creation Worksheet.pdf](#) (9/5/2024, 12:40 PM)

Question: Starting Headcount (from worksheet above)

134.00

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

30.00

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

\$3,006,900.00

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

30.00

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

\$2,515,063.00

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

20.00

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

\$1,853,498.00

Economic Impact Analysis

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

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

Kairos believes that good corporate citizenship includes environmental stewardship. In this regard, Kairos has an internal committee focused on environmental sustainability and ways the company can reduce its carbon footprint, minimize waste, conserve energy, and use sustainable resources. This committee has implemented recycling programs, reduced water usage, and promoted reusable items at the company's locations.

Attachments

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

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

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

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

Please download the LEDA Application Affirmation Template here:

[LEDA Application Affirmation Template](#)

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

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

[NM Econ Rol - Signed.pdf](#) (9/4/2024, 1:05 PM)

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

[NM - ES903A Q2 2024.pdf](#) (9/4/2024, 3:19 PM)

Question: Affirmation and any other supporting documents

City of Albuquerque Project Information

This section of the NMEDD LEDA Application contains information required by the City of Albuquerque Ordinance 0-04-10 and conforms with and complements the policies established for the Local Economic Development Act pursuant to the Council action. This documentation is presented to demonstrate to the City of Albuquerque the public benefits of this project and to help the City evaluate its merit in comparison to other projects submitted.

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

[NM Maps for Project Maia.pdf](#) (9/4/2024, 1:50 PM)

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

In terms of economic impact, the company will be creating approximately 100 full-time operator, engineer, fabricator, machinists, and R&D jobs and will be making a \$300+ million capital investment in the community. It is expected that approximately 40% of spend will be procured locally from New Mexico suppliers. Additionally, the company will be a significant user of electricity and natural gas. From a community development perspective, PNM will be able to utilize the significant electric requirements of the project as the basis for making substantial upgrades to the electrical infrastructure in Mesa del Sol, supporting future growth and development in the area. From a workforce perspective, Kairos intends to support creation of a workforce development and training consortium focused on key technical skills relevant to Kairos, the national labs, other interested companies, and educational institutions (CNM, NMSU, UNM, and NM Tech) in the area. This will assist with providing a talent pipeline for future hiring needs for Kairos, the national labs, and other companies in the region through specialized skills training and internships.

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

The site for Project Maia will be on Kairos's existing property, where the expansion project is focused on development and construction on the west side of campus. Kairos will not be acquiring additional land for the expansion. The legal description of the site, where Kairos currently has operations, consists of the following:

Lot D-1, 16.4161 Acres

TR D-1 PLAT OF TRACTS D-1 THRU D-7 MESA DEL SOL INNOVATION PARK II (A SUBDIVISION OF TRACT D MESA DEL SOL INNOVATION PARK II)

Lot D-2, 3.7660 Acres

TR D-2 PLAT OF TRACTS D-1 THRU D-7 MESA DEL SOL INNOVATION PARK II (A SUBDIVISION OF TRACT D MESA DEL SOL INNOVATION PARK II)

Lot D-3 / Schott Building, 12.0217 Acres

TR D-3 PLAT OF TRACTS D-1 THRU D-7 MESA DEL SOL INNOVATION PARK II (A
SUBDIVISION OF TRACT D MESA DEL SOL INNOVATION PARK II)

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

The property consists of three contiguous parcels with an existing manufacturing building that is approximately 113,000 square Feet in area.

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

Total Full Value - \$16,065,009 Net Taxable Value - \$5,354,467

Question: Present Zoning of Property

No additional zoning changes will be required for the proposed use.

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

No additional zoning changes will be required for the proposed use.

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

The company is working to ensure that all regulatory and permitting issues are handled in due course.

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

Kairos also believes that good corporate citizenship includes environmental stewardship. In this regard, Kairos has an internal committee focused on environmental sustainability and ways the company can reduce its carbon footprint, minimize waste, conserve energy, and use sustainable resources. This committee has implemented recycling programs, reduced water usage, and promoted reusable items at the company's locations.

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

The site's energy needs are supplied by PNM, and Kairos will utilize renewable energy to the extent it is part of PNM's energy portfolio. Importantly, Governor Lujan Grisham recently signed the Energy Transition Act to move the state to 100% carbon-free electricity by 2045, with nearer term goals for half the state's power to come from renewable sources by 2030 and 80% by 2040. Renewable energy sources include a variety of options, including nuclear power that would be generated by KP-FHR technology.

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

The purpose of the proposed operation is the development and testing of advanced salt coolant technology and related systems. The proposed operation will primarily focus on the engineering,

development and testing of technology to utilize low-pressure molten fluoride salt as a coolant in a novel advanced nuclear reactor with an inherently safe design based on synergies between the fuel source, salt coolant, and passive safety mechanisms. Additionally, Kairos plans to construct two fuel development lab facilities at the existing site, which would focus on prototyping in design-build-test cycles in order to advance its fuel production capabilities. Because the work is prototypical, it would involve the use of natural or depleted uranium and not any enriched uranium.

The proposed operations will not generate any notable increase in air, noise, or waste pollution compared to existing activities. Although there will be an increase in employment level, the site can accommodate this increase in employee traffic. Further, because the focus is on research and development, there will not be significant truck traffic associated with the project. From time-to-time large pieces of testing equipment will be shipped in for installation, particularly during facility construction.

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

The research and technology development to be conducted by Kairos in Albuquerque is extraordinarily unique with few competitors globally and none locally or even in the state of New Mexico. There are some research synergies with the national labs in the area.

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

Kairos expect to have both construction contracts and equipment contracts. Once the additional facilities are fully operational, approximately 100 full-time operator, engineer, fabricator, machinists, and R&D jobs will be created. Given the nature of the proposed testing operations, significant quantities of electricity and natural gas will be utilized, resulting in an increase of local purchases from PNM and NMGCO.

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

Current plans for 2024 through 2028 include the construction of a Salt Production Facility, which will use Kairos's proprietary chemical manufacturing process in order to produce fluoride salt, which will be used as a primary heat transfer fluid in Kairos's KP-FHR technology. Additionally, Kairos plans to construct two fuel development lab facilities at the existing site, which would focus on prototyping in design-build-test cycles in order to advance its fuel production capabilities.

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

N/A

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

No demolition will be required.

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

Kairos previously installed a new water line and new water meter to allow its water usage to be tracked separately from the neighboring property's use. For this expansion project, Kairos expects no significant water, sewer or road infrastructure improvements will be required.

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

The overall design of the Salt Production Facility along the two fuel development lab facilities will be planned to integrate well into the Mesa del Sol development and will adhere to requirements of the development to ensure it contributes positively to the overall image of the area.

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

As of now, Kairos is unable to estimate the future annual expenditure of goods and services procured locally that will be subject to New Mexico gross receipts tax. Kairos can share that approximately \$2.3M for FY2022 and FY2023 was paid in gross receipts tax on invoices providing goods or services to Kairos's location in New Mexico. This total does not include FY2021 and FY2020 gross receipt tax paid.

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

Kairos's engineering team is currently reviewing means to reduce water consumption through use of alternative cooling technologies and recirculation of cooling water. The company fully expects to be able to utilize water from the nearby water reuse (purple) line for all water needs other than the potable water required for the facility.

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

The proposed site is already occupied by Kairos. There would be no relocation of individuals or businesses due to the project's development.

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

Kairos values having the support of the communities in which it operates and is committed to being a good corporate citizen. Kairos demonstrates this commitment by engaging in community outreach, supporting local charities and organizations, and participating in events that give back to the community. Specifically, Kairos has set an internal goal of participating in at least two community events each year. For example, Kairos is a proud sponsor of the Albuquerque Hispano Chamber of Commerce's annual gala. The company has also focused on working with local school to promote STEM careers for women and underrepresented communities. Kairos also believes that good corporate citizenship includes environmental stewardship. In this

regard, Kairos has an internal committee focused on environmental sustainability and ways the company can reduce its carbon footprint, minimize waste, conserve energy, and use sustainable resources. This committee has implemented recycling programs, reduced water usage, and promoted reusable items at the company's locations.

Another aspect of Kairos's corporate citizenship is to foster a diverse and inclusive workplace culture where all employees feel valued and respected, regardless of their background, gender, ethnicity, or other characteristics. Kairos has an internal committee that works to improve employees' experiences and ensure company practices are equitable.

