ALBUQUERQUE DEVELOPMENT COMMISSION **December 19, 2019**
Local Economic Development Act Hearing

Case #2019-12

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

REQUEST: Approval of $1,000,000 in City Local Economic Development Act (LEDA) funds is requested.

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

The purpose of the proposed project operation is the research, development, and testing of advanced salt coolant technology and related systems. The proposed operation will primarily focus on the engineering, development, and testing of technology to utilize low-pressure molten fluoride salt as a coolant in a novel advanced nuclear reactor with an inherently safe design based on synergies between the fuel source, salt coolant, and passive safety mechanisms. According to their web site, "Growing from a broad research effort at U.S. universities and national laboratories, Kairos Power was founded to accelerate the development of an innovative nuclear technology that has the potential to transform the energy landscape in the United States and internationally. Kairos Power is focused on reducing technical risk through a novel approach to test iteration often lacking in the nuclear space. Our schedule is driven by the goal of a U.S. demonstration plant before 2030 and a rapid deployment thereafter."

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

The project represents more than $125 million in private sector investment by the end of 2022. Kairos Power Inc. will create 67 high-paying economic base jobs, and occupy a building that has been vacant off and on since Schott Solar left. The project will be focused on different stages of the R&D and testing operations associated with coolant technology. Only the initial phase involves the manufacture of a product for sale, while Phases 1 and 2 are focused on technology research, development, and demonstration.

The operations would be located at 5201 Hawking Dr. SE, Albuquerque 87106 in the Employment Center of the Mesa Del Sol Planned Community. The proposed use of the facility by the Company would not require a change in zoning. The purpose of the Planned Community Zone is to accommodate very large scale residential or mixed use-communities. There are no particular environmental impacts associated with this Project.

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

The majority of the 67 new positions will be primarily engineering and technical positions, are considered full time positions, and come with full employee benefits with the company paying 100% of benefits' costs.

The Company intends to provide training to all new employees and to avail itself of the State's Job Training Incentive Program in connection with the training of its employees where practical. The Company expects to spend approximately $24 million on improvements to the existing Schott facility and to construct new facilities. In addition to acquiring the northern building of the former Schott Solar site, the company will purchase more than 30 acres for additional development of a campus-like setting of research and development facilities. Approximately 172 construction workers are expected to be employed in the development of the site, The Company expects to continue to spend more than $9 million on utility expenses annually, plus additional expenditures for local goods and services.

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

> **A corporation, limited liability company, partnership, joint venture, syndicate, association or other person that is one or a combination of two (2) or more of the following:**
>
> **A. A business in which all or part of the activities of the business involves the supplying of services to the general public or to governmental agencies or to a specific industry or customer, but, other than as provided in paragraph E. of this subsection, not including businesses primarily engaged in the sale of goods or commodities at retail;**

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

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

This project includes a fiscal impact analysis prepared by the University of New Mexico's Bureau of Business and Economic Research (BBER). The fiscal impact determination of the Project is from information the Company provided. The analysis shows that the company will be making a substantive contribution to the community, and that the City could realize a positive tax benefit with this project over the next ten years.

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

FINDINGS:

1. LEDA 19-4 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 19-4 would make positive substantive contributions to the local economy and community by creating 67 high-wage economic base jobs; and

3. Subject to the development of acceptable Security documents, LEDA 19-4 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

5. Subject to the development of acceptable Security documents, LEDA 19-4 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. Kairos Power qualifies as the type of project that meets the City's identified economic development priorities under (F/S O-04-10) in the following categories:

(2) Private companies seeking to build, expand or relocate facilities;

(4) Projects in industry clusters listed above are particularly encouraged,

II. LAND USE, PLAN AND DESIGN ELEMENTS

1. PLAN & ZONING:

Legal Description

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

Lot D-1, 16.4161 Acres

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

Lot D-2, 3.7660 Acres

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

Lot D-3 / Schott Building, 12.0217 Acres

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

5201 Hawking DR SE, Albuquerque NM 87106

Prevailing Site Conditions

The property includes the former Schott Solar building (approximately 113,000 sq. ft. manufacturing facility) and adjacent land parcels. Currently, the Schott building on

Parcel D-3 is essentially vacant; part of the office space is being used as temporary meeting space and locker rooms for the New Mexico United soccer team, and part of the manufacturing space is being used to store some hemp processing equipment. Land parcels D-1 and D-2 are vacant, development-ready property.

Present Assessed Value

Parcel	Description	Total Full Value	Net Taxable Value
TR D-1	16.4161 Acres	$1,114,900	$381,595
TR D-2	3.7660 Acres	$320,500	$106,822
TR D-3	12.0217 Acres / Schott Building	$4,836,000	$1,611,839

Present and Proposed Zoning

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

No changes will be required for the proposed use.

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

2. LAND USE:

The Project will occupy the north building of the former Schott Solar facility for advanced energy research technology and development, and has plans to develop approximately 30+ acres for additional research and development facilities.

Current plans for 2020 include construction of a small chemical processing facility of approximately 5,500 sq. ft. that will be less than 25 feet in height and a 9,000 sq. ft. facility that will be 40 – 50 feet in height. In 2021, the current plan includes construction of an 80,000 sq. ft. facility that will be up to 80 feet high to accommodate very large testing equipment. The latter facility may be downsized somewhat given Kairos is also acquiring the Schott Solar building which was not part of the original project plan; however, since the building does not have the required ceiling heights, it is not expected that the plans for the 80,000 sq. ft. facility in 2021 will be substantially altered. At this juncture it is yet to be determined whether the proposed new structures will be attached to the existing building; the original concept for the site called for a campus of several buildings. Regardless, all new construction is expected to be attractive, high-quality metal over block style that will mesh well into the Mesa del Sol development and meet

the established standards for the area. (Both the Schott Solar and Albuquerque Studios/Netflix buildings are of metal construction).

The impact on existing industry and commerce after construction is anticipated to be favorable. The purpose of the proposed operation is the development and testing of advanced salt coolant technology and related systems. The proposed operation will primarily focus on the engineering, development, and testing of technology to utilize low-pressure molten fluoride salt as a coolant in a novel advanced nuclear reactor with an inherently safe design based on synergies between the fuel source, salt coolant, and passive safety mechanisms. *It is important to note that nuclear material will not be utilized on site.*

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

D. Competition

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

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

Based on the anticipated construction cost, it is estimated that 172 FTE construction jobs will be supported during the construction period (2021 and 2021). Once the facility is fully operational, 67 full-time high-quality R&D jobs will be created. Given the nature of the proposed testing operations, significant quantities of electricity and natural gas will be utilized, resulting in significant local purchases from PNM and NMGCO.

More detail is provided in the fiscal impact analysis.

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

The Kairos Power Project further supports the Economic Development Department's criteria for the use of incentives with by Leveraging our Core Assets, Implementing Place-Based Strategies (by occupying a large existing mostly vacant office building and surrounding areas in a designated Employment Center), Supporting Focused and Positive ROI Projects, and creating 67 high-paying Economic Base jobs.

3. INFILL:

The project involves an existing building, which was previously operated as an advanced manufacturing center, and has served as a gathering place for the New Mexico United Soccer Team center. Most infrastructure, parking and utilities are already developed. A map of the area is included. The most significant infrastructure improvement required to meet the needs of the project when Phase 2 becomes operational in 2022 is an electrical substation. PNM has indicated it will construct a new $20+ million substation in Mesa del Sol to meet the needs of this project and future development in the area. This company will share in the cost of the substation through an initial up-front capital contribution as well as an investment credit recovered through the electric rate. PNM will absorb a large portion of the cost as part of general infrastructure improvements required to support anticipated growth in the area.

4. DESIGN AND CONSERVATION:

The facility is an existing area designed as an employment center. The existing building has been kept in good condition and repair over the years to maintain its quality appearance. The additional facilities and construction planned will conform to the Mesa Del Sol design guidelines.

No historic properties are involved.

The proposed site is essentially vacant. The company plans to work with building ownership to accommodate the needs of the New Mexico United soccer team's use of the office space until such time as the team's new permanent facility is ready. Similarly, the company will be working with current ownership to ensure minimal disruption to the small hemp processing operation that is presently utilizing a small portion of the manufacturing space.

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.

Water use is expected to be minimal for the initial phases of the operation – 600 gallons / day or 18,000 gallons / month. When the last planned phase becomes operational in 2022, water consumption is expected to increase to a maximum of 600,600 gallons / day or 18,018,000 gallons / month. These are high-end estimates used for the site selection process to ensure sufficient capacity would be available. The company's engineering team is currently reviewing means to reduce water consumption through use of alternative cooling technologies and recirculation of cooling water. The company fully expects to be able to utilize water from the nearby water reuse (purple) line for all, but the potable water required for the facility.

5. RENEWABLE ENERGY:

The Company will not create or produce renewable energy from the facility.

III. ECONOMIC BENEFITS

6. COMPETITION:

There does not appear to be any local competition for the customers/clients that Kairos Power services. The type of research and development that Kairos is pursuing is fairly unique in the world. They do state that they have some synergies with universities and national laboratories.

