

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

**November 10, 2024**

**Case #2024-15**

LEDA-25-4: SolAero Technologies Corporation Project

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

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

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

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

The operations includes the building at 10420 Research Rd SE, and 1600 Eubank Blvd SE, Albuquerque, NM in the Sandia Science & Technology Park. The proposed use of the facility by the Company would not require a change in zoning. There are no particular environmental impacts associated with this Project.

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

The wage ranges and types of positions will consist of:

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

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

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

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

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

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

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

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

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

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

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

**FINDINGS:**

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

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

**I. PROJECT ELIGIBILITY**

**1. QUALIFYING ENTITY**

City enabling legislation (F/S O-04-10), as well as the State Local Economic Development Act, establishes a definition for a “Qualifying Entity” eligible for LEDA funding assistance. 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. SolAero qualifies as the type of project that meets the City’s identified economic development priorities under (F/S O-04-10) in the following categories:

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

## II. LAND USE, PLAN AND DESIGN ELEMENTS

### 1. PLAN & ZONING:

#### Legal Description

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

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

#### Prevailing Site Conditions

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

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



#### Present Assessed Value

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

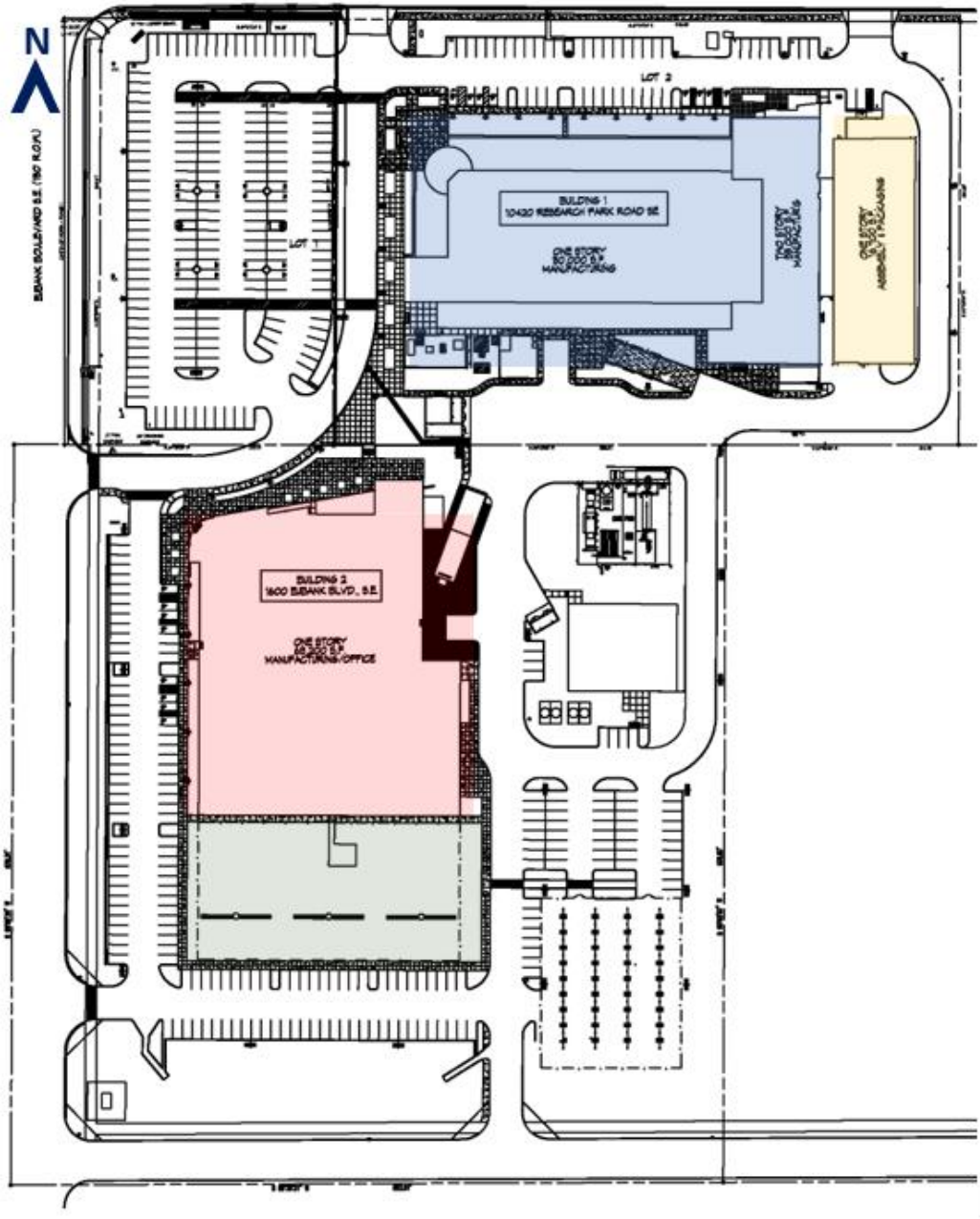
**Present and Proposed Zoning**

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

2. LAND USE:

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

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



3. Competition

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

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

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

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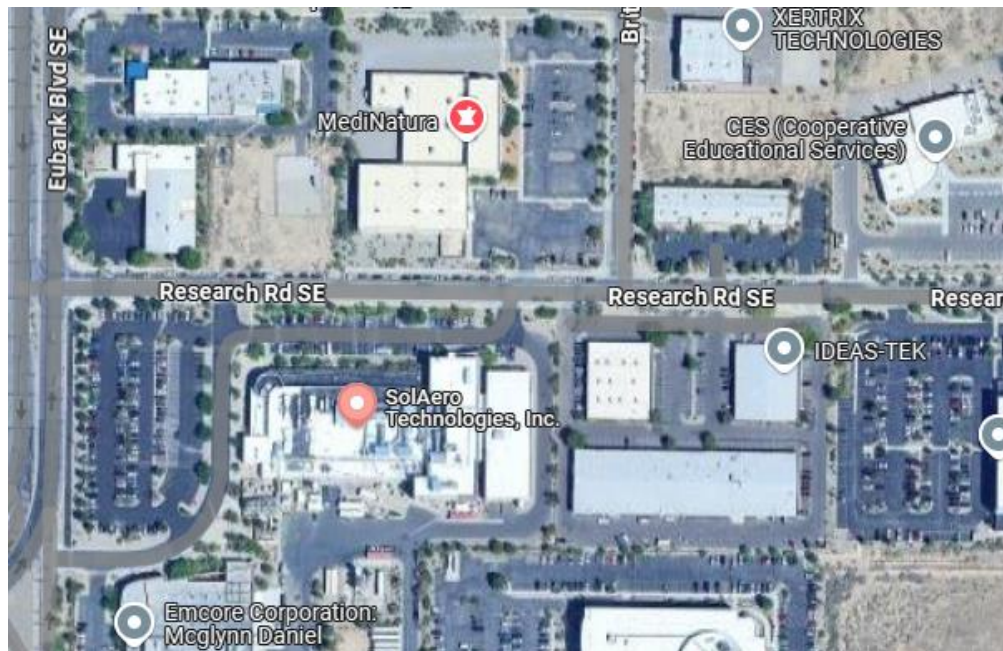
of the project will be spent with local firms. SolAero customers are worldwide and the overall growth in the space industry will continue to grow and we will engage new customers that will benefit from our expansion and modernization project. No plan for spin off businesses or definable impact to the local industrial base at this time. More detail is provided in the fiscal impact analysis.

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

The SolAero Project further supports the EDD's criteria for the use of incentives by Leveraging our Core Assets, Implementing Place-Based Strategies, Supporting Focused and Positive ROI Projects, and creating 70 high-paying Economic Base jobs.

### 5. INFILL:

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



6. DESIGN AND CONSERVATION:

The facility is an existing area designed as a science and technology park. No historic properties are involved. No individuals, families, or businesses will be displaced by the activities outlined in this plan. The project is to be located within an existing manufacturing facility.

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

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

7. RENEWABLE ENERGY:

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



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

### **III. ECONOMIC BENEFITS**

#### **1. COMPETITION:**

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

#### **2. JOBS:**

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

#### **Number and Types of Jobs Created**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6) What stated advancement opportunities are there?

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

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

Yes.