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

In terms of economic impact, the company will be creating approximately 100 full-time operator, engineer, fabricator, machinists, and R&D jobs and will be making a \$300+ million capital investment in the community. It is expected that approximately 40% of spend will be procured locally from New Mexico suppliers. Additionally, the company will be a significant user of electricity and natural gas. From a community development perspective, PNM will be able to utilize the significant electric requirements of the project as the basis for making substantial upgrades to the electrical infrastructure in Mesa del Sol, supporting future growth and development in the area. From a workforce perspective, Kairos intends to support creation of a workforce development and training consortium focused on key technical skills relevant to Kairos, the national labs, other interested companies, and educational institutions (CNM, NMSU, UNM, and NM Tech) in the area. This will assist with providing a talent pipeline for future hiring needs for Kairos, the national labs, and other companies in the region through specialized skills training and internships.

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

Kairos currently has operations at the site and will manage the project itself.

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

Commensurate with the \$300,000,00 investment subject to depreciation and other deductions.

Project Participation Agreement

City of Albuquerque and Kairos Power LLC

Local Economic Development Act Project 24-_____

This Project Participation Agreement is made as of this _____ day of November, 2024 by and between the CITY OF ALBUQUERQUE, NEW MEXICO (the "City"), and KAIROS POWER LLC, a Delaware corporation with a place of business at 707 West Tower Avenue, Alameda, California 94501 ("Kairos"). Together the City and Kairos are called the "Parties," and individually each a "Party."

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

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

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

The purchase, development, rehabilitation, occupancy, and operation of more than 185,000 square feet of research, development, industrial and office space located in Albuquerque at Mesa Del Sol, including the facility at 5201 Hawking SE, Albuquerque, New Mexico 87106 (the "Project Facilities");

Occupy and operate the facility for the research, development, and testing of advanced salt coolant technology and related systems. The proposed operation will primarily focus on the engineering, development, and testing of technology to utilize low-pressure molten fluoride salt as a coolant in a novel advanced nuclear reactor with an inherently safe design based on synergies between the fuel source, salt coolant, and passive safety mechanisms;

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

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

WHEREAS, the State Economic Development Department (the “State EDD”) has committed up to \$3,000,000 in State LEDA funds (the “State Contribution”) for partial reimbursement of acquisition, construction, renovation and improvement costs of the Project Facilities and the City has committed up to \$500,000 in City LEDA funds (the “City Contribution”) to be used for partial reimbursement of acquisition, construction renovation, and improvement costs of the Project Facilities; and

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

WHEREAS, Kairos estimates a total investment of \$269,753,025 by the end of 2030 related to acquisition, construction, renovation, and improvement of the Project Facilities and acquiring necessary equipment; and,

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

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

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

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

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

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

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

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

1. Goals and Objectives. The goals and objectives of the Project are to create and support an economic development project that fosters, promotes, and enhances local economic development efforts. The goal is that the Project will provide job growth and career opportunities for Albuquerque-area residents and otherwise make a substantive contribution to the community as set forth in this Agreement and in the Kairos Application.

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

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

A. \$2,000,000 will be distributed upon the City's passage of the Project Ordinance and receipt of the Certificate of Occupancy for the Project Facilities, incurrence of LEDA eligible expenses and Kairos being current with all required reporting under this Agreement.

B. \$500,000 will be distributed upon Kairos hiring 30 full-time employees, for a total of 164 employees, which employment is maintained for one quarterly reporting period, incurrence of LEDA eligible expenses and Kairos being current with all required reporting under this Agreement.

C. \$500,000 will be distributed upon Kairos hiring 79 full-time employees, for a total of 234 employees, which employment is maintained for one quarterly reporting period, incurrence of LEDA eligible expenses and Kairos being current with all required reporting under this Agreement.

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

4. The City Contribution. Pursuant to the Project Ordinance and the LEDA Ordinance, the City has committed the amount of \$500,000 to be used in connection with the Project. The City's Contribution will be in increments of \$250,000 upon the same terms and schedule as the State Contribution as outlined in paragraphs 3(B) and 3(C) herein.

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

6. Use of Public Contributions. Kairos will be eligible for reimbursement of up to \$3,500,000 for reimbursements for acquisition, construction, renovation, and improvements related to the Project Facilities actually incurred after January 22, 2024 and paid for by Kairos, subject to the receipt by the City of the State Contribution. The City will make payment to Kairos following submission to the City of documentation satisfactory to the City evidencing payment of eligible expenses related to construction, renovation and improvements with respect to the Project.

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

7. Job Commitment and Clawbacks.

A. Number of Jobs. Kairos Power will employ at least 100 full-time employees by December 31, 2029, at an average annual salary of more than \$100,000 plus benefits, and maintain at least 60 full-time employees (90% of total) through December 31, 2029 (the "Jobs"). A Job will represent an employment position for a person for at least one pay period consisting of at least 32 hours of work per week and offering the employee the full range of benefits offered to other similarly situated Kairos Power employees from time to time. Positions filled by contract, part-time and temporary workers will not be considered Jobs. All references herein to "employees" mean employees in Jobs as contemplated by this Section 7.A.

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

C. Performance Clawbacks. If Kairos does not employ at least 90% of the required number of full-time employees as set forth in Section 8.A herein by December 31, 2025, or by December 31 of any year thereafter through the year 2034, then subject to the remainder of this Section 7.C,

Kairos will repay to the City, within sixty (60) days of the due date of the annual report referred to in Section 11 below, ten percent (10%) of the total amount of the City Contribution and State Contribution paid on behalf of Kairos pursuant to this Agreement that has already been disbursed to Kairos for such year as of the date of repayment (the “Performance Clawback”).

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

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

D. Project Closure Clawback. Should Kairos cease operation, or notify the City of its intent to cease operation, of the Project (i.e., cease to conduct operations at the Project) before December 31, 2034, Kairos shall, within ninety (90) days of the cessation of operations, pay to the City, in cash, an amount equal to a specified percentage of the amount of the City Contribution and State Contribution paid pursuant to this Agreement, with the specific percentage based on the date of cessation of operations in accordance with the following table:

Date of Cessation of Operations	Percent of Public Contributions to be Repaid
Years 1-5 (Year 1 shall commence on the date of signing the lease. All subsequent years are based on anniversary dates of that signing.)	100%
Years 6-8	60%
Years 9-10	25%

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

E. Nuclear Material. Kairos shall be subject to a 100% clawback of all distributed State Contribution and City Contribution if any nuclear material is ever utilized or present at the Project Facilities.

F. Maximum Clawback; Unpaid Payments. Notwithstanding anything herein to the contrary, the maximum aggregate clawback payable hereunder will be \$3,500,000, not including interest. Any clawbacks not paid when due shall bear interest at the Prime Rate plus 2% per annum from the due date until paid. "Prime Rate" means the U.S. prime rate as reported from time to time in *The Wall Street Journal* in its Bonds, Rates and Yields table, or successor table.

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

9. Events of Default and Remedies.

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

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

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

11. Annual Reporting Requirement, Performance Review and Termination. Annually, on or before April 1, 2025 or other date specified by the City, Kairos will provide to the City data for the previous calendar year regarding its workforce and such other information necessary for the City or its independent contractor to determine whether Kairos has met its obligations under this Agreement. As

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

Additionally, Kairos will provide to the State of New Mexico Economic Development Department their most recent quarterly Department of Workforce Solutions 903A Report or its equivalent on a quarterly basis beginning with July 31, 2021 and continuing on January 31, April 30, July 31, and October 31 of each year until the completion of this agreement.

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

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

14. ADA Compliance. In performing the Services required hereunder, Kairos agrees to meet all the requirements of the Americans with Disabilities Act of 1990, and all applicable rules and regulations (ADA), which are imposed directly on Kairos or which would be imposed on the City as a public entity. Kairos agrees to be responsible for knowing all applicable requirements of the ADA and to defend, indemnify and hold harmless the City, its officials, agents and employees from and against any and all claims, actions, suits or proceedings of any kind brought against said parties as a result of any acts or omissions of Kairos or its agents in violation of the ADA.

15. Audits and Inspections. At any time during normal business hours and as often as the City may deem necessary, there shall be made available to the City for examination all of Kairos's records with respect to all matters covered by this Agreement. Kairos shall permit the City to audit,

examine, and make excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment and other data relating to all matters covered by this Agreement. Kairos understands and will comply with the City's Accountability in Government Ordinance, §2-10-1 et seq. and Inspector General Ordinance, §2-17-1 et seq. R.O.A. 1994, and also agrees to provide requested information and records and appear as a witness in hearings for the City's Board of Ethics and Campaign Practices pursuant to Article XII, Section 8 of the Albuquerque City Charter.