7. JOBS:

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

Number and Types of Jobs Created

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

Hires by Year

Position	2020	2021	2022	2023	2024	Total	Est Salary 2020	Est Salary 2021	Est Salary 2022	Est Salary 2023	Est Salary 2024
Chemical Plant & System Operators		9				9	$72,000	$74,160	$76,385	$78,676	$81,037
Operations Supervisor		1	1			2	$68,000	$70,040	$72,141	$74,305	$76,535
Laboratory Technician		2	2			4	$70,000	$72,100	$74,263	$76,491	$78,786
Chemical Technicians		3				3	$60,000	$61,800	$63,654	$65,564	$67,531
Mechanical Engineer		1				1	$100,000	$103,000	$106,090	$109,273	$112,551
Process / Chemical Engineer		1				1	$125,000	$128,750	$132,613	$136,591	$140,689
Electrical Engineer		1				1	$120,000	$123,600	$127,308	$131,127	$135,061
Facilities Manager		1	1			2	$90,000	$92,700	$95,481	$98,345	$101,296
Nuclear Engineers		8	6	8	10	32	$125,000	$128,750	$132,613	$136,591	$140,689
Administrative Assistant		1				1	$35,000	$36,050	$37,132	$38,245	$39,393
Technical Director / Fellow	1	1				2	$210,000	$216,300	$222,789	$229,473	$236,357
Administrative Services Manager	1					1	$90,000	$92,700	$95,481	$98,345	$101,296
Industrial Machinery Mechanics		1				1	$59,000	$60,770	$62,593	$64,471	$66,405
Machinist		2	2			4	$58,000	$59,740	$61,532	$63,378	$65,280
Health and Safety Engineers		1				1	$121,000	$124,630	$128,369	$132,220	$136,187
Warehouse Worker	1		1			2	$37,000	$38,110	$39,253	$40,431	$41,644
Total	**3**	**33**	**13**	**8**	**10**	**67**					

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?

The 67 new jobs will likely include 10 – 13 engineers transferring from the company's California facility in 2023 and/or 2024. Albuquerque is uniquely positioned to provide professionals with the specialized skills and knowledge required for the proposed operation. However, given the rapid ramp-up and nationwide competition for the engineering skills, it may not be possible to hire all of the required staff locally, though the company will certainly make every effort to do so.

2) Will jobs benefit low and moderate income residents?

All positions will be made available to all qualified applicants.

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

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

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

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

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

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

6) What stated advancement opportunities are there?

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

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

Yes.

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

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

J. Local Purchasing

Estimated local purchases of goods and services other than utility services are expected to be negligible. Annual utility expenditures are very significant and are shown in the table below; these are reflective of the planned operational ramp-up along with the assumption of

a 5-year economic development rate in effect for electric service (undiscounted total shown in 2026). No annual increase in the applicable base rates is assumed in the figures shown. Future increases are difficult to predict as they depend on decisions by other parties; we leave it to you to utilize whatever increase you deem appropriate for modeling purposes.

Year	Electric	Natural Gas	Water	Sewer
2021	$1,215,241	$43,899	$18,019	$31,817
2022	$2,381,479	$692,627	$178,727	$178,652
2023	$4,886,014	$2,489,981	$642,831	$587,342
2024	$4,972,969	$2,489,981	$642,831	$587,342
2025	$5,179,008	$2,489,981	$642,831	$587,342
2026	$5,443,018	$2,489,981	$642,831	$587,342

In addition to the substantial utility purchases shown above, the company will likely utilize local groundskeeping and facility maintenance services, janitorial services, equipment maintenance services, and security services. Miscellaneous office and facilities supplies will also likely be purchased locally.

IV. PROJECT FEASIBILITY

9. COST/ FEASIBILITY/ FINANCING:

(Millions)	Phase 0	Phase 1	Phase 2	Total
Land	**$6.3**			**$6.3**
Existing Building Purchase	**$5.9**			**$5.9**
New Building Construction	**$1.0**	**$3.0**	**$20.0**	**$24.0**
Equipment				
– Production M&E	$15.5			$15.5
– R&D Equipment		$8.0	$60.0	$68.0
Sub-Total	**$15.5**	**$8.0**	**$60.0**	**$83.5**
Total Investment	$28.7	$11.0	$80.0	$119.7

Begin Construction	Q1 2020	Q1 2020	2020
New Bldg Investment	100% 2020	100% 2020	25% 2020 75%2021
Equipment Investment	100% 2020	50% 2020 50%2021	25% 2021 50% 2022 25% 2023
Begin Operations	Q1 2021	Q1 2021	Q 3 2022

As stated above, the Company intends to spend approximately $24 million in facility upgrades. Upon completion of the project, the estimated appraised value of the facility is anticipated to be approximately the same as the cost involved for new construction, plus an additional $84 million equipment and other personal property.

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

10. DEVELOPER'S RECORD:

Kairos Power Inc. was founded in 2016 and is headquartered in Alameda, California, in the San Francisco Bay area, and currently has about 100+ employees.

Kairos Power, LLC is single member LLC. A separate LLC to hold the real estate is in the process of being established and will be wholly owned by Kairos Power, LLC. Kairos Power is privately funded; while the company maintains strong relationships with the Department of Energy and the National Laboratories, it is not dependent on federal funding.

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

Michael Laufer, Co-Founder and Chief Executive Officer

Dr. Michael Laufer is the Co-Founder & CEO of Kairos Power. In this role, Dr. Laufer is responsible for high level strategy and operations within the company for Kairos Power's design, development, and commercialization of the Kairos Power Fluoride-Salt-Cooled High-Temperature Reactor (KP FHR).

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

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

Edward Blandford, Co-Founder and Chief Technology Officer

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

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

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

Per Peterson, Co-Founder and Chief Nuclear Officer

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

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

Dr. Peterson graduated from the University of Nevada at Reno with a B.S. in Mechanical Engineering. He holds an M.S. and Ph.D. in Mechanical Engineering from the University of California, Berkeley.

The Kairos Power FHR (KP-FHR) is a novel advanced reactor technology that leverages TRISO fuel in pebble form combined with a low-pressure fluoride salt coolant. The technology uses an efficient and flexible steam cycle to convert heat from fission into electricity and to complement renewable energy sources.

Kairos Power is among a select group of companies working with the U.S. Department of Energy and others to advance and transform the nuclear power landscape and safety discussion.

1. **JUNE 29, 2019**

Kairos Power Selected by U.S. Department of Energy for Awards to Advance Nuclear Fuel and Materials Applications

ALAMEDA, Calif. – June 28, 2019 – Kairos Power has been announced as an award recipient under two U.S. Department of Energy (DOE) programs to advance nuclear energy research and technology.

2. **APRIL 05, 2019**

Kairos Power Selected by U.S. Department of Energy for Award to Accelerate Innovation and Application of Advanced Reactor Technology

ALAMEDA, Calif. – April 5, 2019 – The U.S. Department of Energy (DOE) announced that Kairos Power is a recipient of a Gateway for Accelerated Innovation in Nuclear (GAIN) Nuclear

Energy voucher. The GAIN vouchers provide advanced nuclear technology companies access to the research facilities and technical expertise within the DOE national laboratories. This project partners Kairos Power with Argonne National Laboratory.

APRIL 05, 2019

GAIN announces second-round FY-2019 Nuclear Energy Voucher recipients

The Gateway for Accelerated Innovation in Nuclear (GAIN) announced today that three nuclear companies will be provided GAIN Nuclear Energy (NE) Vouchers to accelerate the innovation and application of advanced nuclear technologies. NE vouchers provide advanced nuclear technology innovators with access to the extensive nuclear research capabilities and expertise available across the U.S. Department of Energy (DOE) national laboratory complex.

3. **APRIL 03, 2019**

Westinghouse, Kairos win $18mn of SMR funding

Small modular reactor developers Westinghouse and Kairos Power were the main winners in the Department of Energy's (DOE) latest funding round for advanced reactor projects. The DOE has allocated a total of $19 million to four nuclear technology projects, on a cost share basis.

Additional information is available on www.Kairos Power.com.

11. EQUITY:

The project intends to utilize $125 million of industrial revenue bonds, which will be self-purchased, and $5 million of LEDA funds for this project.

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

12. MANAGEMENT:

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

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

13. FISCAL IMPACT ANALYSIS

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

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

V. PROJECT PARTICIPATION AGREEMENT

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

(1) The economic development goals of the project;

(2) The contributions of the City and the qualifying entity;

(3) The specific measurable objectives upon which the performance review will be based;

(4) A schedule for project development and goal attainment;

(5) The security being offered for the City's investment;

(6) The procedures by which a project may be terminated and the City's investment recovered; and,

(7) The time period for which the City shall retain an interest in the project. Each project agreement shall have a "sunset" clause after which the City shall relinquish interest in and oversight of the project.

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

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

1. COMPANY CONTRIBUTION

The PPA states that, in exchange for certain LEDA assistance described below, Kairos Power will undertake and complete a certain project defined and includes the following elements (the "Project"):

> The purchase, development, rehabilitation, occupancy and operation of more than 200,000 square feet of research, development, industrial and office space and nearby vacant lands located in Albuquerque at Mesa Del Sol, including the facility at 5201 Hawking SE, Albuquerque, New Mexico 87106 (the "Project Facilities") and the construction of an 80,000 square foot research and testing facility;
>
> Occupy and operate the facility for the research, development, and testing of advanced salt coolant technology and related systems. The proposed operation will primarily focus on the engineering, development and testing of technology to utilize low-pressure molten fluoride salt as a coolant in a novel advanced nuclear reactor with an inherently safe design based on synergies between the fuel source, salt coolant, and passive safety mechanisms.
>
> Commitment to operate the Project for a minimum of ten (10) years;
>
> Employment as measured as of the close of business on December 31, 2024 of at least 67 full-time employees, at an average salary of at least $100,000 plus benefits, and maintenance of at least 59 full-time employees (90% of total) through December 31, 2029 (as measured for the preceding year on an annual basis beginning December 31, 2025);

The Kairos Power Application clearly demonstrates that the Company, by completing the Project, will be making many substantive contributions to the community, as required by the LEDA Ordinance.

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 the Agreement and in the Kairos Power Application.

Company Contribution. Kairos Power will complete certain purchase of land and facilities, commence construction of new facilities and renovations of existing buildings; will occupy and operate the Facility and will use the Facility for its research and development center; and will hire and retain employees as contemplated by the Agreement, all in accordance with the schedule and other terms and conditions set forth in the Agreement. Kairos Power will maintain the Project's operations in Albuquerque for a minimum of ten (10) years as required by the

City's LEDA Ordinance. Kairos Power will comply with all applicable laws in connection with the operation of the Facility and will timely pay all personal property taxes with respect thereto.

