

**CITY OF EL PASO,
TEXAS AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

AGENDA DATE: February 28, 2023
PUBLIC HEARING DATE: N/A
CONTACT PERSON(S) NAME AND PH. NUMBER: Elizabeth K. Triggs, (915) 212-0094
DISTRICT(S) AFFECTED: All Districts

STRATEGIC GOAL: Goal 1: Create an environment conducive to strong sustainable economic development

SUBGOAL: Goal 1.1 Stabilize and expand El Paso's tax base

SUBJECT:

Discussion and action that the Mayor be authorized to sign an Interlocal Agreement for good and valuable consideration by and between the City of El Paso, a home rule municipal corporation and The University of Texas at El Paso, a Texas state agency, Texas public institution of higher education and member institution of The University of Texas System. The City shall provide in kind support in an amount not to exceed \$845,000 in the form of salaries and wages, including fringe benefits; and direct support in an amount not to exceed \$1,030,000 over the 5-year grant period beginning September 2, 2022 and ending May 28, 2027 for the development and completion of the Aerospace and Defense Innovation Network for Manufacturers. The City's total contribution to the Program shall not exceed \$1,875,000 over the 5-year grant period.

BACKGROUND / DISCUSSION:

Stabilizing and expanding El Paso's tax base is a key strategy identified by the City of El Paso's strategic plan as an area of focus to support traction toward the development of a vibrant regional economy and a high quality of life and place for the City's residents. Through integrated planning efforts led by the University of Texas at El Paso's Aerospace Center and W.M. Building, advanced manufacturing has been identified as a target industry cluster supporting a number of emerging markets aerospace, defense, renewable and alternative energy.

Advanced manufacturing builds on a number of local competitive strengths, including: 1) an existing resilient manufacturing base with specialization in primary metals manufacturing; 2) a diverse, highly skilled, industry-ready talent pool; 3) world-class manufacturing education programs supplied by UTEP and other institutions of higher education; 4) a Tier 1 university leading applied research in advanced manufacturing; 5) a proximity to strategic military assets critical to national defense, including Fort Bliss and White Sands Missile Range; and 6) proximity to significant private investment in commercial space both in southern New Mexico and west Texas.

Through a focused and integrated approach, the West Texas Aerospace and Defense coalition, led by UTEP's Aerospace Center, was one of 21 coalitions, out of a pool of more than 500 candidates, selected by the Economic Development Administration for participation in the American Rescue Plan-funded Build Back Better Regional Challenge. Through that program, the City and UTEP were awarded \$40 million to develop the El Paso Makes: Advanced Manufacturing District at the El Paso International Airport and provide a system of supportive infrastructure, services and resources to: 1) accelerate the entrance of the region's small and medium manufacturers into aerospace and defense markets; 2) incubate startups and recruit new businesses focused on these markets and advanced manufacturing; 3) train the local workforce in advanced skills and technologies that lead to quality jobs; and 4) make El Paso and the region a destination for investment in aerospace and defense and advanced manufacturing.

UTEP was awarded **\$15 million** to further develop and provide programming for the **Aerospace & Defense Innovation Network for Manufacturers**. The City and County committed to provide the required 20 percent

match (or \$1.875 million each) over the 5-year grant term. The proposed Interlocal Agreement lays out UTEP's obligations for development of and programming for the Innovation Network, as well as the City's obligations with respect to provision of the required match.

Project award builds on a previous 2022 award through the Economic Development Administration's **Build to Scale: Venture Challenge**. Purpose of the grant is to assist local small to mid-sized manufacturers scale their operations to become suppliers for the aerospace and defense manufacturing industries. Partnership among UTEP, the National Center for Defense Manufacturing and Machining, the City, and the Chamber; wherein the City provided the local match.

PRIOR COUNCIL ACTION:

- **October 2021** – City Council approved the City's participation in the West Texas Aerospace and Defense Coalition's application to the federal Build Back Better Regional Challenge
- **December 2021** – City Council, through the strategic planning process, reaffirmed the City's commitment to growing the regional advanced manufacturing cluster by adopting a strategic objective to "grow existing and attract new target industries, including advanced manufacturing and international development; creating an innovation-driven culture of technology that fosters economic prosperity and creates high-paying career pathways";
- **February 2022** – City Council provides \$1.5 million match to secure the \$1.5 million Build to Scale: Venture Challenge grant, in partnership with UTEP, to assist local manufacturers in scaling operations;
- **February 2022** – City Council approved a performance-based economic incentive to Schneider Electric, securing \$17 million investment for the company's expansion in El Paso, including 370 new jobs and the retention 1,130 existing jobs, making El Paso the company's largest manufacturing footprint in the nation;
- **May 2022** – The City enters into an MOU with General Motors, El Paso Electric and the Chamber to accelerate El Paso's energy transition through several initiatives, including a micro grid pilot project at the airport and carbon foot printing of local manufacturers;
- **August 2022** – City Council allocated \$3 million in local American Rescue Plan funding to assist small manufacturing businesses negatively impacted by the pandemic;
- **September 2022** – Of more than 500 applicants nationwide, the West Texas Aerospace and Defense Coalition was one of 21 coalitions selected for award under the Build Back Better Regional Challenge, resulting in a \$40 million grant to the City (\$25 million) and UTEP (\$15 million);
- **February 7, 2023** – El Paso Makes: Innovation Factory Incentive and Lease Policy approved by City Council.