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

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

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

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

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

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

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

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

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

25. Assignment by Kairos. Generally, this Agreement may not be assigned without the prior, written consent of the non-assigning Parties, and the City retains the right to determine whether any assignee is a qualifying entity pursuant to LEDA and the LEDA Ordinance. Regardless of any other provision herein, this Agreement may be assigned by Kairos as part of a sale of all, or substantially all, of Kairos's assets, provided, however, that if such an assignment occurs before December 31, 2034, (i) the assignee assumes, in writing, Kairos's obligations under this Agreement, which will include (a) confirmation that the commitment of Kairos remains in place through December 31, 2034, or (b) the assignee provides another form of security reasonably satisfactory to the City, and (ii) Kairos provides to the City, at least five (5) days prior to such assignment's effective date, a copy of the assignment and (x) such confirmation of Kairos's commitment or (y) such form of security reasonably satisfactory to the City. Notwithstanding any of the foregoing, Kairos may terminate this Agreement in the event that Kairos sells all, or substantially all, of Kairos's assets.

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

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

[Signature Page Follows]

CITY OF ALBUQUERQUE,
NEW MEXICO

KAIROS POWER LLC,
a Delaware limited liability company

By _____

Name: Samantha Sengel

Title: Chief Administrative Officer

Date: _____

By _____

Name:

Title:

Date: _____

Address for notice:

One Civic Plaza NW

Albuquerque, NM 87102

Attention: Economic Development Director

Tel: (505)768-3000

Email: mgruner@cabq.gov

Address for notice:

Attention:

Kairos Power LLC

707 West Tower Avenue

Alameda, California 94501

Tel: (510) 506-2857

Email: blandford@kairospower.com

With a copy to:

City Attorney

One Civic Plaza NW

Albuquerque, NM 87102

Tel: (505)768-3000

Email: lkeefe@cabq.gov

Mailing Address:

P.O. Box 1293

Albuquerque, NM 87103

Exhibits

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



EDD

ECONOMIC
DEVELOPMENT
DEPARTMENT

7/1/2024

FISCAL IMPACT ANALYSIS AND ECONOMIC IMPACT OF THE EXPANSION OF KAIROS POWER, LLC

Prepared by:

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





Purpose and Limitations:

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

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

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

Introduction:

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

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

Description of the Company:

Kairos Power is a mission-driven engineering company headquartered in Alameda, CA. The company is focused on the delivery of a clean, affordable and safe energy solution through the integrated design, licensing and demonstration of advanced reactor technology. Besides its headquarters in Alameda, CA, the company has operations in Albuquerque, NM, Oak Ridge, TN, and Charlotte, NC.

Description of the Project:

Kairos Power is seeking to build a Salt Production facility adjacent to its existing facility in the Mesa del Sol Development at 5201 Hawking Dr SE. The new facility will use its proprietary chemical manufacturing process that is safe for workers and the environment to produce a fluoride salt that will be used as the primary heat transfer fluid in the nuclear reactor the company is building in Oak Ridge, Tennessee. Kairos Power's high-temperature reactor technology is being developed to generate electricity for the US market. Kairos Power is planning to spend \$160 million to construct eight production buildings in 2024-2025. The facility will create at least 30 full-time jobs and it will become fully operational in Q1 2026.

In addition, Kairos Power is seeking to build two fuel development lab facilities at the existing site. These facilities will focus on prototyping and innovation in design-build-test cycles to advance Kairos Power's fuel production capabilities prior to commercial deployment. In the Pebble Development Lab, Kairos Power will develop manufacturing processes to produce annular graphite fuel pebbles using surrogate materials. In the TRISO Development Lab, Kairos Power will use natural uranium to optimize production techniques for NU-TRISO particles that will be implemented off-site. No special nuclear material will be handled at Kairos Power's Mesa del Sol facility. These iterative development cycles will be a critical step in de-risking technology, manufacturing, supply chain, and licensing for the Hermes demonstration reactor and the future commercial deployment of Kairos Power's advanced reactor technology. The projected investment for the fuel development lab facilities is \$25.5 million.

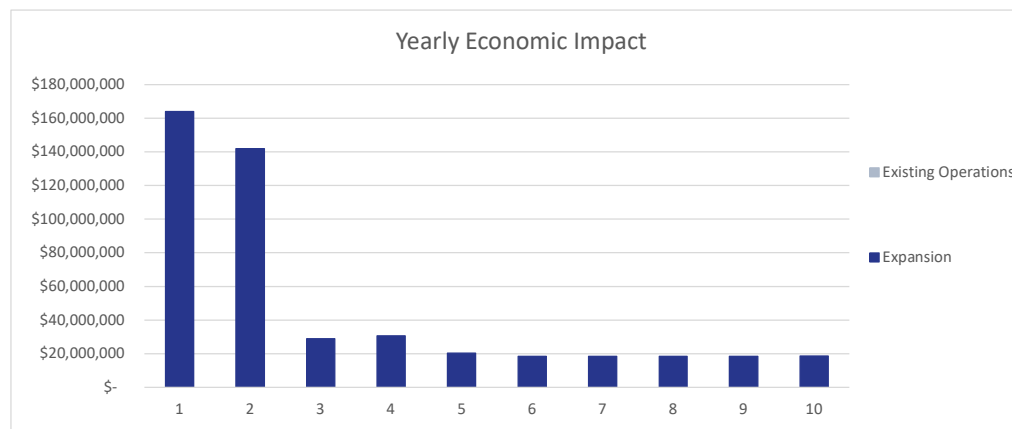
All new construction is expected to be attractive, high-quality metal over block style that will mesh well into the Mesa del Sol development and meet the established standards for the area. Special nuclear material will not be utilized on-site; the purpose of the proposed facilities is the development and testing of the salt coolant technology and related systems.

A scenic landscape photograph of a lake at sunset. The sky is filled with large, colorful clouds in shades of orange, pink, and blue. The sun is low on the horizon, casting a warm glow over the scene. In the background, a dense forest of evergreen trees lines the shore of the lake. To the right, a rocky mountain slope rises above the trees. The foreground is a lush green field of grass and small white flowers. The text "Economic Impact" is overlaid in the center of the image, underlined.

Economic Impact

Total Economic Impact

	Total
Estimated Economic Impact Over 10 Years:	\$ 478,683,751
Combined Total Incentive Over 10 Years:	\$ 11,544,283
Economic Impact Rate of Return:	4,047%



Workers and New Residents over 10 years

	Direct	Indirect and Induced
Number of Jobs Created:	100	74
Estimated Number of Construction Workers:	646	
Estimated Number of New Residents to the State:	47	
Estimated Number of New Residents to the County:	47	
Estimated Number of New Residents to the City:	47	

Total Public Impacts



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

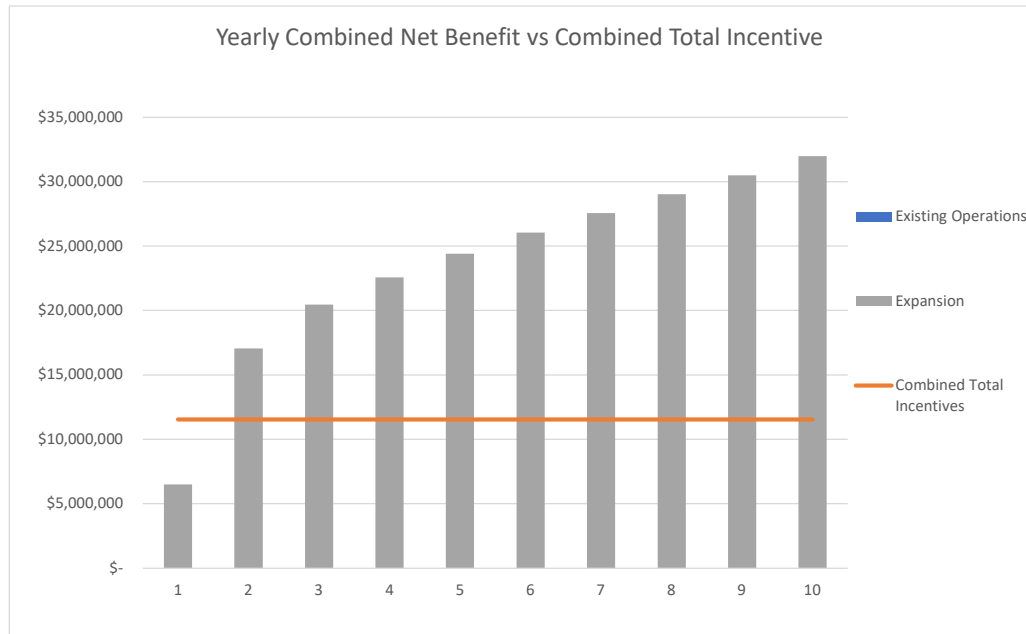
Cumulative Net Benefits					
	Existing Operations		Expansion	Existing & Expanded Operations	Present Value of Net Benefits*
State of New Mexico	\$	-	\$	17,181,539	\$ 15,457,481
County	\$	-	\$	2,170,605	\$ 1,973,569
City	\$	-	\$	12,640,245	\$ 10,961,114
School District	\$	-	\$	31,904	\$ 24,939
Special Taxing District	\$	-	\$	48,120	\$ 37,615
Total	\$	-	\$	32,072,413	\$ 28,454,718