Construction of the initial phase will begin and end in 2020. Construction of the larger 80,000 sq. ft. facility for the later phase is expected to start late in 2020 with completion schedule late in 2021.

The State Contributions; Procedure for Disbursement of the State Contributions. The City anticipates that the State Contribution of $4,000,000 will be delivered to the City for subsequent disbursement to Kairos Power, following enactment of the Kairos Power LEDA ordinance and execution of this Agreement and an intergovernmental agreement between the State and the City. The City will submit an invoice to the State and request transfer of the State funds. Upon receipt, the City will place the State Contribution into a separate account established in connection with the Project, as required by law. If, and only if, the City receives the State Contribution, the City will disburse the State Contribution to Kairos Power in the manner described in the Agreement. The State Contribution will be distributed to Kairos Power upon completion of the tenant improvements and Kairos Power taking occupancy of the Facility, hiring personnel and beginning and maintaining operations for allowable expenditures incurred and paid for by Kairos Power.

State LEDA Disbursement Schedule		
Tranche	*Amount of State Contribution Available for Disbursement/Tranche*	*Disbursement Performance Milestone*
1	$1,000,000	Acquire the property and an occupancy permit
2	$1,000,000	Hire 30 people
3	$1,000,000	Maintain 30 employees for at least 1 year and hire an additional 20
4	$1,000,000	Maintain 50 employees for at least 6 months and hire an additional 10

Additional Project Participation Agreement (PPA) Particulars			
PPA Term/Project Period:	2020 - 2030	*Proposed Security:*	Letter of Credit
Other:		*Other:*	
Job Reporting: 903A with Affidavit	**Quarterly** – Due on 4/30, 7/31, 11/30, and 1/31 for the preceding Quarter's 903A filing to the Dept of Workforce Solutions through the term of the PPA and Project Close-out.		
Addt'l Notes	Company agrees to 100% clawback of all LEDA proceeds if nuclear material is ever present on site		

As noted above, reimbursement requests shall include a copy of the Company's most recent quarterly Department of Workforce Solutions 903A, or its equivalent, to substantiate current

employment levels. 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 $1,000,000 to be used in connection with the Project. These funds will be disbursed four equal $250,000 allotments, in conjunction with the State disbursements, upon Certificate of Occupancy and commencement of operations, hiring of personnel, with submission of acceptable documentation until all funds are distributed.

Time Commitment. Kairos Power is expected to complete certain renovations and improvements to the former Schott Facility and construct new facilities by December 31, 2021. Hiring and operations at the Facility to begin in 2020, with ramp up expected in 2021 or as soon thereafter as possible. Kairos Power will continue to occupy the Facilities and diligently conduct operations in the Facilies in the manner contemplated by the Agreement at least through December 31, 2029.

Use of Public Contributions. Kairos Power will be eligible for reimbursement of up to $5,000,000 of eligible expense reimbursements actually incurred after the date hereof and paid for, subject to the receipt by the City of the State Contribution. The City will make payment to Kairos Power following submission to the City of documentation satisfactory to the City evidencing payment of expenses with respect to the Project and hiring of personnel. No Project funds will be used to reimburse expenses from any individuals or a company that has a financial interest in Kairos Power or its employees.

Job Commitment and Clawbacks.

A. Number of Jobs. Kairos Power will employ at least 67 full-time employees by December 31, 2024, at an average annual salary of more than $100,000 plus benefits, and maintains at least 59 full-time employees (90% of total) through December 31, 2029 (the "Jobs"). A Job will represent an employment position for a person for at least one pay period consisting of at least 32 hours of work per week and offering the employee the full range of benefits offered to other similarly situated Kairos Power employees from time to time. Positions filled by contract, part-time and temporary workers will not be considered Jobs. All references herein to "employees" mean employees in Jobs as contemplated by this Section 7.A.

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

C. Performance Clawbacks. If Kairos Power does not employ 90% of the required number of full-time employees as set forth in Section 7.A herein, then subject to the remainder of this Section 7.C, Kairos Power will repay to the City, within sixty (60) days of the due date of the annual report referred to in Section 11 below, ten percent (10%) of the total amount of the City Contribution and State Contribution paid on behalf of Kairos Power pursuant to the Agreement to the date of repayment (the "Performance Clawback"). A Performance Clawback would be due to the City annually for any year up to December 31, 2029, for both the State and City Contribution that Kairos Power fails to maintain at least 90% of the required number of full-time employees.

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

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

D. Project Closure Clawback. Should Kairos Power 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, 2029, Kairos Power shall, within ninety (90) days of the cessation of operations, pay to the City, in cash, an amount equal to a specified percentage of the amount of the City Contribution and State Contribution paid pursuant to tes Agreement, with the specific percentage based on the date of cessation of operations in accordance with the following table:

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

Winding down of the Company's operations at the Project in preparation for a cessation of operations may be considered a cessation of operations, and any such determination will be made by the City in its sole reasonable discretion.

E. Maximum Clawback; Unpaid Payments. Notwithstanding anything herein to the contrary, the maximum aggregate clawback payable hereunder will be $5,000,000, 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.

F. Security. To secure the performance of its obligations under the Agreement, Kairos Power has provided the City an acceptable form of security in favor of the City.

Events of Default and Remedies.

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

B. Notice of Event of Default. If any Event of Default occurs, the City shall notify Kairos Power in writing, and Kairos Power shall have thirty (30) days in which to cure such Event of Default. 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.

C. Fees. Kairos Power will promptly pay or reimburse the City for all reasonable third-party expenses incurred by the City in connection with the Agreement and the Project, provided, however, that Kairos Power 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 the Agreement, such expenses could include, without limitation, 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 the Agreement.

D. Annual Reporting Requirement, Performance Review and Termination. Annually, on or before March 1 or other date specified by the City, Kairos Power will provide to the City data for the previous calendar year regarding its workforce and such other information necessary for the City or its independent contractor to determine whether Kairos Power has met its obligations under the 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 the Agreement. This review shall be presented to the City administration and the City Council. If the goals and objectives are not being attained, the City Council at a public hearing may terminate assistance to the Project by passage of an ordinance which terminates the 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. 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 the Agreement and all rights of the parties arising under the Agreement through the date of such termination.

Additionally, the Project will submit employment information quarterly in a form as required by the State Economic Development Department.

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 19-4 would make positive substantive contributions to the local economy and community by creating 69 economic base jobs; and

3. Subject to the development of acceptable security documents, LEDA 19-4 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 19-4 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 19-4 as proposed in the project plan application.

Deirdre M. Firth, Deputy Director
Economic Development Department

Project Participation Agreement
City of Albuquerque and Kairos Power, LLC
Local Economic Development Act Project 19-4

This Project Participation Agreement is made as of this _____ day of _____, 2020 by and between the CITY OF ALBUQUERQUE, NEW MEXICO (the "City"), and KAIROS POWER, LLC, a Delaware corporation with a place of business at 707 West Tower Avenue, Alameda, California 94501 ("Kairos").

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

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

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

> The purchase, development, rehabilitation, occupancy, and operation of more than 200,000 square feet of research, development, industrial and office space, and nearby vacant lands located in Albuquerque at Mesa Del Sol, including the facility at 5201 Hawking SE, Albuquerque, New Mexico 87106 (the "Project Facilities") and the construction of an 80,000 square foot research and testing facility;
>
> Occupy and operate the facility for the research, development, and testing of advanced salt coolant technology and related systems. The proposed operation will primarily focus on the engineering, development, and testing of technology to utilize low-pressure molten fluoride salt as a coolant in a novel advanced nuclear reactor with an inherently safe design based on synergies between the fuel source, salt coolant, and passive safety mechanisms;
>
> Commitment to operate the Project for a minimum of ten (10) years;
>
> Employment as measured as of the close of business on December 31, 2024 of at least 67 full-time employees, at an average salary of at least $100,000 plus benefits, and maintenance of at least 59 full-time employees (90% of total) through December 31, 2029 (as

measured for the preceding year on an annual basis beginning December 31, 2025); and

WHEREAS, the State Economic Development Department (the "State EDD") has committed up to $4,000,000 in State LEDA funds (the "State Contribution") for partial reimbursement of acquisition, renovation and improvement costs of the Project Facilities and the City has committed up to $1,000,000 in City LEDA funds (the "City Contribution") to be used for partial reimbursement of acquisition, renovation, and improvement costs of the Project Facilities; and

WHEREAS, the LEDA Project was approved on January 6, 2020 and acquisition of the Property occurred on January __, 2020 with renovations and improvements for the Project Facilities to begin on the first quarter of 2020; and

WHEREAS, Kairos estimates a total investment of approximately $125 million by the end of 2022 related to acquisition, renovation, and improvement of the Project Facilities and acquiring necessary equipment; and,

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

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

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

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

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

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

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

WHEREAS, the City adopted Ordinance No. O-20-__ on January 6, 2020 (the "Project Ordinance") (i) finding that Kairos is a qualifying entity as defined in Section 5-10-3(G) NMSA, (ii) approving the Kairos Application for assistance with the Project pursuant to the LEDA Ordinance, which Application proposed that the City direct $4,000,000 in funds to be received from the State EDD as the State Contribution and $1,000,000 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;

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

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

2. Company Contribution. Kairos shall undertake certain renovations and improvements to the Project Facilities; and will occupy and operate the Project Facilities and, commencing on or about January 31, 2020; will use the Project for advanced energy technology research and development; and will hire and retain employees as contemplated by this Agreement, all in accordance with the schedule and other terms and conditions set forth in this Agreement. Kairos will maintain the Project's operations in Albuquerque for a minimum of ten (10) years. Kairos will comply with all applicable laws in connection with the operation of the Project and will timely pay all personal property taxes with respect thereto.