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

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

### 3. LOCAL PURCHASING

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

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

#### IV. PROJECT FEASIBILITY

##### 1. COST/ FEASIBILITY/ FINANCING:

Cost of Improvements, Bond Amount and Private Financing

A summary of the project is as follows:

##### **Cost of Improvements**

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

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

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

##### **Project Financing**

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

##### 2. DEVELOPER'S RECORD:

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

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

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

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

### Peter Beck

#### Founder, President and Chief Executive Officer

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

### Adam Spice

#### Chief Financial Officer

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

### Frank Klein

#### Chief Operations Officer

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

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

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

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

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### 3. EQUITY:

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

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

### 4. MANAGEMENT:

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

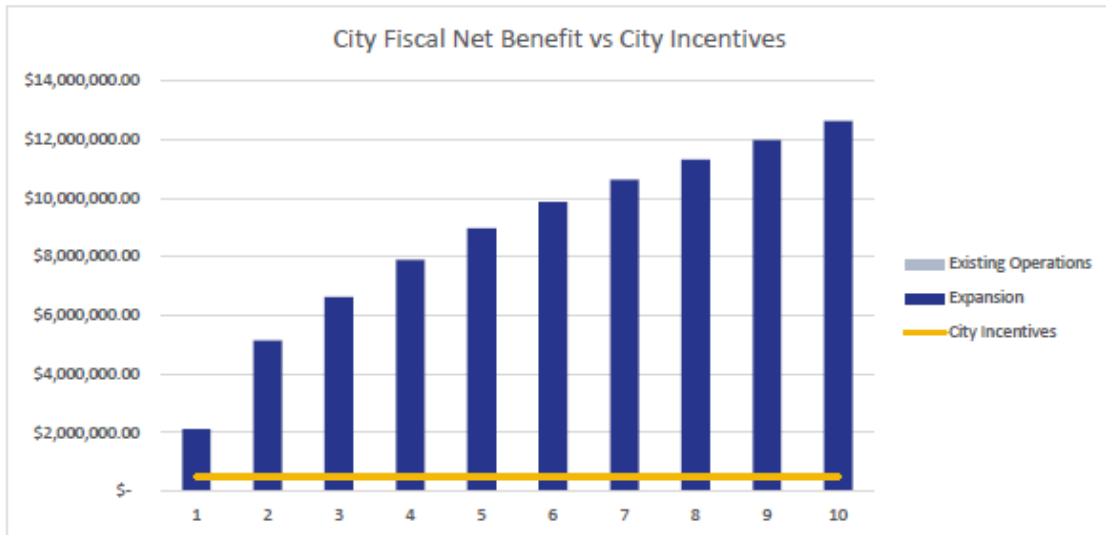
Based on the description given in the project plan, management appears to be qualified to manage the project.

### 5. FISCAL IMPACT ANALYSIS

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

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

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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
<b>Subtotal of Benefits</b>	<b>\$</b>	<b>12,811,410</b>

Costs

Costs	\$	171,165
<b>Subtotal of Costs</b>	<b>\$</b>	<b>171,165</b>

Net Benefits

<b>Net Benefits</b>	<b>\$</b>	<b>12,640,245</b>
<b>Present Value</b>	<b>\$</b>	<b>10,961,114</b>

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

## V. PROJECT PARTICIPATION AGREEMENT

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

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

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

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

### 1. COMPANY CONTRIBUTION

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



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

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

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

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

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

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

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

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

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

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

7. Job Commitment and Clawbacks.

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

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

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

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

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

LEDA 25-4: SolAero Technologies Corporation Project

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

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

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

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

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

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

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

## LEDA 25-4: SolAero Technologies Corporation Project

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

### **FINDINGS:**

1. 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 25-4 would make positive substantive contributions to the local economy and community by creating 100 economic base jobs; and
3. Subject to the development of acceptable security documents, LEDA 25-4 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives, including the requirement to operate for at least ten years; and
4. Subject to the development of acceptable security documents, LEDA 25-4 would adequately meets the evaluation criteria established by the City for Local Economic Development Act projects, including the requirement that the City recoup the value of its investment within 10 years.