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

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

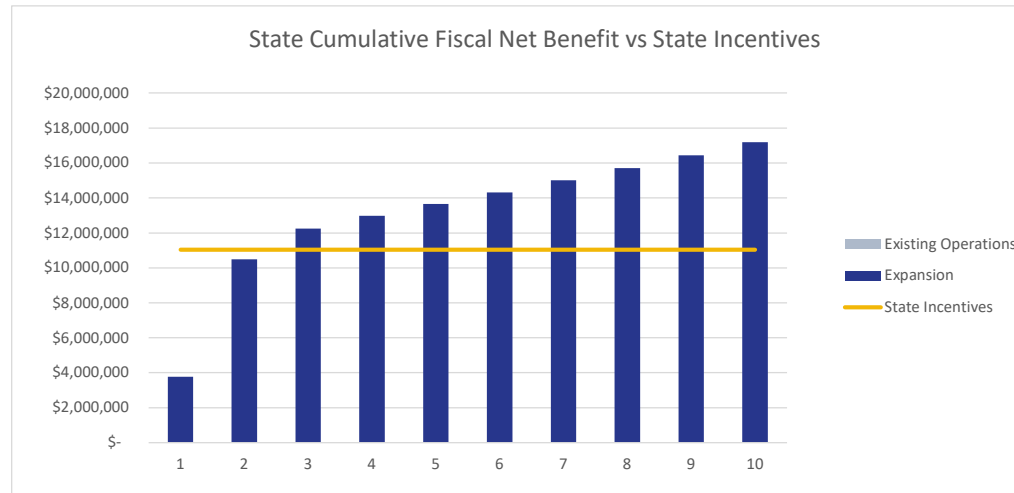
Total Public Net Benefit

	Total
Estimated Total Public Net Benefit Over 10 Years:	\$ 31,992,389
Combined Total Incentive Over 10 Years:	\$ 11,544,283
Total Public Net Benefit Rate of Return:	177%



State Impacts





Incentives

Total State Incentive:	\$ 11,044,283
State Incentive Per Job:	\$ 110,443

Combined Payback and Return

State Payback Period Combined:	2.31 Years
State Rate of Return Combined:	40%

Expansion Only Payback and Return

State Payback Period Expansion:	2.31 Years
State Rate of Return Expansion:	40%

State Net Benefits Of Current Operations

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

State Net Benefits Of Expansion

Year	Benefits		Costs	Net Benefits		Cumulative Net Benefits
1	\$	3,802,434	\$	28,016	\$	3,774,418
2	\$	6,778,538	\$	57,601	\$	10,495,355
3	\$	1,821,969	\$	78,414	\$	12,238,909
4	\$	831,790	\$	95,010	\$	12,975,690
5	\$	785,856	\$	102,470	\$	13,659,076
6	\$	768,508	\$	105,339	\$	14,322,244
7	\$	791,504	\$	108,289	\$	15,005,460
8	\$	815,189	\$	111,321	\$	15,709,328
9	\$	839,583	\$	114,438	\$	16,434,474
10	\$	864,707	\$	117,642	\$	17,181,539

State Combined Net Benefits

Year	Benefits		Costs	Net Benefits		Cumulative Net Benefits
1	\$	3,802,434	\$	28,016	\$	3,774,418
2	\$	6,778,538	\$	57,601	\$	10,495,355
3	\$	1,821,969	\$	78,414	\$	12,238,909
4	\$	831,790	\$	95,010	\$	12,975,690
5	\$	785,856	\$	102,470	\$	13,659,076
6	\$	768,508	\$	105,339	\$	14,322,244
7	\$	791,504	\$	108,289	\$	15,005,460
8	\$	815,189	\$	111,321	\$	15,709,328
9	\$	839,583	\$	114,438	\$	16,434,474
10	\$	864,707	\$	117,642	\$	17,181,539

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

Taxes and Revenue

Gross Receipt Taxes	\$	6,521,295
Personal Income Taxes	\$	11,373,982
Corporate Income Taxes	\$	-
Misc. Taxes and Revenue	\$	204,802
Subtotal of Benefits	\$	18,100,079

Costs

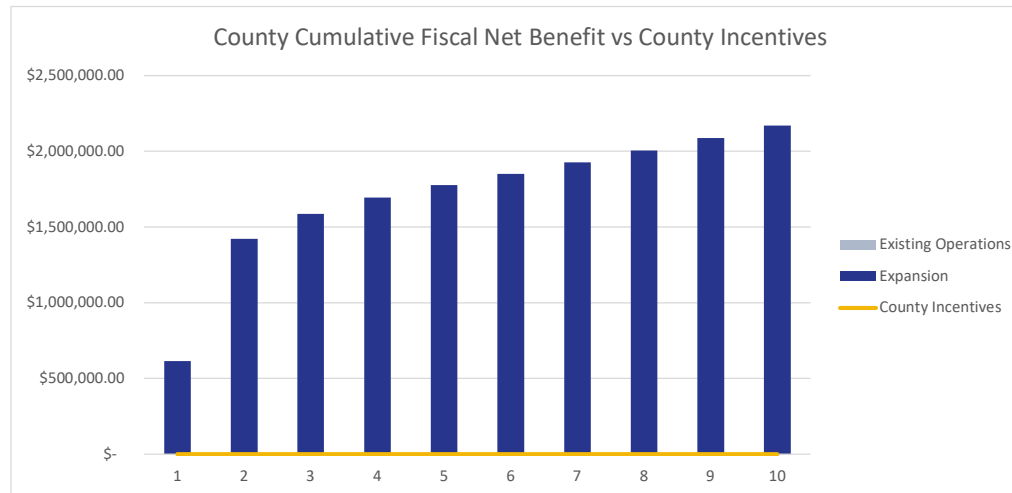
Costs	\$	918,540
Subtotal of Costs	\$	918,540

Net Benefits

Net Benefits	\$	17,181,539
Present Value	\$	15,457,481

County Impacts





Incentives

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

Combined Payback and Return

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

Expansion Only Payback and Return

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

County Net Benefits Of Current Operations

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

County Net Benefits Of Expansion

Year	Benefits		Costs		Net Benefits		Cumulative Net Benefits
1	\$	619,212	\$	3,907	\$	615,305	\$ 615,305
2	\$	814,466	\$	8,033	\$	806,433	\$ 1,421,738
3	\$	177,412	\$	10,935	\$	166,477	\$ 1,588,215
4	\$	119,308	\$	13,250	\$	106,058	\$ 1,694,273
5	\$	96,635	\$	14,290	\$	82,345	\$ 1,776,618
6	\$	88,969	\$	14,690	\$	74,278	\$ 1,850,896
7	\$	91,574	\$	15,102	\$	76,472	\$ 1,927,368
8	\$	94,255	\$	15,524	\$	78,730	\$ 2,006,099
9	\$	97,015	\$	15,959	\$	81,056	\$ 2,087,155
10	\$	99,857	\$	16,406	\$	83,451	\$ 2,170,605

County Combined Net Benefits

Year	Benefits		Costs		Net Benefits		Cumulative Net Benefits
1	\$	619,212	\$	3,907	\$	615,305	\$ 615,305
2	\$	814,466	\$	8,033	\$	806,433	\$ 1,421,738
3	\$	177,412	\$	10,935	\$	166,477	\$ 1,588,215
4	\$	119,308	\$	13,250	\$	106,058	\$ 1,694,273
5	\$	96,635	\$	14,290	\$	82,345	\$ 1,776,618
6	\$	88,969	\$	14,690	\$	74,278	\$ 1,850,896
7	\$	91,574	\$	15,102	\$	76,472	\$ 1,927,368
8	\$	94,255	\$	15,524	\$	78,730	\$ 2,006,099
9	\$	97,015	\$	15,959	\$	81,056	\$ 2,087,155
10	\$	99,857	\$	16,406	\$	83,451	\$ 2,170,605

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

Taxes and Revenue

Gross Receipt Taxes	\$	2,121,654
Misc. Taxes and Revenue	\$	151,516
Property Taxes	\$	25,532
Subtotal of Benefits	\$	2,298,702