3. The State Contributions; Procedure for Disbursement of the State Contributions. The City anticipates that the State Contribution of $4,000,000 will be delivered to the City for subsequent disbursement to Kairos, following enactment of the Kairos LEDA ordinance and execution of this Agreement and an intergovernmental agreement between the State and the City. The City will submit an invoice to the State and request transfer of the State funds. Upon receipt, the City will place the State Contribution into a separate account established in connection with the Project, as required by law. If, and only if, the City receives the State Contribution, the City will disburse the State Contribution to Kairos in the manner described in this Agreement. The State Contribution will be distributed to Kairos annually in equal distributions of $1,000,000 over the next four years. The first $1,000,000 will be distributed upon Kairos acquiring and occupying the Project Facilities. The second $1,000,000 will occur on or after January 31, 2021 upon the hiring of 30 employees. The third $1,000,000 will occur on or after January 31, 2022 upon Kairos adding an additional 20 employees to the 30 already retained. The fourth $1,000,000 will occur on or after January 31, 2023 upon Kairos adding an additional 10 employees. The City's Contribution will be in annual increments of $250,000 upon the same terms and schedule as the State Contribution. Pursuant to Section 11, reimbursement requests shall include a copy of the Company's most recent quarterly Department of Workforce Solutions 903A, or its equivalent, to substantiate current employment levels. 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 $1,000,000 to be used in connection with the Project. The City's Contribution will be in annual increments of $250,000 upon the same terms and schedule as the State Contribution as outlined in paragraph 3 herein.

5. LEDA Account. As required by the LEDA Ordinance, the City will deposit the proceeds of the City Contribution into a clearly identified separate account, which account will be subject to an annual independent audit.

6. Time Commitment. Kairos will commence certain renovations and improvements to the Project Facilities on or about January 31, 2020. Operations at the Project Facilities to begin following completion of improvements and renovations or as soon thereafter as possible. Kairos will continue to occupy the Project Facilities and diligently conduct operations in the Project Facilities in the manner contemplated by this Agreement at least through December 31, 2029.

7. Use of Public Contributions. Kairos will be eligible for reimbursement of up to $5,000,000 for reimbursements for acquisition, renovation, and improvements related to the Project Facilities actually incurred after the date hereof and paid for by Kairos, subject to the receipt by the City of the State Contribution. The City will make payment to Kairos following submission to the City of documentation satisfactory to the City evidencing payment of eligible expenses related to tenant improvements with respect to the Project.

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

8. Job Commitment and Clawbacks.

A. Number of Jobs. Kairos Power will employ at least 67 full-time employees by December 31, 2024, at an average annual salary of more than $100,000 plus benefits, and maintains at least 59 full-time employees (90% of total) through December 31, 2029 (the "Jobs"). A Job will represent an employment position for a person for at least one pay period consisting of at least 32 hours of work per week and offering the employee the full range of benefits offered to other similarly situated Kairos Power employees from time to time. Positions filled by contract, part-time and temporary workers will not be considered Jobs. All references herein to "employees" mean employees in Jobs as contemplated by this Section 8.A.

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

C. Performance Clawbacks. If Kairos does not employ 90% of the required number of full-time employees as set forth in Section 8.A herein, then subject to the remainder of this Section 8.C, Kairos will repay to the City, within sixty (60) days of the due date of the annual report referred to in Section 11 below, ten percent (10%) of the total amount of the City Contribution and State Contribution paid on behalf of Kairos pursuant to this Agreement to the

date of repayment (the "Performance Clawback"). A Performance Clawback would be due to the City annually for any year up to December 31, 2029, for both the State and City Contribution that Kairos fails to maintain at least 90% of the required number of full-time employees.

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

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

D. Project Closure Clawback. Should Kairos cease operation, or notify the City of its intent to cease operation, of the Project (i.e., cease to conduct operations at the Project) before December 31, 2029, Kairos shall, within ninety (90) days of the cessation of operations, pay to the City, in cash, an amount equal to a specified percentage of the amount of the City Contribution and State Contribution paid pursuant to this Agreement, with the specific percentage based on the date of cessation of operations in accordance with the following table:

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

Winding down of the Company's operations at the Project in preparation for a cessation of operations may be considered a cessation of operations, and any such determination will be made by the City in its sole reasonable discretion.

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

F. Maximum Clawback; Unpaid Payments. Notwithstanding anything herein to the contrary, the maximum aggregate clawback payable hereunder will be $5,000,000, 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.

9. Security. To secure the performance of its obligations under this Agreement, Kairos has provided the City an acceptable form of security in favor of the City.

10. Events of Default and Remedies.

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

B. Notice of Event of Default. If any Event of Default occurs, the City shall notify Kairos in writing, and Kairos shall have thirty (30) days in which to cure such Event of Default. 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.

11. Fees. Kairos will promptly pay or reimburse the City for all reasonable third-party expenses incurred by the City in connection with this Agreement and the Project, provided, however, that Kairos shall not be liable for costs incurred by the City that are the responsibility of the City in the ordinary course of business. If so determined by the City, in its sole discretion, such third-party expenses may be offset against or reimbursed from the City Contribution or the State Contribution. Although the City does not anticipate incurring significant third-party expenses during the term of this Agreement, such expenses could include, without limitation, 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.

12. Annual Reporting Requirement, Performance Review and Termination. Annually, on or before March 1 or other date specified by the City, Kairos will provide to the City data for the previous calendar year regarding its workforce and such other information necessary for the City or its independent contractor to determine whether Kairos has met its obligations under this Agreement. As required by the LEDA Ordinance, the Project will be subject to an annual performance review conducted by City staff, which will evaluate whether the Project is attaining the goals and objectives set forth in Section 1 of this Agreement. This review shall be presented to the City administration and the City Council. If the goals and

objectives are not being attained, 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. In addition, pursuant to LEDA, the City may enact an ordinance terminating the LEDA Ordinance and dissolving or terminating any or all projects. In the event that the City terminates the LEDA Ordinance or this Agreement, the City will specify the disposition of all assets and obligations of the Project after satisfying this Agreement and all rights of the parties arising under this Agreement through the date of such termination.

Additionally, Kairos will provide to the State of New Mexico Economic Development Department their most recent quarterly Department of Workforce Solutions 903A Report or its equivalent on a quarterly basis beginning with April 30, 2020 and continuing on July 31, October 31, and January 31 of each year until the completion of this agreement.

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

14. 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.

15. 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.

16. Assignment by the Company. Should Kairos move, sell, lease or transfer its leasehold or operation duties in the Project before the expiration of this Agreement, the City retains the right to deny any and all assignments, sales, leases or transfers of any interests in the Project until adequate assurances are made that the transferee, assignee or lessee is a qualifying entity and that the terms of this Agreement shall be satisfied by the transferee, assignee or lessee. At its discretion, the City may choose to deny said assignment, lease or transfer or may negotiate a new agreement with the new operator.

17. Miscellaneous. This Agreement binds and inures to the benefit of the City and Kairos and their respective successors and permitted assigns. This Agreement may not be assigned without the written consent of the non-assigning party. This Agreement, [together with the Letter or Credit/Surety Bond], 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.

18. Effective Date. This Agreement will be effective on _____, 2020 (the "Effective Date").

CITY OF ALBUQUERQUE,
NEW MEXICO

By _____
Name: Sarita Nair, JD, MCRP
Title: Chief Administrative Officer
Date: _____

Address for notice:
One Civic Plaza NW
Albuquerque, NM 87102
Attention: Economic Development Director
Tel: (505)768-3000
Email: _____

With a copy to:
City Attorney
One Civic Plaza NW
Albuquerque, NM 87102
Tel: (505)768-3000
Email:_____

Mailing Address:

P.O. Box 1293
Albuquerque, NM 87103

KAIROS POWER, LLC,
a Delaware corporation

By _____
Name:
Title:
Date: _____

Address for notice:
Attention:
Kairos Power, LLC
707 West Tower Avenue
Alameda, California 94501
Tel: (510) 506-2857
Email: blandford@kairospower.com

Exhibits

Exhibit A	Application for LEDA Assistance
Exhibit B	Wages and Benefits
Exhibit C	[Letter of Credit/Surety Bond]

Table 1. LEDA Analysis: Estimated Tax Revenues for Proposed Kairos Power Project, Including Incremental Tax, Present Value of City Taxes and Net Tax Increment, and Cumulative Net Present Value by Year ($-dollars)

Percent Abatement: 0% (Personal Property, Real Property)
Percent Occuring in ABQ: 75% (HH consumption, company expenditures, employee property tax)
Percent Occuring in ABQ: 100% (Utilities)
LEDA donation: $ 1,000,000