AMOUNT AND SOURCE OF FUNDING:

General Fund

HAVE ALL AFFECTED DEPARTMENTS BEEN NOTIFIED? X YES NO

PRIMARY DEPARTMENT: Economic & International Development

SECONDARY DEPARTMENT: El Paso International Airport

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD: 

(If Department Head Summary Form is initiated by Purchasing, client department should sign also)

RESOLUTION

WHEREAS, the City and the University are local governments as defined in Chapter 791 of the Texas Government Code, and have the authority to enter into this Agreement, and have each entered into this Agreement in the appropriate manner prescribed by law; and

WHEREAS, on September 2, 2022, the Parties were informed of an award from the U.S. Economic Development Administration, a bureau within the U.S. Department of Commerce under award number 08-69-05683; and

WHEREAS, the Parties wish to expand existing interagency cooperation for the development and growth of the Aerospace and Defense Innovation Network for Manufacturers, as originally established under the Interlocal Agreement executed on February 15, 2022; and

WHEREAS, the City and the University reaffirm that the cooperative agreement to create the Aerospace and Defense Innovation Network for Manufacturers, and further grow it under this Agreement, will support the rapid growth of our small and medium manufacturers; and enhance the innovation and business capabilities of El Paso's existing manufacturing sector and connect them to the national aerospace and defense value chain; and

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

That the Mayor be authorized to sign an Interlocal Agreement for good and valuable consideration by and between the City of El Paso, a home rule municipal corporation and The University of Texas at El Paso, a Texas state agency, Texas public institution of higher education and member institution of The University of Texas System. The City shall provide in kind support in an amount not to exceed \$845,000 in the form of salaries and wages, including fringe benefits; and direct support in an amount not to exceed \$1,030,000 over the 5-year grant period beginning September 2, 2022 and ending May 28, 2027 for the development and completion of the Aerospace and Defense Innovation Network for Manufacturers. The City's total contribution to the Program shall not exceed \$1,875,000 over the 5-year grant period.

[Signatures on Following Page]

APPROVED this _____ day of _____, 2023.

CITY OF EL PASO:


ATTEST:

Oscar Leeser
Mayor

Laura D. Prine
City Clerk

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:



Russell T. Abeln
Assistant City Attorney



Elizabeth K. Triggs, Director
Economic & International Development

**STATE OF TEXAS § INTERLOCAL AGREEMENT FOR THE AEROSPACE
 § AND DEFENSE INNOVATION NETWORK FOR
COUNTY OF EL PASO § MANUFACTURERS THROUGH THE BUILD BACK
BETTER GRANT**

This Interlocal Agreement (“**Agreement**”) is entered into by and between the **CITY OF EL PASO, TEXAS**, a Texas municipal corporation (the “**City**”), and **THE UNIVERSITY OF TEXAS AT EL PASO**, a Texas state agency, Texas public institution of higher education and member institution of The University of Texas System (the “**University**”), by and through their duly authorized officials, pursuant to the Interlocal Cooperation Act, Article 78.001 *et seq.*, Texas Government Code. The City and the University hereinafter collectively referred to as the “**Parties**” and individually to as the “**Party**.”

RECITALS

WHEREAS, the City and the University are local governments as defined in Chapter 791 of the Texas Government Code, and have the authority to enter into this Agreement, and have each entered into this Agreement in the appropriate manner prescribed by law; and

WHEREAS, on September 2, 2022, the Parties were informed of an award from the U.S. Economic Development Administration, a bureau within the U.S. Department of Commerce under award number 08-69-05683; and

WHEREAS, through the grant, the City and the University, as members of the West Texas Aerospace and Defense Manufacturing Coalition, were awarded \$40 million to strengthen America’s aerospace and defense manufacturing capabilities by integrating legacy manufacturers in West Texas into the aerospace and defense supply chain; and

WHEREAS, of that \$40 million, the City was awarded \$25 million to develop the first phase of a 250-acre Advanced Manufacturing District on El Paso International Airport land to co-locate aerospace and defense design teams and manufacturing operations with supportive services and training; and