Costs

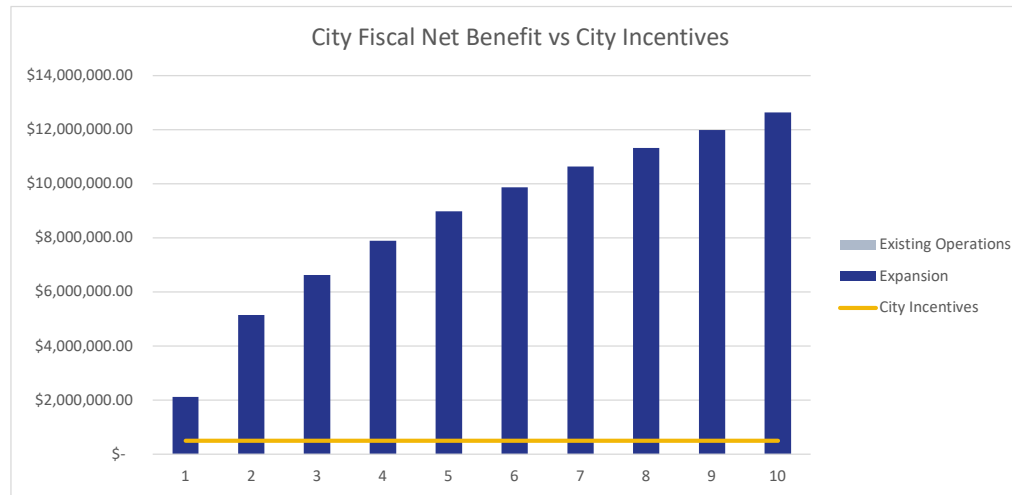
Costs	\$	128,097
Subtotal of Costs	\$	128,097

Net Benefits

Net Benefits	\$	2,170,605
Present Value	\$	1,973,569

City Impacts





Incentives

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

Combined Payback and Return

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

Expansion Only Payback and Return

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

City Net Benefits Of Current Operations

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

City Net Benefits Of Expansion

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 2,113,014	\$ (5,782)	\$ 2,118,796	\$ 2,118,796
2	\$ 3,038,183	\$ 6,248	\$ 3,031,935	\$ 5,150,731
3	\$ 1,493,023	\$ 13,735	\$ 1,479,288	\$ 6,630,019
4	\$ 1,282,982	\$ 20,275	\$ 1,262,708	\$ 7,892,727
5	\$ 1,110,167	\$ 21,434	\$ 1,088,733	\$ 8,981,460
6	\$ 910,886	\$ 21,956	\$ 888,930	\$ 9,870,390
7	\$ 790,618	\$ 22,491	\$ 768,127	\$ 10,638,516
8	\$ 708,041	\$ 23,038	\$ 685,002	\$ 11,323,519
9	\$ 682,775	\$ 23,598	\$ 659,176	\$ 11,982,695
10	\$ 681,721	\$ 24,171	\$ 657,550	\$ 12,640,245

City Combined Net Benefits

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$ 2,113,014	\$ (5,782)	\$ 2,118,796	\$ 2,118,796
2	\$ 3,038,183	\$ 6,248	\$ 3,031,935	\$ 5,150,731
3	\$ 1,493,023	\$ 13,735	\$ 1,479,288	\$ 6,630,019
4	\$ 1,282,982	\$ 20,275	\$ 1,262,708	\$ 7,892,727
5	\$ 1,110,167	\$ 21,434	\$ 1,088,733	\$ 8,981,460
6	\$ 910,886	\$ 21,956	\$ 888,930	\$ 9,870,390
7	\$ 790,618	\$ 22,491	\$ 768,127	\$ 10,638,516
8	\$ 708,041	\$ 23,038	\$ 685,002	\$ 11,323,519
9	\$ 682,775	\$ 23,598	\$ 659,176	\$ 11,982,695
10	\$ 681,721	\$ 24,171	\$ 657,550	\$ 12,640,245

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

Taxes and Revenue

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

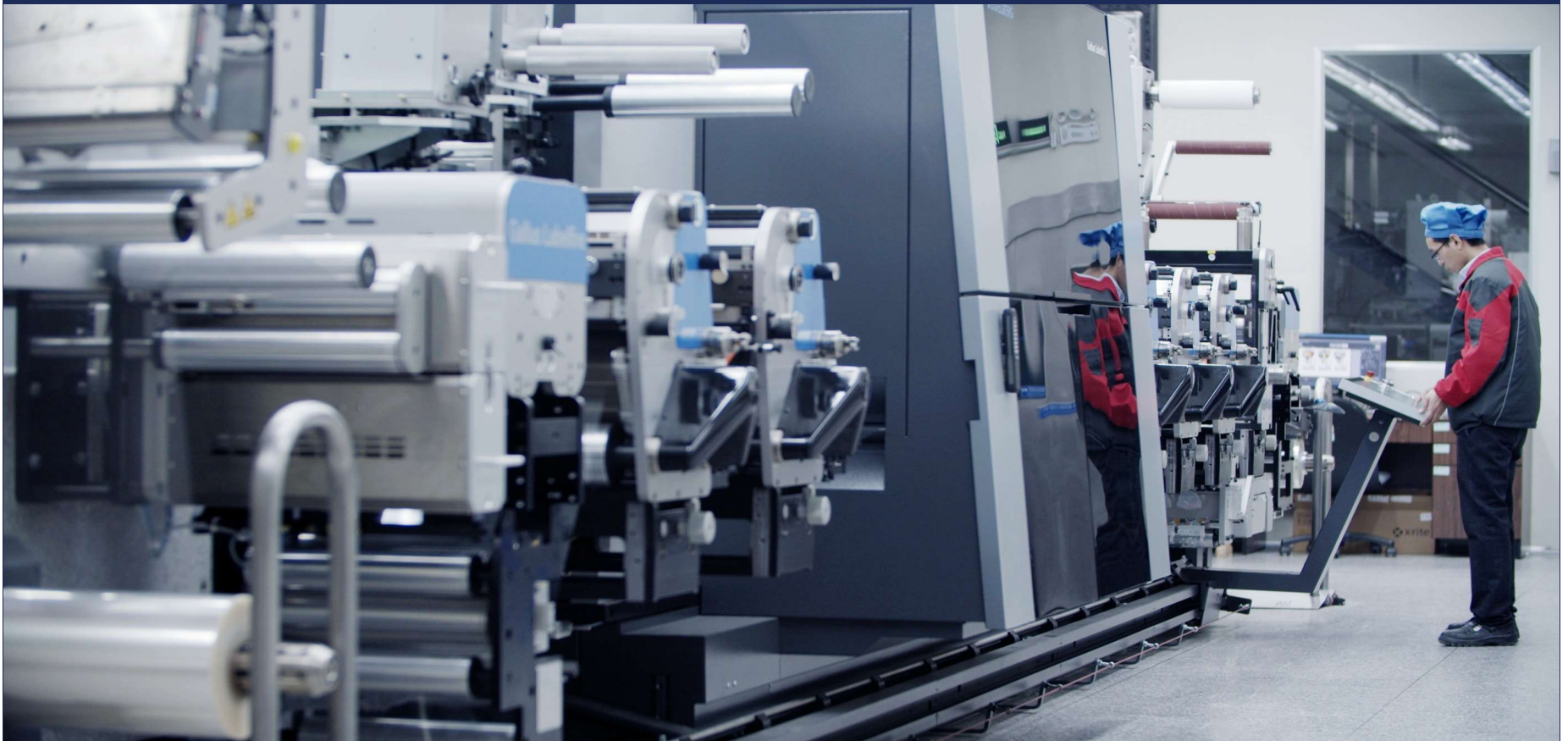
Costs

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

Net Benefits

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

Special Taxing District and Public Schools



Special Taxing District

Special Taxing District Net Benefits of Current Operations

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

Special District Net Benefits of Expansion

Year	Benefits		Costs		Net Benefits		Cumulative Net Benefits
1	\$	1,543	\$	-	\$	1,543	\$ 1,543
2	\$	3,116	\$	-	\$	3,116	\$ 4,659
3	\$	4,207	\$	-	\$	4,207	\$ 8,865
4	\$	5,062	\$	-	\$	5,062	\$ 13,927
5	\$	5,420	\$	-	\$	5,420	\$ 19,348
6	\$	5,529	\$	-	\$	5,529	\$ 24,876
7	\$	5,639	\$	-	\$	5,639	\$ 30,516
8	\$	5,752	\$	-	\$	5,752	\$ 36,268
9	\$	5,867	\$	-	\$	5,867	\$ 42,135
10	\$	5,985	\$	-	\$	5,985	\$ 48,120