		Gross Receipts Taxes (GRT)					Property Tax					TIDD Share			Foregone		City	Fiscal Impact		
	City Donation	Company Employees	Indirect and Induced Employees	Construction	Const. Employees	Utilities	Real (Company)	Personal (Company)	Real (Employees)	Other Taxes	Total Revenues	Construction GRT	Utilities GRT	Real Property Tax	Real Property Tax	Personal Property Tax	Costs	Annual	Present Value	Cumulative
2020	250,000	285	792	202,009	20,683	-	-	74,850	-	49	299,374	194,631	-	-	-	-	-	49,374	49,374	49,374
2021	250,000	36,270	7,875	93,339	15,629	19,317	17,378	137,143	672	937	283,967	91,192	19,317	28,282	-	-	801	33,166	32,927	81,901
2022	250,000	39,308	10,699	-	-	38,644	21,952	231,273	9,663	731	348,229		38,644	39,729	-	-	7,210	91,011	88,541	168,442
2023	250,000	48,031	13,051	-	-	94,490	21,952	251,248	7,795	851	437,327		94,490	39,729	-	-	9,613	177,514	164,929	333,040
2024		58,934	15,990	-	-	99,541	21,952	209,440	6,966	1,000	417,824		99,541	39,729	-	-	11,419	306,408	276,428	691,467
2025		58,934	15,990	-	-	99,032	21,952	199,634	10,939	1,000	406,082		99,032	39,729	-	-	13,419	292,664	240,944	1,002,411
2026		58,934	15,990	-	-	101,224	21,952	113,529	10,939	1,000	323,468		101,224	39,729	-	-	13,419	210,050	166,574	1,288,985
2027		58,934	15,990	-	-	101,224	21,952	60,023	10,939	1,000	277,862		101,224	39,729	-	-	13,419	264,344	221,542	1,490,527
2028		58,934	15,990	-	-	101,224	21,952	32,914	10,939	1,000	242,954		101,224	39,729	-	-	13,419	229,136	167,330	1,677,857
2029		58,934	15,990	-	-	101,224	21,952	8,229	10,939	1,000	217,869		101,224	39,729	-	-	13,419	204,050	162,992	1,840,849
2030		58,934	15,990	-	-	101,224	21,952	-	10,939	1,000	209,040		101,224	39,729	-	-	13,419	196,221	152,542	1,993,391
2031		58,934	15,990	-	-	101,224	21,952	-	10,939	1,000	209,040		101,224	39,729	-	-	13,419	196,221	146,749	2,142,140
2032		58,934	15,990	-	-	101,224	21,952	-	10,939	1,000	209,040		101,224	39,729	-	-	13,419	196,221	145,050	2,287,191
2033		58,934	15,990	-	-	101,224	21,952	-	10,939	1,000	209,040		101,224	39,729	-	-	13,419	196,221	141,443	2,428,634
2034		58,934	15,990	-	-	101,224	21,952	-	10,939	1,000	209,040		101,224	39,729	-	-	13,419	196,221	137,928	2,566,561
2035		58,934	15,990	-	-	101,224	21,952	-	10,939	1,000	209,040		101,224	39,729	-	-	13,419	196,221	134,497	2,701,057
2036		58,934	15,990	-	-	101,224	21,952	-	10,939	1,000	209,040		101,224	39,729	-	-	13,419	196,221	131,152	2,832,210
2037		58,934	15,990	-	-	101,224	21,952	-	10,939	1,000	209,040		101,224	39,729	-	-	13,419	196,221	127,891	2,960,101
2038		58,934	15,990	-	-	101,224	21,952	-	10,939	1,000	209,040		101,224	39,729	-	-	13,419	196,221	124,711	3,084,812
2039		58,934	15,990	-	-	101,224	21,952	-	10,939	1,000	209,040		101,224	39,729	-	-	13,419	196,221	121,610	3,206,421

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

WHEREAS, the City adopted Ordinance No. O-20-__ on January 6, 2020 (the "Project Ordinance") (i) finding that Kairos is a qualifying entity as defined in Section 5-10-3(G) NMSA, (ii) approving the Kairos Application for assistance with the Project pursuant to the LEDA Ordinance, which Application proposed that the City direct $4,000,000 in funds to be received from the State EDD as the State Contribution and $1,000,000 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;

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

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

2. Company Contribution. Kairos shall undertake certain renovations and improvements to the Project Facilities; and will occupy and operate the Project Facilities and, commencing on or about January 31, 2020; will use the Project for advanced energy technology research and development; and will hire and retain employees as contemplated by this Agreement, all in accordance with the schedule and other terms and conditions set forth in this Agreement. Kairos will maintain the Project's operations in Albuquerque for a minimum of ten (10) years. Kairos will comply with all applicable laws in connection with the operation of the Project and will timely pay all personal property taxes with respect thereto.

3. The State Contributions; Procedure for Disbursement of the State Contributions. The City anticipates that the State Contribution of $4,000,000 will be delivered to the City for subsequent disbursement to Kairos, following enactment of the Kairos LEDA ordinance and execution of this Agreement and an intergovernmental agreement between the State and the City. The City will submit an invoice to the State and request transfer of the State funds. Upon receipt, the City will place the State Contribution into a separate account established in connection with the Project, as required by law. If, and only if, the City receives the State Contribution, the City will disburse the State Contribution to Kairos in the manner described in this Agreement. The State Contribution will be distributed to Kairos annually in equal distributions of $1,000,000 over the next four years. The first $1,000,000 will be distributed upon Kairos acquiring and occupying the Project Facilities. The second $1,000,000 will occur on or after January 31, 2021 upon the hiring of 30 employees. The third $1,000,000 will occur on or after January 31, 2022 upon Kairos adding an additional 20 employees to the 30 already retained. The fourth $1,000,000 will occur on or after January 31, 2023 upon Kairos adding an additional 10 employees. The City's Contribution will be in annual increments of $250,000 upon the same terms and schedule as the State Contribution. Pursuant to Section 11, reimbursement requests shall include a copy of the Company's most recent quarterly Department of Workforce Solutions 903A, or its equivalent, to substantiate current employment levels. 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 $1,000,000 to be used in connection with the Project. The City's Contribution will be in annual increments of $250,000 upon the same terms and schedule as the State Contribution as outlined in paragraph 3 herein.

5. LEDA Account. As required by the LEDA Ordinance, the City will deposit the proceeds of the City Contribution into a clearly identified separate account, which account will be subject to an annual independent audit.

6. Time Commitment. Kairos will commence certain renovations and improvements to the Project Facilities on or about January 31, 2020. Operations at the Project Facilities to begin following completion of improvements and renovations or as soon thereafter as possible. Kairos will continue to occupy the Project Facilities and diligently conduct operations in the Project Facilities in the manner contemplated by this Agreement at least through December 31, 2029.

7. Use of Public Contributions. Kairos will be eligible for reimbursement of up to $5,000,000 for reimbursements for acquisition, renovation, and improvements related to the Project Facilities actually incurred after the date hereof and paid for by Kairos, subject to the receipt by the City of the State Contribution. The City will make payment to Kairos following submission to the City of documentation satisfactory to the City evidencing payment of eligible expenses related to tenant improvements with respect to the Project.

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

8. Job Commitment and Clawbacks.

A. Number of Jobs. Kairos Power will employ at least 67 full-time employees by December 31, 2024, at an average annual salary of more than $100,000 plus benefits, and maintains at least 59 full-time employees (90% of total) through December 31, 2029 (the "Jobs"). A Job will represent an employment position for a person for at least one pay period consisting of at least 32 hours of work per week and offering the employee the full range of benefits offered to other similarly situated Kairos Power employees from time to time. Positions filled by contract, part-time and temporary workers will not be considered Jobs. All references herein to "employees" mean employees in Jobs as contemplated by this Section 8.A.

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

C. Performance Clawbacks. If Kairos does not employ 90% of the required number of full-time employees as set forth in Section 8.A herein, then subject to the remainder of this Section 8.C, Kairos will repay to the City, within sixty (60) days of the due date of the annual report referred to in Section 11 below, ten percent (10%) of the total amount of the City Contribution and State Contribution paid on behalf of Kairos pursuant to this Agreement to the

date of repayment (the "Performance Clawback"). A Performance Clawback would be due to the City annually for any year up to December 31, 2029, for both the State and City Contribution that Kairos fails to maintain at least 90% of the required number of full-time employees.

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

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

D. Project Closure Clawback. Should Kairos cease operation, or notify the City of its intent to cease operation, of the Project (i.e., cease to conduct operations at the Project) before December 31, 2029, Kairos shall, within ninety (90) days of the cessation of operations, pay to the City, in cash, an amount equal to a specified percentage of the amount of the City Contribution and State Contribution paid pursuant to this Agreement, with the specific percentage based on the date of cessation of operations in accordance with the following table:

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

Winding down of the Company's operations at the Project in preparation for a cessation of operations may be considered a cessation of operations, and any such determination will be made by the City in its sole reasonable discretion.

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

F. Maximum Clawback; Unpaid Payments. Notwithstanding anything herein to the contrary, the maximum aggregate clawback payable hereunder will be $5,000,000, 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.

9. Security. To secure the performance of its obligations under this Agreement, Kairos has provided the City an acceptable form of security in favor of the City.

10. Events of Default and Remedies.

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

B. Notice of Event of Default. If any Event of Default occurs, the City shall notify Kairos in writing, and Kairos shall have thirty (30) days in which to cure such Event of Default. 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.

11. Fees. Kairos will promptly pay or reimburse the City for all reasonable third-party expenses incurred by the City in connection with this Agreement and the Project, provided, however, that Kairos shall not be liable for costs incurred by the City that are the responsibility of the City in the ordinary course of business. If so determined by the City, in its sole discretion, such third-party expenses may be offset against or reimbursed from the City Contribution or the State Contribution. Although the City does not anticipate incurring significant third-party expenses during the term of this Agreement, such expenses could include, without limitation, 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.

12. Annual Reporting Requirement, Performance Review and Termination. Annually, on or before March 1 or other date specified by the City, Kairos will provide to the City data for the previous calendar year regarding its workforce and such other information necessary for the City or its independent contractor to determine whether Kairos has met its obligations under this Agreement. As required by the LEDA Ordinance, the Project will be subject to an annual performance review conducted by City staff, which will evaluate whether the Project is attaining the goals and objectives set forth in Section 1 of this Agreement. This review shall be presented to the City administration and the City Council. If the goals and

objectives are not being attained, 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. In addition, pursuant to LEDA, the City may enact an ordinance terminating the LEDA Ordinance and dissolving or terminating any or all projects. In the event that the City terminates the LEDA Ordinance or this Agreement, the City will specify the disposition of all assets and obligations of the Project after satisfying this Agreement and all rights of the parties arising under this Agreement through the date of such termination.