### **STAFF RECOMMENDATION:**

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

Chris Chavez, Economic Development Manager  
Economic Development Department



**EDD** ECONOMIC  
DEVELOPMENT  
DEPARTMENT

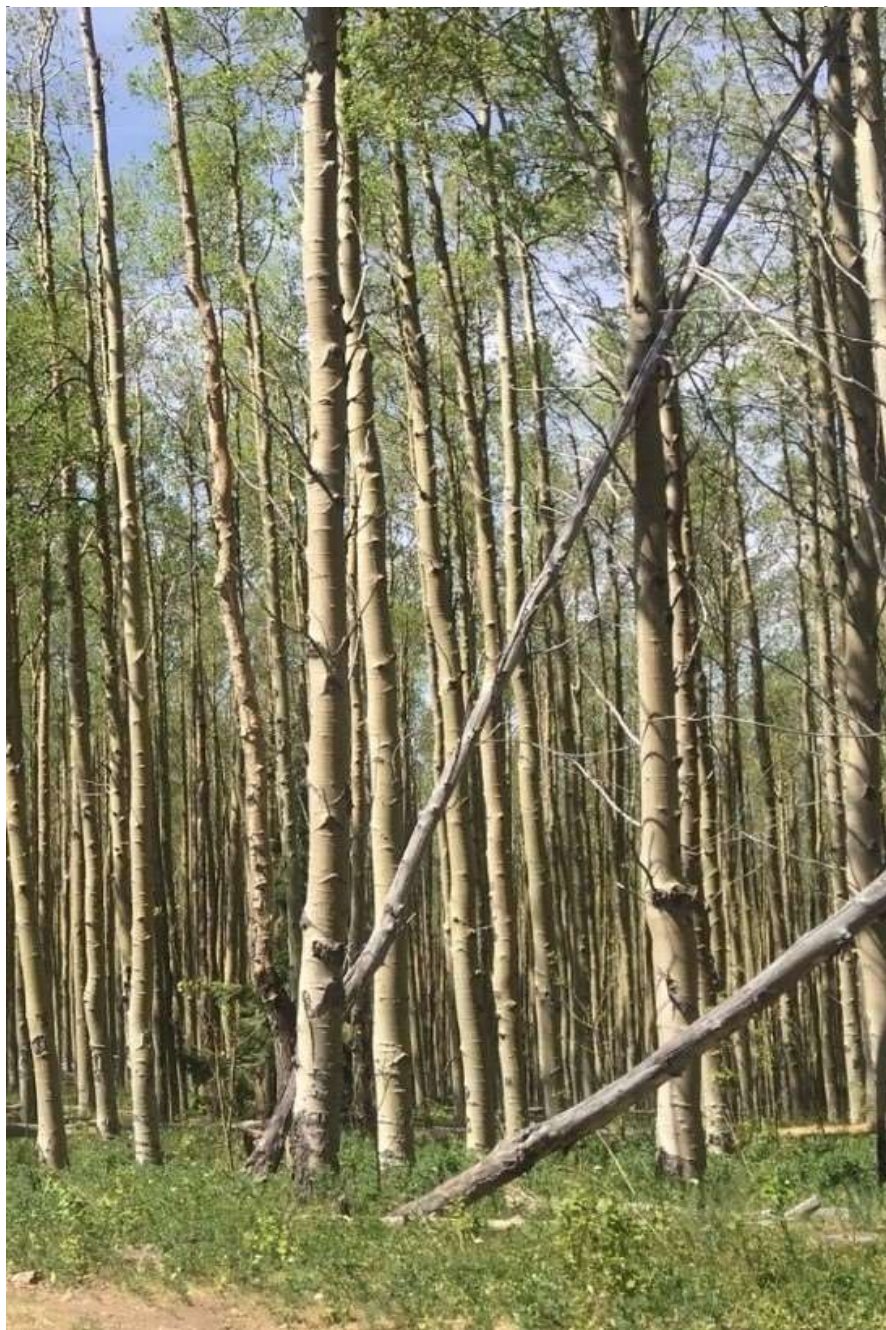
6/5/2024

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

Prepared by:

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





## Purpose and Limitations:

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

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

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

## Introduction:

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

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

## Description of the Company:

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

## Description of the Project:

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

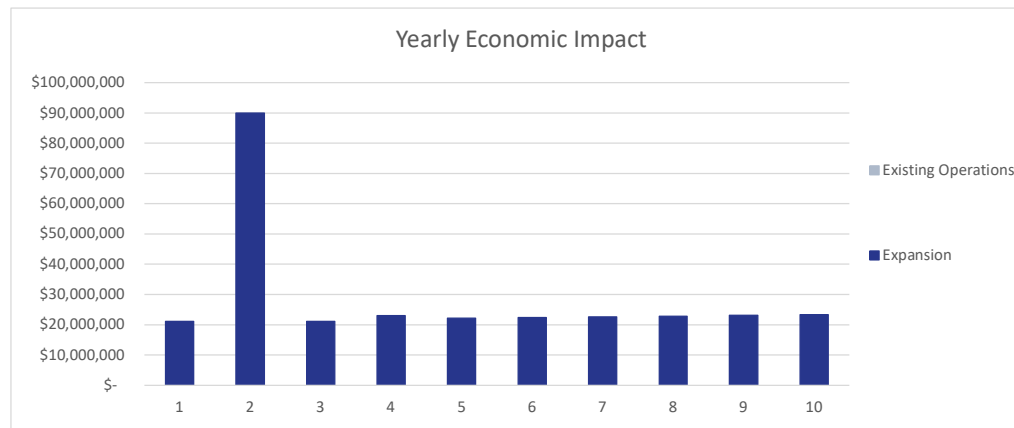


# Economic Impact



### Total Economic Impact

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



### Workers and New Residents over 10 years

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

# Total Public Impacts



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

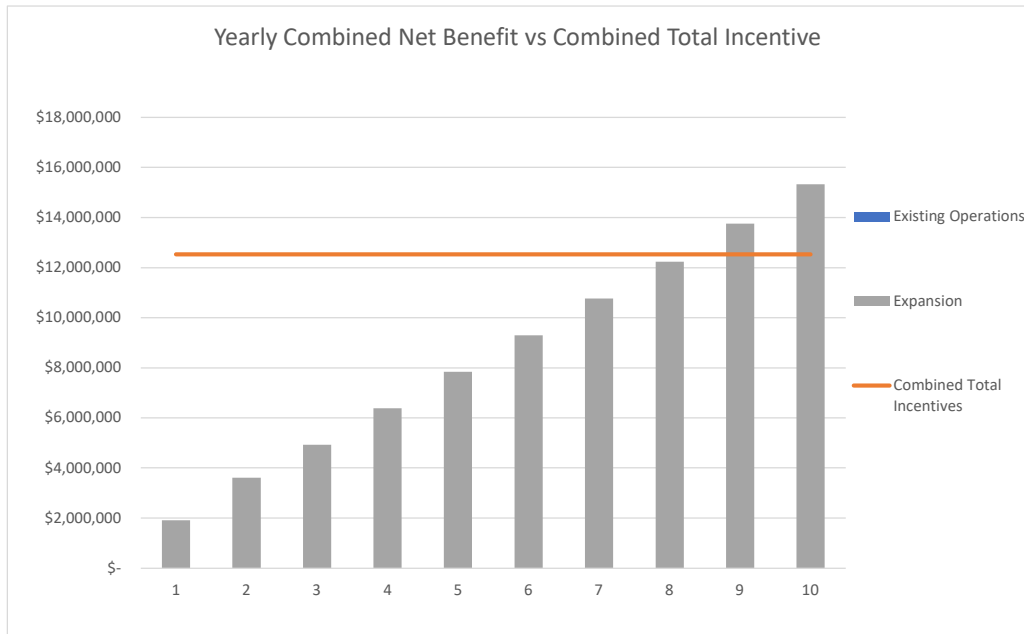
Cumulative Net Benefits					
	Existing Operations	Expansion	Existing & Expanded Operations	Present Value of Net Benefits*	
State of New Mexico	\$ -	\$ 7,725,465	\$ 7,725,465	\$	6,221,894
County	-	1,340,456	1,340,456	\$	1,106,972
City	-	6,258,195	6,258,195	\$	5,172,562
School District	-	17,442	17,442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