Special District Combined Net Benefits

Year	Benefits		Costs		Net Benefits		Cumulative Net Benefits
1	\$	1,543	\$	-	\$	1,543	\$ 1,543
2	\$	3,116	\$	-	\$	3,116	\$ 4,659
3	\$	4,207	\$	-	\$	4,207	\$ 8,865
4	\$	5,062	\$	-	\$	5,062	\$ 13,927
5	\$	5,420	\$	-	\$	5,420	\$ 19,348
6	\$	5,529	\$	-	\$	5,529	\$ 24,876
7	\$	5,639	\$	-	\$	5,639	\$ 30,516
8	\$	5,752	\$	-	\$	5,752	\$ 36,268
9	\$	5,867	\$	-	\$	5,867	\$ 42,135
10	\$	5,985	\$	-	\$	5,985	\$ 48,120

Public Schools

Public Schools Net Benefits of Current Operations

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

Public Schools Net Benefits of Expansion

Year	Benefits		Costs		Net Benefits		Cumulative Net Benefits
1	\$	1,023	\$	-	\$	1,023	\$ 1,023
2	\$	2,066	\$	-	\$	2,066	\$ 3,089
3	\$	2,789	\$	-	\$	2,789	\$ 5,878
4	\$	3,356	\$	-	\$	3,356	\$ 9,234
5	\$	3,594	\$	-	\$	3,594	\$ 12,828
6	\$	3,666	\$	-	\$	3,666	\$ 16,493
7	\$	3,739	\$	-	\$	3,739	\$ 20,232
8	\$	3,814	\$	-	\$	3,814	\$ 24,046
9	\$	3,890	\$	-	\$	3,890	\$ 27,936
10	\$	3,968	\$	-	\$	3,968	\$ 31,904

Public Schools Combined Net Benefits

Year	Benefits		Costs		Net Benefits		Cumulative Net Benefits
1	\$	1,023	\$	-	\$	1,023	\$ 1,023
2	\$	2,066	\$	-	\$	2,066	\$ 3,089
3	\$	2,789	\$	-	\$	2,789	\$ 5,878
4	\$	3,356	\$	-	\$	3,356	\$ 9,234
5	\$	3,594	\$	-	\$	3,594	\$ 12,828
6	\$	3,666	\$	-	\$	3,666	\$ 16,493
7	\$	3,739	\$	-	\$	3,739	\$ 20,232
8	\$	3,814	\$	-	\$	3,814	\$ 24,046
9	\$	3,890	\$	-	\$	3,890	\$ 27,936
10	\$	3,968	\$	-	\$	3,968	\$ 31,904

Property Tax Exemptions and Industrial Revenue Bonds



Property Tax Exemptions and Industrial Revenue Bonds

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

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

Property Tax Percentage Exemptions On Land and Building

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

Property Tax Percentage Exemptions On Furniture, Fixtures and Equipment

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

Value of Exemption Through 10 Years:	\$ 6,801,561	\$ 6,411,946	\$ 435,999	\$ 688,611
*Value of Payment in Lieu of Taxes Through 10 Years:	\$ -	\$ 7,281,898	\$ -	\$ -

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

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

Year	State	County	City
1	100%	100%	100%
2	100%	100%	100%
3	100%	100%	100%
4	100%	100%	100%
5	100%	100%	100%
6	100%	100%	100%
7	100%	100%	100%
8	100%	100%	100%
9	100%	100%	100%
10	100%	100%	100%
Value of Exemption Through 10 Years:	\$ 7,066,510	\$ 2,299,036	\$ 5,396,684

Yearly Payroll Projection
Cumulative

2024	2025	2026	2028
Year 1	Year 2	Year 3	Year 5
3,006,900	2,515,063	1,853,498	545,872
3,006,900	5,521,963	7,375,461	9,266,152

Starting Headcount 134

Job Title	Year 1	Avg Salary	Year 1 Salary	Year 2	Avg Salary	Year 2 Salary	Year 3	Avg Salary	Year 3 Salary	Year 4	Avg Salary	Year 4 Salary	Year 5	Avg Salary	Year 5 Salary	Total
Operator	2	73,000	146,000	7	75,190	526,330	6	77,446	464,674	3	79,769	239,307	-	82,162	-	18
Tech Coordinator	1	73,900	73,900	-	76,117	-	-	78,401	-	-	80,753	-	-	83,175	-	1
QA Lead Role	1	69,500	69,500	-	71,585	-	-	73,733	-	-	75,945	-	-	78,223	-	1
Day Lab Chemist	2	89,700	179,400	-	92,391	-	-	95,163	-	-	98,018	-	-	100,958	-	2
Maintenance Coordinator	-	47,100	-	1	48,513	48,513	-	49,968	-	-	51,467	-	-	53,011	-	1
PDL Operator	-	77,670	-	1	80,000	80,000	-	82,400	-	-	84,872	-	-	87,418	-	1
CDL CVD Engineer	1	150,000	150,000	-	154,500	-	-	159,135	-	-	163,909	-	-	168,826	-	1
WML Test Engineer	1	130,000	130,000	-	133,900	-	-	137,917	-	-	142,055	-	-	146,316	-	1
I&C Engineer	-	130,000	-	-	133,900	-	1	137,917	137,917	-	142,055	-	-	146,316	-	1
TDL Automation Engineer	1	150,000	150,000	-	154,500	-	-	159,135	-	-	163,909	-	-	168,826	-	1
KDL Test Engineer	-	126,214	-	1	130,000	130,000	-	133,900	-	-	137,917	-	-	142,055	-	1
TDL Technologist	-	77,670	-	1	80,000	80,000	-	82,400	-	-	84,872	-	-	87,418	-	1
TDL Technologist	-	77,670	-	1	80,000	80,000	-	82,400	-	-	84,872	-	-	87,418	-	1
TDL Technologist	-	77,670	-	1	80,000	80,000	-	82,400	-	-	84,872	-	-	87,418	-	1
KDL Operator	-	77,670	-	1	80,000	80,000	-	82,400	-	-	84,872	-	-	87,418	-	1
CDL Operator	-	77,670	-	1	80,000	80,000	-	82,400	-	-	84,872	-	-	87,418	-	1
WML Operator	-	77,670	-	1	80,000	80,000	-	82,400	-	-	84,872	-	-	87,418	-	1
Fuels Fellow	-	194,175	-	1	200,000	200,000	-	206,000	-	-	212,180	-	-	218,545	-	1
Characterization Lead	1	102,000	102,000	-	105,060	-	-	108,212	-	-	111,458	-	-	114,802	-	1
Characterization Tech	-	72,816	-	1	75,000	75,000	-	77,250	-	-	79,568	-	-	81,955	-	1
Characterization Tech	-	72,816	-	1	75,000	75,000	-	77,250	-	-	79,568	-	-	81,955	-	1
SPF Manufacturing - Accelerated Fabricator Onboarding	2	95,000	190,000	-	97,850	-	-	100,786	-	1	103,809	103,809	-	106,923	-	3
Fabricators	2	95,000	190,000	2	97,850	195,700	2	100,786	201,571	2	103,809	207,618	2	106,923	213,847	10
Machinists	2	97,500	195,000	2	100,425	200,850	2	103,438	206,876	5	106,541	532,704	2	109,737	219,474	13
Quality Control Technician	2	100,000	200,000	1	103,000	103,000	1	106,090	106,090	1	109,273	109,273	1	112,551	112,551	6
Planners	2	90,000	180,000	-	92,700	-	-	95,481	-	-	98,345	-	-	101,296	-	2
Machine Operator	2	75,000	150,000	-	77,250	-	-	79,568	-	-	81,955	-	-	84,413	-	2
Leader CatchAll (Supervisor, Managers, Director)	3	175,000	525,000	-	180,250	-	1	185,658	185,658	-	191,227	-	-	196,964	-	4
Helpers	1	46,400	46,400	1	47,792	47,792	1	49,226	49,226	3	50,703	152,108	-	52,224	-	6
Mechanical Technologist (Mod Skid)	-	74,100	-	3	76,323	228,969	3	78,613	235,838	-	80,971	-	-	83,400	-	6
Construction Manager	1	85,300	85,300	-	87,859	-	1	90,495	90,495	-	93,210	-	-	96,006	-	2
Engineer	1	95,600	95,600	-	98,468	-	1	101,422	101,422	-	104,465	-	-	107,599	-	2
Process Pipling Quality Assurance	1	50,800	50,800	1	52,324	52,324	-	53,894	-	-	55,511	-	-	57,176	-	2
Construction Procurement Specialist	1	98,000	98,000	-	100,940	-	-	103,968	-	-	107,087	-	-	110,300	-	1
Reviewing design(s)	-	69,500	-	1	71,585	71,585	1	73,733	73,733	-	75,945	-	-	78,223	-	2
Total	30		3,006,900	30		2,515,063	20		1,853,498	15		1,344,819	5		545,872	100



Kairos Power

707 West Tower Avenue, Suite A
Alameda, CA 94501
510.808.5265

April 17, 2024

State of New Mexico

To Whom It May Concern,

Kairos Power LLC's expansion project in the state for the New Mexico is expected to have a capital investment of approximately \$300,000,000. The finance plan for the project is a 50/50 split from two sources: the company's award from the U.S. Department of Energy under the Advanced Reactor Demonstration Program (ARDP), and the remainder coming from the existing private investors.