Additionally, Kairos will provide to the State of New Mexico Economic Development Department their most recent quarterly Department of Workforce Solutions 903A Report or its equivalent on a quarterly basis beginning with April 30, 2020 and continuing on July 31, October 31, and January 31 of each year until the completion of this agreement.

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

14. 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.

15. 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.

16. Assignment by the Company. Should Kairos move, sell, lease or transfer its leasehold or operation duties in the Project before the expiration of this Agreement, the City retains the right to deny any and all assignments, sales, leases or transfers of any interests in the Project until adequate assurances are made that the transferee, assignee or lessee is a qualifying entity and that the terms of this Agreement shall be satisfied by the transferee, assignee or lessee. At its discretion, the City may choose to deny said assignment, lease or transfer or may negotiate a new agreement with the new operator.

17. Miscellaneous. This Agreement binds and inures to the benefit of the City and Kairos and their respective successors and permitted assigns. This Agreement may not be assigned without the written consent of the non-assigning party. This Agreement, [together with the Letter or Credit/Surety Bond], 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.

18. Effective Date. This Agreement will be effective on _____, 2020 (the "Effective Date").

CITY OF ALBUQUERQUE,
NEW MEXICO

By _____
Name: Sarita Nair, JD, MCRP
Title: Chief Administrative Officer
Date: _____

Address for notice:
One Civic Plaza NW
Albuquerque, NM 87102
Attention: Economic Development Director
Tel: (505)768-3000
Email: _____

With a copy to:
City Attorney
One Civic Plaza NW
Albuquerque, NM 87102
Tel: (505)768-3000
Email:_____

Mailing Address:

P.O. Box 1293
Albuquerque, NM 87103

KAIROS POWER, LLC,
a Delaware corporation

By _____
Name:
Title:
Date: _____

Address for notice:
Attention:
Kairos Power, LLC
707 West Tower Avenue
Alameda, California 94501
Tel: (510) 506-2857
Email: blandford@kairospower.com

Exhibits

Exhibit A	Application for LEDA Assistance
Exhibit B	Wages and Benefits
Exhibit C	[Letter of Credit/Surety Bond]

APPLICATION
for
LOCAL ECONOMIC DEVELOPMENT ACT (LEDA)
Project Approval

Name of Project:	Project Odyssey
Location of Project:	5201 Hawking Dr SE, Albuquerque, NM 87106 And adjacent land parcels in Mesa del Sol
Company Name:	Kairos Power, LLC
Contact Person:	Ed Blandford, Chief Technology Officer
Address:	707 W Tower Ave
	Alameda, CA 94501
Telephone:	510.506.2857
Email:	blandford@kairospower.com
Counsel:	David P. Buchholtz
Address:	201 Third Street NW, Suite 2200
	Albuquerque, New Mexico 87102
Telephone:	(505) 768-7244
Amount Requested:	$1,000,000 Fee Submitted:

FOR STAFF USE

Staff Assigned:	
Case Number:	
Fee Received:	$
ADC Hearing Date:	
Council Dates (Tentative): Introduction	
Committee	Council Hearing

I. GENERAL DESCRIPTION

Kairos Power, founded in fall 2016, is an advanced energy technology and engineering company launched out of a broad research effort at U.S. universities and national laboratories with whom the company maintains strong working relationships. These relationships include the University of New Mexico and Sandia National Laboratories and Los Alamos National Laboratories in New Mexico. Kairos Power was founded to accelerate the development of a clean, innovative nuclear technology that has the potential to transform the energy landscape in the United States and around the world. The company has been honored as an award recipient under multiple U.S. Department of Energy (DOE) programs as detailed later in this application and is led by talented professionals with extensive research experience and academic credentials from leading universities in the field as highlighted in the biographies and resumes later in this application.

Project Odyssey will primarily be an R&D operation focused on the engineering, development and non-nuclear testing of technology to utilize low-pressure molten fluoride salt as a coolant in a novel advanced nuclear reactor with an inherently safe design based on synergies between the fuel source, salt coolant, and passive safety mechanisms. Nuclear material will not be utilized on site; the purpose of the proposed facilities is the development and testing of the salt coolant technology and related systems.

This project will continue the legacy of Albuquerque and the State of New Mexico in developing safe, innovative alternative energy solutions. Kairos is uniquely positioned to help develop and strengthen linkages between the University of New Mexico and the National Labs in the area to develop, test and ultimately to deploy exciting new technology that will help the United States address the next wave of energy needs as existing power generate facilities begin to reach the end of their useful life. Kairos power will create 67 high quality jobs with an average salary in excess of $100,000 and will make a capital investment of over $100 million in the city of Albuquerque, resulting in a substantial economic impact. Additionally, the company anticipates being a strong corporate citizen. The company plans to be one of the driving forces behind the establishment of a skills development and training consortium focused on key technical skills relevant to Kairos Power, the national labs, other interested companies, and educational institutions (CNM, NMSU, UNM, and NM Tech) in the area. Given the company's anticipated significant electric power requirements, the project will also serve as the impetus for PNM to invest in significant electrical infrastructure improvements in Mesa del Sol that will benefit Project Odyssey but also support future business development in the area.

Project Odyssey has identified property in the Mesa del Sol Development including the former Schott Solar building at 5201 Hawking Dr SE and adjacent parcels; all together, the project would include just over 32 acres. As part of the company's future development plans, the Schott Solar facility will ultimately be repurposed for advanced energy technology research and development related to the Kairos Power's area of focus.

If approved, the $1,000,000 in LEDA funds requested from the city will be utilized to purchase IRB's thereby assisting with the significant costs associated with acquisition of the existing Schott Solar facility, the acquisition of adjacent land parcels, and the construction of new R&D facilities. Combined, these costs alone are estimated to total $36.2 million through 2021.

II. SITE AND EXISTING CONDITIONS

A. Legal Description

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

Lot D-1, 16.4161 Acres
TR D-1 PLAT OF TRACTS D-1 THRU D-7 MESA DEL SOL INNOVATION PARK II (A SUBDIVISION OF TRACT D MESA DEL SOL INNOVATION PARK II)

Lot D-2, 3.7660 Acres
TR D-2 PLAT OF TRACTS D-1 THRU D-7 MESA DEL SOL INNOVATION PARK II (A SUBDIVISION OF TRACT D MESA DEL SOL INNOVATION PARK II)

Lot D-3 / Schott Building, 12.0217 Acres
TR D-3 PLAT OF TRACTS D-1 THRU D-7 MESA DEL SOL INNOVATION PARK II (A SUBDIVISION OF TRACT D MESA DEL SOL INNOVATION PARK II)
5201 Hawking DR SE, Albuquerque NM 87106

B. Prevailing Site Conditions

The property includes the former Schott Solar building (approximately 113,000 sq. ft. manufacturing facility) and adjacent land parcels. Currently, the Schott building on Parcel D-3 is essentially vacant; part of the office space is being used as temporary meeting space and locker rooms for the New Mexico United soccer team, and part of the manufacturing space is being used to store some hemp processing equipment. Land parcels D-1 and D-2 are vacant, development-ready property.

C. Present Assessed Value

Parcel	Description	Total Full Value	Net Taxable Value
TR D-1	16.4161 Acres	$1,114,900	$381,595
TR D-2	3.7660 Acres	$320,500	$106,822
TR D-3	12.0217 Acres / Schott Building	$4,836,000	$1,611,839

D. Present and Proposed Zoning

The site is currently in an IDO Zone District with designation PC (Planned Community) No changes will be required for the proposed use.

E. Renewable Energy

The company does not have plans to utilize renewable energy on-site.

III. PROJECT PLAN

A. Information Concerning Applicant

Kairos Power, LLC is single member LLC. A separate LLC to hold the real estate is in the process of being established and will be wholly owned by Kairos Power, LLC. Kairos Power was founded in fall 2016 and is based in the San Francisco Bay area in Alameda, CA. The company's team of nearly 120 employees is a diverse mix of highly motivated engineers, business professionals, and support staff; 90 percent of the company's workforce has an engineering background, and many joined the Kairos team from Department of Energy National Laboratories with which the company maintains strong ongoing working relationships.

Kairos Power is privately funded and is not dependent on federal funding. However, the company has been honored as an award recipient under many U.S. Department of Energy (DOE) programs to advance nuclear energy research and technology, including the Department of Energy Nuclear Science User Facilities (NSUF), allowing the company to conduct high-power Tri-structural Isotropic (TRISO) fuel particle irradiations, working closely with DOE National Laboratories to do so. The company has also received an award from the Office of Technology Transitions (OTT) Technology Commercialization Fund (TCF) aimed at strengthening partnerships between the DOE and private sector companies to deploy technologies to the marketplace.

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

Michael Laufer, Co-Founder and Chief Executive Officer

Dr. Michael Laufer is the Co-Founder & CEO of Kairos Power. In this role, Dr. Laufer is responsible for high level strategy and operations within the company for Kairos Power's design, development, and commercialization of the Kairos Power Fluoride-Salt-Cooled High-Temperature Reactor (KP FHR).

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

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

Edward Blandford, Co-Founder and Chief Technology Officer

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

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

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

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

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

Dr. Peterson graduated from the University of Nevada at Reno with a B.S. in Mechanical Engineering. He holds an M.S. and Ph.D. in Mechanical Engineering from the University of California, Berkeley.

B. Tax Issues
Please see attached letter stating Kairos Power LLC has no outstanding substantive federal, state or local tax issues.