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

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

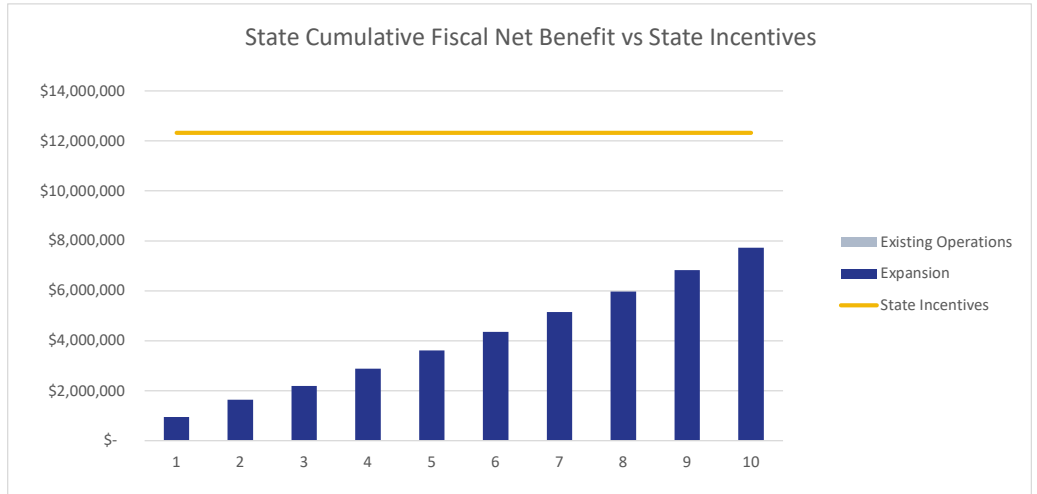
### Total Public Net Benefit

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



# State Impacts





### Incentives

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

### Combined Payback and Return

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

### Expansion Only Payback and Return

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