Best regards,

Linda Schenk
Vice President, Financial Operations
Kairos Power

CURRICULUM VITAE

Michael R. Laufer

Kairos Power LLC

580 2nd Street, Suite 290

Oakland, CA 94607

Phone: 631-921-5713

Email: laufer@kairos-power.com

RESEARCH INTERESTS

Thermal-hydraulics in the design of advanced nuclear reactor concepts, coupled granular and fluid dynamics, nuclear reactor safety and licensing, probabilistic risk assessment, performance-based regulation, and simulation verification and validation.

EDUCATION

- 2007-2013 **University of California, Berkeley.** Berkeley, CA
Ph.D. in Nuclear Engineering, Completed in Spring 2013.
Thesis Title: *Granular Dynamics in Pebble Bed Reactor Cores*
- 2002-2006 **Stanford University.** Palo Alto, CA
B.S. in Mechanical Engineering with Honors in International Security Studies, June 2006.

PROFESSIONAL AND RESEARCH EXPERIENCE

- 2016-Present **Kairos Power LLC.** *Co-Founder and Chief Executive Officer.* Oakland, CA
Responsible for high level strategy and operations in nuclear energy technology and engineering company with a focus on commercialization of the Fluoride Salt-Cooled High-Temperature Reactor (FHR).
- 2013-2016 **University of California, Berkeley.** *Postdoctoral Scholar.* Berkeley, CA
Thermal Hydraulics Laboratory, Department of Nuclear Engineering
- 2006-2007 **Electric Power Research Institute.** *Student Employee.* Palo Alto, CA
Student employee in Nuclear Program.
- 2005 **Carnegie Endowment for International Peace.** *Intern.* Washington, DC
Summer intern and research assistant at the Carnegie Non-Proliferation Project.
- 2002, 2004 **Ducati Corse.** *Intern.* Bologna, Italy
Summer technical intern in the racing division of Ducati Motorcycles.
- 2001 **State University of New York, Stony Brook.** *Research Assistant.* Stony Brook, NY
Mentored by Prof. Ralph Wijers of SUNY Stony Brook Astronomy Department.

SELECTED PUBLICATIONS AND PROCEEDINGS

C. Andreades, A.T. Cisneros, J.K. Choi, A. Chong, M. Fratoni, S. Hong, L.R. Huddar, K.D. Huff, J. Kendrick, D.L. Krumwiede, M.R. Laufer, M. Munk, R.O. Scarlat, N. Zweibaum, E. Greenspan, X. Wang, and P.F. Peterson, "Design Summary of the Mark-I Pebble-Bed Fluoride Salt-Cooled, High-Temperature Reactor Commercial Power Plant," *Nuclear Technology*, Vol. 195, No. 3, September 2016.

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C. Charalampos, A.T. Cisneros, J.K. Choi, A. Chong, M. Fratoni, S. Hong, L.R. Huddar, K.D. Huff, D.L. Krumwiede, M.R. Laufer, M. Munk, R.O. Scarlat, N. Zweibaum, E. Greenspan, P.F. Peterson, "Technical Description of the 'Mark 1' Pebble-Bed Fluoride-Salt-Cooled High-Temperature Reactor (PB-FHR) Power Plant," UCBTH-14-002, University of California, Berkeley September 2014.

P.F. Peterson, M.R. Laufer, and E.D. Blandford, "Nuclear Freeze: Why Nuclear Power Has Stalled – And How to Restart It," *Foreign Affairs*, Vol. 93, No. 3, May/June, 2014.

R.O. Scarlat, M.R. Laufer, and A.T. Cisneros, "Preliminary Fluoride Salt-Cooled High Temperature Reactor (FHR) Subsystems Definition, Functional Requirements Definition, and Licensing Basis Event (LBE) Identification White Paper", UCBTH-12-001, University of California, Berkeley, February 2012.

M.R. Laufer, E.D. Blandford, P.F. Peterson, "Overview of the Technology Development Path and Experimental Program for the Pebble-Bed Advanced High Temperature Reactor," Proceedings of International Conference on Emerging Nuclear Energy Systems (ICENES 2011), San Francisco, California, USA, May 15-19, 2011.

J.E. Bickel, M.R. Laufer, L. Li, A.T. Cisneros, and P.F. Peterson, "Conceptual Design, Experiments, and Analysis for the Core of an FHR-16 Test Reactor," Proceedings of International Congress on Advances in Nuclear Power Plants (ICAPP '10), San Diego, California, USA, June 13-17, 2010.

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EDUCATION:

Ph.D. 2010 *Physical Similitude of Hierarchical Engineered Systems*
Prof. P. F. Peterson (research advisor), University of California, Berkeley, Nuclear Engineering
M.S. 2008 University of California, Berkeley, Nuclear Engineering
B.S. 2002 University of California, Los Angeles, Mechanical Engineering

PROFESSIONAL EXPERIENCE:

2017- Co-founder and Chief Technology Officer, Kairos Power
2012-2016 Assistant Professor, University of New Mexico, Nuclear Engineering Department
2011-2012 Adjunct Research Assistant Professor, University of New Mexico, Nuclear Engineering Department
2011-2012 Stanton Nuclear Security Fellow at CISAC, Stanford University
2010-2011 Postdoctoral Fellow at CISAC, Stanford University
2007-2010 Graduate Student Researcher, University of California, Berkeley, Nuclear Engineering
2003-2006 Project Manager, Steam Generator Management Program, Electric Power Research Institute, Palo Alto, California
2002-2003 Member of the Technical Staff, Fuel Reliability Program, Electric Power Research Institute, Palo Alto, California

RESEARCH INTERESTS:

Nuclear reactor thermal-hydraulics in support of the safety of nuclear installations, probabilistic risk assessment, safeguards approaches for reprocessing facilities, physical protection strategies, best-estimate code validation and verification, and various topics in heat and mass transfer, fluid dynamics, and phase change.

RELEVANT PROFESSIONAL ACTIVITIES AND CONSULTING EXPERIENCE:

2014 Consultant to Mitsubishi Heavy Industries
2014 Chair, ANS Nuclear Installations Safety Division Program Committee
2013 Member of Independent Review of SONGS Unit 2 Restart Plans, Consultant to California Energy Commission
2010 Member of ANS President's Special Committee on SMR Generic Licensing Issues
2006 Member of Oconee Steam Generator Excessive Wear Root Cause Committee, Consultant to Duke Energy, Mississauga, Toronto

Per F. Peterson
Chief Nuclear Officer
Kairos Power
peterson@kairospower.com

Education

Ph.D. (1988) Mechanical Engineering, University of California, Berkeley.
MSME (1986) Mechanical Engineering, University of California, Berkeley.
BSME (1982) Mechanical Engineering, University of Nevada, Reno.

Research and Professional Experience

7/17- Chief Nuclear Officer, Kairos Power, LLC, Oakland CA
7/98- Professor - Nuclear Engineering Department, U.C. Berkeley
Research and teaching in heat and mass transfer, multi-phase/multi-component flows, thermal hydraulics, reactor safety, and nuclear materials management.
12/99- Mechanical Engineering Faculty Member, Lawrence Berkeley National Laboratory, Accelerator and Fusion Research Division
1/15-7/17 Executive Associate Dean, College of Engineering, U.C. Berkeley
7/00-7/05, Chair - Nuclear Engineering Department, U.C. Berkeley
7/09-7/12
7/98-9/00 Chair, Energy and Resources Group, U.C. Berkeley
7/94-6/98 Associate Professor - Nuclear Engineering Department, U.C. Berkeley
6/90-6/94 Assistant Professor - Nuclear Engineering Department, U.C. Berkeley
6/89-5/90 JSPS Fellow - Tokyo Institute of Technology.
Japan Society for the Promotion of Science Fellow.
9/88-5/89 Assistant Specialist - Mechanical Engineering Department, U.C. Irvine.
Heat transfer research and teaching.
6/88-8/88 Guest Researcher - Tokyo Institute of Technology.
Research on reflux thermosyphons with multi-species mixtures.
8/85-5/88 Research Assistant - Mechanical Engineering Department, U.C. Berkeley.
Doctoral research in heat and mass transfer in condensing systems.
5/82-6/85 Engineer - Bechtel National, Inc., San Francisco, California
Design of systems for processing (vitrifying) high-level nuclear waste.