C. Information Concerning Products and Process
The purpose of the proposed operation is the development and testing of advanced salt coolant technology and related systems. The proposed operation will primarily focus on the engineering, development and testing of technology to utilize low-pressure molten fluoride salt as a coolant in a novel advanced nuclear reactor with an inherently safe design based on synergies between the fuel source, salt coolant, and passive safety mechanisms. *It is important to note that nuclear material will not be utilized on site.*

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

D. Competition

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

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

Based on the anticipated construction cost, it is estimated that 172 FTE construction jobs will be supported during the construction period (2021 and 2021). Once the facility is fully operational, 67 full-time high-quality R&D jobs will be created. Given the nature of the proposed testing operations, significant quantities of electricity and natural gas will be utilized, resulting in significant local purchases from PNM and NMGCO.

F. Land Acquisition

IRB proceeds will be used to acquire the property. The company is currently preparing a written offer to purchase the property subject to approval of a LEDA award and IRB financing.

G. Description of Proposed Development

Current plans for 2020 include construction of a small chemical processing facility of approximately 5,500 sq. ft. that will be less than 25 feet in height and a 9,000 sq. ft. facility that will be 40 – 50 feet in height. In 2021, the current plan includes construction of an 80,000 sq. ft. facility that will be up to 80 feet high to accommodate very large testing equipment. The latter facility may be downsized somewhat given Kairos is also acquiring the Schott Solar building which was not part of the original project plan; however, since the building does not have the required ceiling heights, it is not expected that the plans for the 80,000 sq. ft. facility in 2021 will be substantially altered. At this juncture it is yet to be determined whether the proposed new structures will be attached to the existing building; the original concept for the site called for a campus of several buildings. Regardless, all new construction is expected to be attractive, high-quality metal over block style that will mesh well into the Mesa del Sol development and meet the established standards for the area.

H. Infrastructure

No significant water, sewer or road infrastructure improvements are required; only short extensions will be needed. The company has explored utilizing water from the nearby water reuse line, which would necessitate a somewhat longer extension. Natural gas is also proximate. The most significant infrastructure improvement required to meet the needs of the project when Phase 2 becomes operational in 2022 is an electrical substation. PNM has indicated it will construct a new $20+ million substation in Mesa del Sol to meet the needs of this project and future development in the area. This project will share in the cost of the substation through an initial up-front capital contribution as well as an investment credit recovered through the electric rate. PNM will absorb a large portion of the cost as part of general infrastructure improvements required to support anticipated growth in the area. The company anticipates paying substantial Water Utility Expansion Charge and Water Resource Charge as well as a significant Sewer Utility Expansion Charge.

I. Area Enhancement

The overall design of the Kairos facilities will be planned to integrate well into the Mesa del Sol development and will adhere to requirements of the development to ensure it contributes positively the overall image of the area.

J. Local Purchasing

Estimated local purchases of goods and services other than utility services are expected to be negligible. Annual utility expenditures are very significant and are shown in the table below; these are reflective of the planned operational ramp-up along with the assumption of a 5-year economic development rate in effect for electric service (undiscounted total shown in 2026). No annual increase in the applicable base rates is assumed in the figures shown. Future increases are difficult to predict as they depend on decisions by other parties; we leave it to you to utilize whatever increase you deem appropriate for modeling purposes.

Year	Electric	Natural Gas	Water	Sewer
2021	$1,215,241	$43,899	$18,019	$31,817
2022	$2,381,479	$692,627	$178,727	$178,652
2023	$4,886,014	$2,489,981	$642,831	$587,342
2024	$4,972,969	$2,489,981	$642,831	$587,342
2025	$5,179,008	$2,489,981	$642,831	$587,342
2026	$5,443,018	$2,489,981	$642,831	$587,342

In addition to the substantial utility purchases shown above, the company will likely utilize local groundskeeping and facility maintenance services, janitorial services, equipment maintenance services, and security services. Miscellaneous office and facilities supplies will also likely be purchased locally.

K. Water Conservation

Water use is expected to be minimal for the initial phases of the operation – 600 gallons / day or 18,000 gallons / month. When the last planned phase becomes operational in 2022, water consumption is expected to increase to a maximum of 600,600 gallons / day or 18,018,000 gallons / month. These are high-end estimates used for the site selection process to ensure sufficient capacity would be available. The company's engineering team is currently reviewing means to reduce water consumption through use of alternative cooling technologies and recirculation of cooling water. The company fully expects to be able to utilize water from the nearby water reuse (purple) line for all, but the potable water required for the facility.

L. Relocation of Individuals or Businesses

The proposed site is essentially vacant. The company plans to work with building ownership to accommodate the needs of the New Mexico United soccer team's use of the office space until such time as the team's new permanent facility is ready. Similarly, the company will be working with current ownership to ensure minimal disruption to the small hemp processing operation that is presently utilizing a small portion of the building.

M. Number and Types of Jobs Created

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

Hires by Year

Position	2020	2021	2022	2023	2024	Total	Est Salary 2020	Est Salary 2021	Est Salary 2022	Est Salary 2023	Est Salary 2024
Chemical Plant & System Operators		9				9	$72,000	$74,160	$76,385	$78,676	$81,037
Operations Supervisor		1	1			2	$68,000	$70,040	$72,141	$74,305	$76,535
Laboratory Technician		2	2			4	$70,000	$72,100	$74,263	$76,491	$78,786
Chemical Technicians		3				3	$60,000	$61,800	$63,654	$65,564	$67,531
Mechanical Engineer		1				1	$100,000	$103,000	$106,090	$109,273	$112,551
Process / Chemical Engineer		1				1	$125,000	$128,750	$132,613	$136,591	$140,689
Electrical Engineer		1				1	$120,000	$123,600	$127,308	$131,127	$135,061
Facilities Manager		1	1			2	$90,000	$92,700	$95,481	$98,345	$101,296
Nuclear Engineers		8	6	8	10	32	$125,000	$128,750	$132,613	$136,591	$140,689
Administrative Assistant		1				1	$35,000	$36,050	$37,132	$38,245	$39,393
Technical Director / Fellow	1	1				2	$210,000	$216,300	$222,789	$229,473	$236,357
Administrative Services Manager	1					1	$90,000	$92,700	$95,481	$98,345	$101,296
Industrial Machinery Mechanics		1				1	$59,000	$60,770	$62,593	$64,471	$66,405
Machinist		2	2			4	$58,000	$59,740	$61,532	$63,378	$65,280
Health and Safety Engineers		1				1	$121,000	$124,630	$128,369	$132,220	$136,187
Warehouse Worker	1		1			2	$37,000	$38,110	$39,253	$40,431	$41,644
Total	**3**	**33**	**13**	**8**	**10**	**67**					

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?*

The 67 new jobs will likely include 10 – 13 engineers transferring from the company's California facility in 2023 and/or 2024. Albuquerque is uniquely positioned to provide professionals with the specialized skills and knowledge required for the proposed operation. However, given the rapid ramp-up and nationwide competition for the engineering skills, it may not be possible to hire all of the required staff locally, though the company will certainly make every effort to do so.

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

All positions will be made available to all qualified applicants.

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

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

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

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

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

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

6) *What stated advancement opportunities are there?*

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

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

Yes

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

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

N. Corporate Citizenship Policy/Plan

Kairos Power is committed to participating in events in cooperation with other charities or organizations that give back to our communities at least twice a year. We do this for both our Kairos Power locations, CA and NC, and expect to continue this practice in Albuquerque, NM. Most recently the events the company hosted were (1) Build-a-Bike where approximately 100 bikes were built and donated for children in foster care in the Bay Area and Charlotte, NC; and (2) Save the Bay where the company contributed to the efforts of rescuing the marshlands in the Bay Area. In Q1 of the upcoming year the company is looking to work with Habitat-for-Humanity on a project. In addition to sponsoring events to benefit the community, we will begin to provide employees 8 hours per year for them to spend on volunteering outside of our company-wide events.

O. Positive Contributions

In terms of economic impact, the company will be creating 67 high-quality R&D jobs and will be making a $100+ million capital investment in the community, adding to the property tax base. Additionally, the company will be a significant user of electricity and natural gas, resulting in additional gross receipts taxes. From a community development perspective, PNM is able to utilize the significant electric requirements of the project as the basis for making substantial upgrades to the electrical infrastructure in Mesa del Sol, supporting future growth and development in the area. From a workforce perspective, Kairos intends to support creation of a workforce development and training consortium focused on key technical skills relevant to Kairos Power, the national labs, other interested companies, and educational institutions (CNM, NMSU, UNM, and NM Tech) in the area. The training would likely focus on developing high-level technicians with skills in the area of electrical engineering, machining, welding, mechanical engineering, machinery maintenance, and chemical engineering. The goal will be to assist with developing a talent pipeline for future hiring needs for Kairos, the national labs, and other companies in the region through specialized skills training and internships.

P. Management

Kairos Power will manage all operations on site. In large part, the company's desire to manage the facility itself has driven the timetable for this project. At this time, Kairos has yet to identify and hire a site manager but will be quickly working on that.

IV. PROJECT FINANCING

A. Cost of Project, LEDA Funding Amount and Private Financing

A summary of the total project investment is shown below:

(Millions)	Phase 0	Phase 1	Phase 2	Total
Land	**$6.3**			**$6.3**
Existing Building Purchase	**$5.9**			**$5.9**
New Building Construction	**$1.0**	**$3.0**	**$20.0**	**$24.0**
Equipment				
– Production M&E	$15.5			$15.5
– R&D Equipment		$8.0	$60.0	$68.0
Sub-Total	**$15.5**	**$8.0**	**$60.0**	**$83.5**
Total Investment	**$28.7**	**$11.0**	**$80.0**	**$119.7**

Begin Construction	Q1 2020	Q1 2020	2020
New Bldg Investment	100% 2020	100% 2020	25% 2020 75%2021
Equipment Investment	100% 2020	50% 2020 50%2021	25% 2021 50% 2022 25% 2023
Begin Operations	**Q1 2021**	**Q1 2021**	**Q 3 2022**

$5,000,000 in LEDA funds from the city and state have been requested to support the project. The balance of the funding will be private equity financing. Note that IRB's are expected to be utilized; it anticipated that the private equity along with LEDA funds will finance the bond purchases.