### State Net Benefits Of Current Operations

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

### State Net Benefits Of Expansion

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

### State Combined Net Benefits

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

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

#### Taxes and Revenue

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

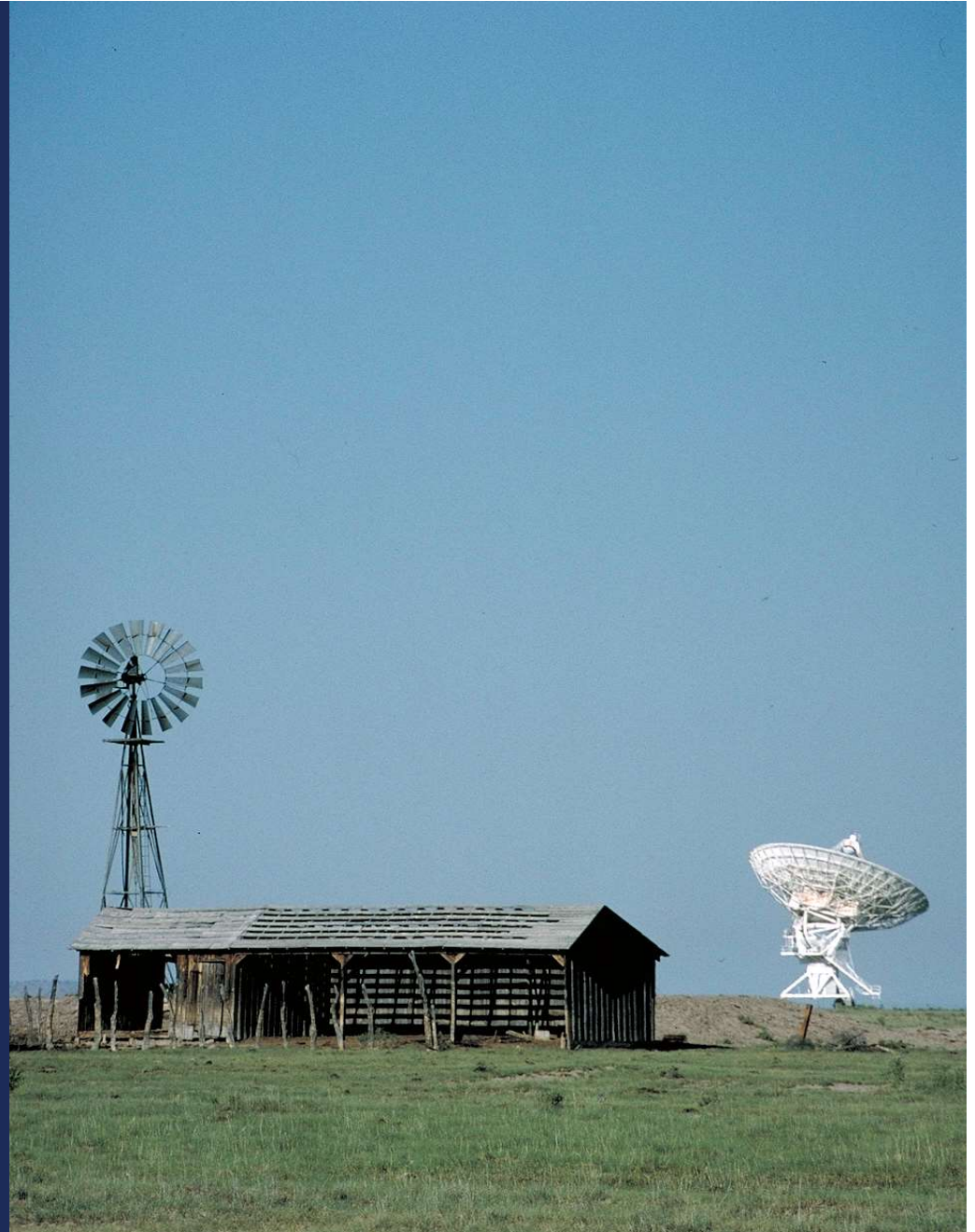
#### Costs

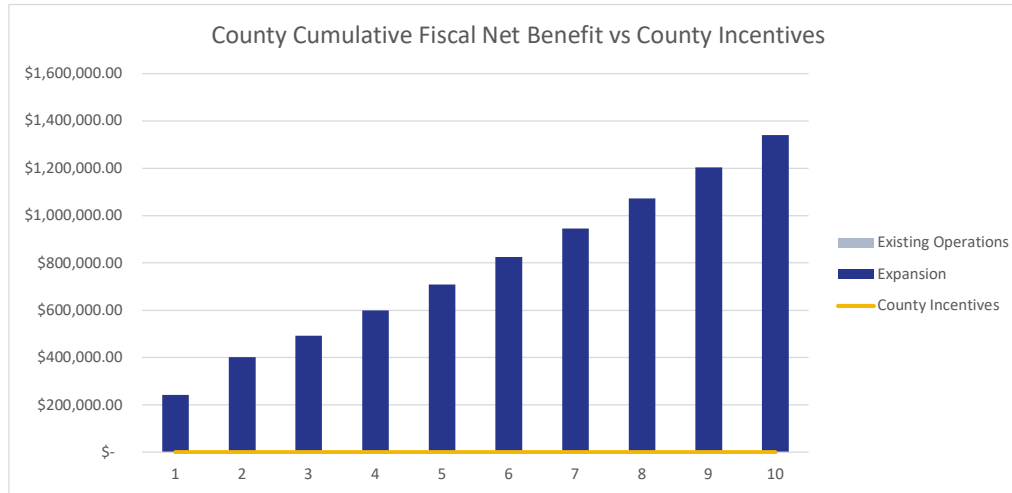
Costs	\$ 505,395
<b>Subtotal of Costs</b>	<b>\$ 505,395</b>