Selected Publications (from 110 archival journal and 140 peer-reviewed conference proceedings)

1. P.F. Peterson, "Theoretical Basis for the Uchida Correlation for Condensation In Reactor Containments," *Nuclear Engineering and Design*, Vol. 162, pp. 301-306, 1996.
2. P.F. Peterson, V.E. Schrock, and R. Greif, "Scaling for Integral Simulation of Mixing in Large, Stratified Volumes," *Nuclear Engineering and Design*, Vol. 186, pp. 213-224, 1998.
3. J. Woodcock, P.F. Peterson, D.R. Spencer, "Quantifying the Effects of Break Source Flow Rates on AP600 Containment Stratification," *Nuclear Technology*, Vol. 134, pp. 37-48, 2001.

4. C.W. Forsberg, P.F. Peterson, and P. Pickard, "Molten-Salt-Cooled Advanced High-Temperature Reactor for Production of Hydrogen and Electricity," *Nuclear Technology* Vol. 144, pp. 289-302 (2003).
5. R.O. Scarlat, A.T. Cisneros, T. Koutchesfahani¹, R. Hong, P.F. Peterson, "Preliminary Safety Analysis of a PBMR Supplying Process Heat to a Co-Located Ethylene Production Plant," *Nuclear Engineering and Design*, Vol. 251, pp. 53-59 (2012).
6. L. Huddar, R.O. Scarlat, N. Zweibaum and P.F. Peterson, "Overview of Passive Safety Features and Transient Model Validation for the Pebble-Bed Fluoride-Salt Cooled, High-Temperature Nuclear Reactor (PB-FHR)," 2013 AIChE Annual Meeting, Nuclear Energy and Sustainability Section, San Francisco, CA, November 3-8, 2013.
7. C. Andreades, R.O. Scarlat, L. Dempsey, and P.F. Peterson, "Reheat Air-Brayton Combined Cycle (RACC) Power Conversion Design and Performance Under Nominal Ambient Conditions," *ASME Journal of Engineering for Gas Turbines and Power*, vol. 136, No. 6, doi:10.1115/1.4026506 (2014).
8. N. Zweibaum, J. E. Bickel, Z. Guo, J. C. Kendrick, P. F. Peterson, "Design, Fabrication and Startup Testing of the Compact Integral Effects Test Facility in Support of Fluoride-Salt-Cooled, High Temperature Reactor Technology," International Topical Meeting on Nuclear Reactor Thermal Hydraulics (NURETH-16), Chicago, IL, August 30-September 4, 2015.

Synergistic Activities

- Member, U.S. Blue Ribbon Commission on America's Nuclear Future (2010-2012)
- Member, Evaluation Methodology Group (EMG), Generation IV Roadmap Project, 2001-2002.
- Co-chair, Proliferation Resistance and Physical Protection Working Group, Generation IV International Forum, 2002 - present.
- Member and Chair, Nuclear Science and Technology Division Advisory Committee, Oak Ridge National Laboratory, 2007 – (Chair 2013-2017)
- Member, Diablo Canyon Independent Safety Committee (2004-07, appointment by Attorney General of the State of California; 2008-present, appointment by Governor of the State of California).

Yearly Payroll Projection
Cumulative

2024	2025	2026	2028
Year 1	Year 2	Year 3	Year 5
3,006,900	2,515,063	1,853,498	545,872
3,006,900	5,521,963	7,375,461	9,266,152

Starting Headcount 134

Job Title	Year 1	Avg Salary	Year 1 Salary	Year 2	Avg Salary	Year 2 Salary	Year 3	Avg Salary	Year 3 Salary	Year 4	Avg Salary	Year 4 Salary	Year 5	Avg Salary	Year 5 Salary	Total
Operator	2	73,000	146,000	7	75,190	526,330	6	77,446	464,674	3	79,769	239,307	-	82,162	-	18
Tech Coordinator	1	73,900	73,900	-	76,117	-	-	78,401	-	-	80,753	-	-	83,175	-	1
QA Lead Role	1	69,500	69,500	-	71,585	-	-	73,733	-	-	75,945	-	-	78,223	-	1
Day Lab Chemist	2	89,700	179,400	-	92,391	-	-	95,163	-	-	98,018	-	-	100,958	-	2
Maintenance Coordinator	-	47,100	-	1	48,513	48,513	-	49,968	-	-	51,467	-	-	53,011	-	1
PDL Operator	-	77,670	-	1	80,000	80,000	-	82,400	-	-	84,872	-	-	87,418	-	1
CDL CVD Engineer	1	150,000	150,000	-	154,500	-	-	159,135	-	-	163,909	-	-	168,826	-	1
WML Test Engineer	1	130,000	130,000	-	133,900	-	-	137,917	-	-	142,055	-	-	146,316	-	1
I&C Engineer	-	130,000	-	-	133,900	-	1	137,917	137,917	-	142,055	-	-	146,316	-	1
TDL Automation Engineer	1	150,000	150,000	-	154,500	-	-	159,135	-	-	163,909	-	-	168,826	-	1
KDL Test Engineer	-	126,214	-	1	130,000	130,000	-	133,900	-	-	137,917	-	-	142,055	-	1
TDL Technologist	-	77,670	-	1	80,000	80,000	-	82,400	-	-	84,872	-	-	87,418	-	1
TDL Technologist	-	77,670	-	1	80,000	80,000	-	82,400	-	-	84,872	-	-	87,418	-	1
TDL Technologist	-	77,670	-	1	80,000	80,000	-	82,400	-	-	84,872	-	-	87,418	-	1
KDL Operator	-	77,670	-	1	80,000	80,000	-	82,400	-	-	84,872	-	-	87,418	-	1
CDL Operator	-	77,670	-	1	80,000	80,000	-	82,400	-	-	84,872	-	-	87,418	-	1
WML Operator	-	77,670	-	1	80,000	80,000	-	82,400	-	-	84,872	-	-	87,418	-	1
Fuels Fellow	-	194,175	-	1	200,000	200,000	-	206,000	-	-	212,180	-	-	218,545	-	1
Characterization Lead	1	102,000	102,000	-	105,060	-	-	108,212	-	-	111,458	-	-	114,802	-	1
Characterization Tech	-	72,816	-	1	75,000	75,000	-	77,250	-	-	79,568	-	-	81,955	-	1
Characterization Tech	-	72,816	-	1	75,000	75,000	-	77,250	-	-	79,568	-	-	81,955	-	1
SPF Manufacturing - Accelerated Fabricator Onboarding	2	95,000	190,000	-	97,850	-	-	100,786	-	1	103,809	103,809	-	106,923	-	3
Fabricators	2	95,000	190,000	2	97,850	195,700	2	100,786	201,571	2	103,809	207,618	2	106,923	213,847	10
Machinists	2	97,500	195,000	2	100,425	200,850	2	103,438	206,876	5	106,541	532,704	2	109,737	219,474	13
Quality Control Technician	2	100,000	200,000	1	103,000	103,000	1	106,090	106,090	1	109,273	109,273	1	112,551	112,551	6
Planners	2	90,000	180,000	-	92,700	-	-	95,481	-	-	98,345	-	-	101,296	-	2
Machine Operator	2	75,000	150,000	-	77,250	-	-	79,568	-	-	81,955	-	-	84,413	-	2
Leader CatchAll (Supervisor, Managers, Director)	3	175,000	525,000	-	180,250	-	1	185,658	185,658	-	191,227	-	-	196,964	-	4
Helpers	1	46,400	46,400	1	47,792	47,792	1	49,226	49,226	3	50,703	152,108	-	52,224	-	6
Mechanical Technologist (Mod Skid)	-	74,100	-	3	76,323	228,969	3	78,613	235,838	-	80,971	-	-	83,400	-	6
Construction Manager	1	85,300	85,300	-	87,859	-	1	90,495	90,495	-	93,210	-	-	96,006	-	2
Engineer	1	95,600	95,600	-	98,468	-	1	101,422	101,422	-	104,465	-	-	107,599	-	2
Process Pipling Quality Assurance	1	50,800	50,800	1	52,324	52,324	-	53,894	-	-	55,511	-	-	57,176	-	2
Construction Procurement Specialist	1	98,000	98,000	-	100,940	-	-	103,968	-	-	107,087	-	-	110,300	-	1
Reviewing design(s)	-	69,500	-	1	71,585	71,585	1	73,733	73,733	-	75,945	-	-	78,223	-	2
Total	30		3,006,900	30		2,515,063	20		1,853,498	15		1,344,819	5		545,872	100