B. Estimated Value After Completion

The appraised value of the project after completion will be determined by the county assessor. It has been assumed that the appraised value will likely be somewhat close to the above noted costs associated with the investment, subject to depreciation over time.

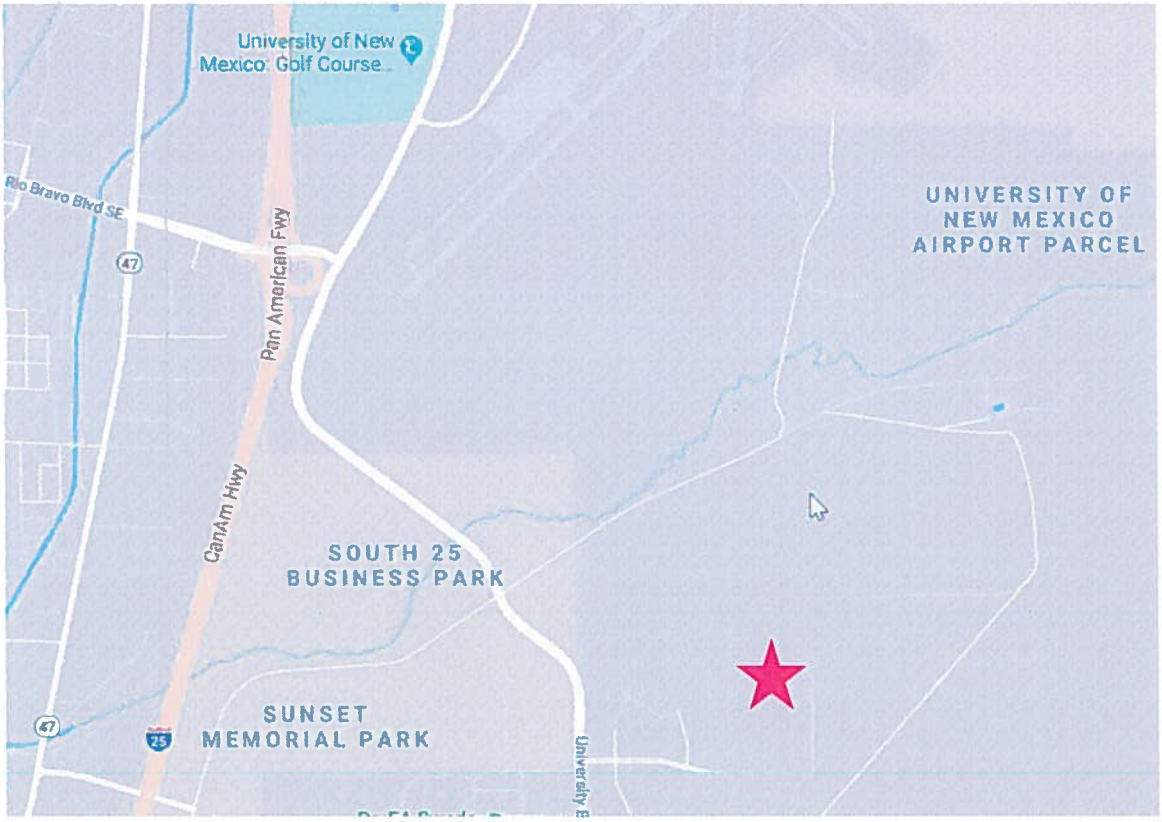
C. Feasibility

Please see attached letter from BBR Partners, an investment firm managing assets for Kairos Power investors. This letter states the investors have sufficient financial assets for a project on the order of $125 million and annual operating costs of $9 million thereafter.

D. Construction Schedule

Construction of the initial phase will begin and end in 2020. Construction of the larger 80,000 sq. ft. facility for the later phase is expected to start late in 2020 with completion schedule late in 2021.

LOCATION MAP



Attachments

CURRICULUM VITAE

Michael R. Laufer

Kairos Power LLC
580 2nd Street, Suite 290
Oakland, CA 94607
Phone: 631-921-5713
Email: laufer@kairos-power.com

RESEARCH INTERESTS

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

EDUCATION

2007-2013 **University of California, Berkeley.** Berkeley, CA
Ph.D. in Nuclear Engineering, Completed in Spring 2013.
Thesis Title: *Granular Dynamics in Pebble Bed Reactor Cores*

2002-2006 **Stanford University.** Palo Alto, CA
B.S. in Mechanical Engineering with Honors in International Security Studies, June 2006.

PROFESSIONAL AND RESEARCH EXPERIENCE

2016-Present **Kairos Power LLC.** *Co-Founder and Chief Executive Officer.* Oakland, CA
Responsible for high level strategy and operations in nuclear energy technology and engineering company with a focus on commercialization of the Fluoride Salt-Cooled High-Temperature Reactor (FHR).

2013-2016 **University of California, Berkeley.** *Postdoctoral Scholar.* Berkeley, CA
Thermal Hydraulics Laboratory, Department of Nuclear Engineering

2006-2007 **Electric Power Research Institute.** *Student Employee.* Palo Alto, CA
Student employee in Nuclear Program.

2005 **Carnegie Endowment for International Peace.** *Intern.* Washington, DC
Summer intern and research assistant at the Carnegie Non-Proliferation Project.

2002, 2004 **Ducati Corse.** *Intern.* Bologna, Italy
Summer technical intern in the racing division of Ducati Motorcycles.

2001 **State University of New York, Stony Brook.** *Research Assistant.* Stony Brook, NY
Mentored by Prof. Ralph Wijers of SUNY Stony Brook Astronomy Department.

SELECTED PUBLICATIONS AND PROCEEDINGS

C. Andreades, A.T. Cisneros, J.K. Choi, A. Chong, M. Fratoni, S. Hong, L.R. Huddar, K.D. Huff, J. Kendrick, D.L. Krumwiede, M.R. Laufer, M. Munk, R.O. Scarlat, N. Zweibaum, E. Greenspan, X. Wang, and P.F. Peterson, "Design Summary of the Mark-1 Pebble-Bed Fluoride Salt-Cooled, High-Temperature Reactor Commercial Power Plant," *Nuclear Technology*, Vol. 195, No. 3, September 2016.

G.C. Buster, M.R. Laufer, and P.F. Peterson, "A Scaled Experimental Study of Control Blade Insertion Dynamics in Pebble-Bed Fluoride-Salt-Cooled High-Temperature Reactors," *Nuclear Engineering and Design*, Vol. 303, July 2016.

G.C. Buster, M.R. Laufer, and P.F. Peterson, "Fracture Analysis of Reduced Diameter Spherical Graphite Fuel Elements under Diametrical Loading Conditions," UCBTH-15-004, University of California, Berkeley, May 2015.

M.R. Laufer and G.C. Buster, "X-Ray Pebble Recirculation Experiment (X-PREX) Design and Initial Experimental Results," UCBTH-15-002, University of California, Berkeley, January 2015.

R.O. Scarlat, M.R. Laufer, E.D. Blandford, N. Zweibaum, D.L. Krumwiede, A.T. Cisneros, C. Andreades, C.W. Forsberg, E. Greenspan, L. Hu, and P.F. Peterson, "Design and Licensing Strategies for the Fluoride-Salt-Cooled, High-Temperature Reactor (FHR) Technology, *Progress in Nuclear Energy*, Vol. 77, November 2014.

N. Zweibaum, G. Cao, A.T. Cisneros, B. Kelleher, M.R. Laufer, R.O. Scarlat, J.E. Seifried, M.H. Anderson, C.W. Forsberg, E. Greenspan, L. Hu, P.F. Peterson, and K. Sridharan, "Phenomenology, Methods, and Experimental Programs for Fluoride-Salt-Cooled, High Temperature, Reactors (FHRs)," *Progress in Nuclear Energy*, Vol. 77, November 2014.

M.R. Laufer, J.E. Bickel, G.C. Buster, D.L. Krumwiede, and P.F. Peterson, "The X-Ray Pebble Recirculation Experiment (X-PREX): Facility Description, Preliminary Discrete Element Method Simulation Validation Studies, and Future Test Program," Proceedings of International Topical Meeting on High Temperature Reactor Technology (HTR 2014), Weihai, China, October 27-31, 2014.

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

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

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

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

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

CURRICULUM VITAE

Edward D. Blandford
Kairos Power, 707A W Tower Ave., Alameda, CA 94501
(510) 506-2875 (office), (415) 793-1083 (mobile)
Email: blandford@kairospower.com

EDUCATION:

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

PROFESSIONAL EXPERIENCE:

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

RESEARCH INTERESTS:

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

RELEVANT PROFESSIONAL ACTIVITIES AND CONSULTING EXPERIENCE:

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

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

Education

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

Research and Professional Experience

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

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

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

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

Synergistic Activities

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

BBR partners

December 9, 2019

State of New Mexico

To Whom It May Concern:

My understanding is that Kairos Power LLC desires to engage in a project with an approximate capital investment of $125,000,000 and annual operating costs of up to $9,000,000. BBR Partners is an investment firm that manages assets for Kairos Power LLC investors. As of this date, these investors have sufficient financial resources for a project at that scale.

Sincerely,

Justin Peterson, Director

New York
140 E. 45th Street, 26th Floor,
New York, NY 10017
Tel: 212.313.9870 Fax: 646.588.5024
www.bbrpartners.com

San Francisco
2 Embarcadero Center, Suite 440,
San Francisco, CA 94111
Tel: 415.926.7111 Fax: 415.926.7122

Chicago
737 North Michigan Avenue, Suite 2260,
Chicago, IL 60611
Tel: 312.340.0920 Fax: 312.610.5657