#### Net Benefits

<b>Net Benefits</b>	<b>\$ 7,725,465</b>
<b>Present Value</b>	<b>\$ 6,221,894</b>

# County Impacts





**Incentives**

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

**Combined Payback and Return**

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

**Expansion Only Payback and Return**

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

**County Net Benefits Of Current Operations**

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



### County Net Benefits Of Expansion

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

### County Combined Net Benefits

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

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

#### Taxes and Revenue

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

#### Costs

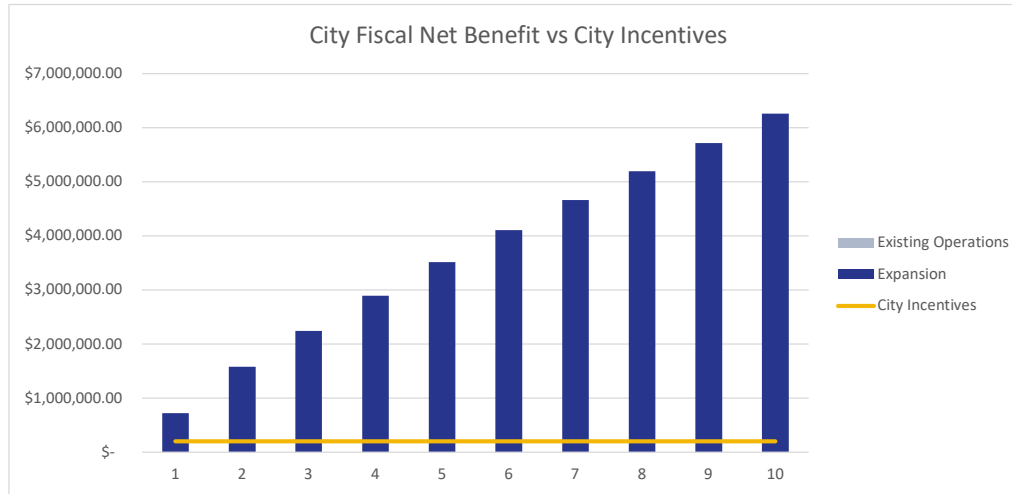
Costs	\$ 70,481
<b>Subtotal of Costs</b>	<b>\$ 70,481</b>

#### Net Benefits

<b>Net Benefits</b>	<b>\$ 1,340,456</b>
<b>Present Value</b>	<b>\$ 1,106,972</b>

# City Impacts





### Incentives

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

### Combined Payback and Return

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

### Expansion Only Payback and Return

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

### City Net Benefits Of Current Operations

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

### City Net Benefits Of Expansion

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

### City Combined Net Benefits

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

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

#### Taxes and Revenue

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

#### Costs

Costs	\$ (1,192,761)
<b>Subtotal of Costs</b>	<b>\$ (1,192,761)</b>

#### Net Benefits

<b>Net Benefits</b>	<b>\$ 6,258,195</b>
<b>Present Value</b>	<b>\$ 5,172,562</b>

# Special Taxing District and Public Schools



# Special Taxing District

## Special Taxing District Net Benefits of Current Operations

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

## Special District Net Benefits of Expansion

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

## Special District Combined Net Benefits

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

# Public Schools

## Public Schools Net Benefits of Current Operations

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

## Public Schools Net Benefits of Expansion

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

## Public Schools Combined Net Benefits

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

# Property Tax Exemptions and Industrial Revenue Bonds





## Property Tax Exemptions and Industrial Revenue Bonds

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

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

### Property Tax Percentage Exemptions On Land and Building

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

### Property Tax Percentage Exemptions On Furniture, Fixtures and Equipment

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

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

\*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:	<b>\$ 2,611,758</b>	<b>\$ 849,716</b>	<b>\$ 1,994,596</b>

**Project Participation Agreement**

**City of Albuquerque and SolAero Technologies by RocketLab**

**Local Economic Development Act Project 24-\_\_\_\_\_**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7. Job Commitment and Clawbacks.

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

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

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

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

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

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

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

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

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

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

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

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

9. Events of Default and Remedies.

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[Signature Page Follows]

CITY OF ALBUQUERQUE,  
NEW MEXICO

SOLAERO TECHNOLOGIES CORPORATION,  
a Delaware corporation

By \_\_\_\_\_

Name: Samantha Sengel

Title: Chief Administrative Officer

Date: \_\_\_\_\_

By \_\_\_\_\_

Name:

Title:

Date: \_\_\_\_\_

Address for notice:

One Civic Plaza NW

Albuquerque, NM 87102

Attention: Economic Development Director

Tel: (505)768-3000

Email: [mgruner@cabq.gov](mailto:mgruner@cabq.gov)

Address for notice:

Attention:

SolAero Technologies Corporation

10420 Research Rd. SE

Albuquerque, NM 87123

Tel: (505) 332-5000

Email: [j.goodrum@rocketlabusa.com](mailto:j.goodrum@rocketlabusa.com)

With a copy to:

City Attorney

One Civic Plaza NW

Albuquerque, NM 87102

Tel: (505)768-3000

Email: [lkeefe@cabq.gov](mailto: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