WHEREAS, the University was awarded the remaining \$15 million to grow the Aerospace and Defense Innovation Network for Manufacturers to serve small and medium sized manufacturers and aerospace and defense and advanced manufacturing startups in West Texas to arm them with the capabilities and enabling infrastructure needed to successfully compete for business in the aerospace and defense markets, as further described in **Exhibit A** and **Exhibit B** attached hereto and incorporated herein by reference (the “**Program**”); and

WHEREAS, the City agreed to provide a portion of the required 20 percent local match to the University for the Program in the amount of \$1,875,000 in cash and in-kind services over the five-year grant term; and

WHEREAS, the Parties wish to expand existing interagency cooperation for the development and growth of the Aerospace and Defense Innovation Network for Manufacturers, as originally established under the Interlocal Agreement executed on February 15, 2022; and

WHEREAS, the City and the University reaffirm that the cooperative agreement to create the Aerospace and Defense Innovation Network for Manufacturers, and further grow it under this Agreement, will support the rapid growth of our small and medium manufacturers; and enhance the innovation and business capabilities of El Paso’s existing manufacturing sector and connect them to the national aerospace and defense value chain; and

WHEREAS, West Texas Aerospace and Defense Coalition will leverage the national research preeminence at the University through its Aerospace Center and W.M. Keck Center for 3D Innovation to strengthen the competitiveness of El Paso’s manufacturing sector, in effectuating the Program is adequate consideration to support this Agreement;

NOW, THEREFORE, in consideration of the mutual contributions described herein and the mutual covenants and undertakings of the Parties, the receipt and sufficiency is hereby acknowledged, the City and the University agree as follows:

SECTION 1. OBLIGATIONS OF BOTH THE CITY AND THE UNIVERSITY

A. Designated Liaisons. Each Party shall assign a responsible liaison and point of contact (“**POC**”) to coordinate, oversee and facilitate the implementation of the Program. The Parties hereby designate the following POCs under this Agreement:

For the University:

For the City:

Programmatic POC:

Dr. Ahsan Choudhuri,
Associate Vice President
Ahsan@utep.edu

Programmatic POC:

Elizabeth K. Triggs
Director Economic & International Development
TriggsEK@elpasotexas.gov

Administrative POC:

Raul Chavez, Research Administrator
Rchavez13@utep.edu

Administrative POC:

Miranda Diaz, Administrative Division Manager
EDFinance@elpasotexas.gov

B. Grant Matching Funds. In accordance with **Exhibit C** attached hereto and incorporated herein by reference, the City shall provide in kind support in an amount not to exceed \$845,000 in the form of salaries and wages, including fringe benefits; and direct support in an amount not to exceed \$1,030,000 over the 5-year grant period beginning September 2, 2022 and ending May 28, 2027 for the development and completion of the Aerospace and Defense Innovation Network for Manufacturers. The City’s total contribution to the Program shall not exceed \$1,875,000 over the 5-year grant period.

- C. **In-Kind Support.** City shall provide in-kind support to the Program through services provided by a City-employed Business Services Coordinator and Land & Contract Administrator, or other positions as required (see **Exhibit C**). As evidence of in-kind support, the City shall provide to the University quarterly reports documenting in-kind contributions in the form provided by **Exhibit D** attached hereto and incorporated herein by reference.
- D. **Direct Support.** Subject to receipt of the invoice and substantiating documentation as required under this Agreement and applicable law and regulation, City will reimburse University for materials & supplies and contractual services and expenditures provided by University to City in accordance with **Exhibit C**.
- i) To receive reimbursement, University must submit an invoice to City providing a description of the services performed and expenses incurred.
 - ii) University shall submit an invoice on a quarterly basis to the following address: EDCompliance@elpasotexas.gov.
 - iii) After review and approval of the invoice submitted by University, City will remit reimbursement to University at the following address:

The University of Texas at El Paso
Office of Contracts & Grants Accounting Services
Administration Building, Room 200
500 W University
El Paso, Texas 79968-0697
 - iv) City agrees to remit reimbursement to University no later than thirty (30) calendar days after City's receipt of the invoice.
 - v) In no event shall the total amount paid by the City to the University under this Agreement exceed \$206,000.00 per twelve-month period, or \$1,030,000.00 over the Term of this Agreement.

SECTION 2. OBLIGATIONS OF THE UNIVERSITY

- A. **General Obligations.** During the Term of this Agreement, University shall furnish City with invoices every three months for expenses to be reimbursed through the grant matching funds referenced in Section 1(D) of this Agreement; and fully execute all grant activities as provided in **Exhibit A** and **Exhibit B**, including but not limited to providing the City:
- i) Access to CONNEX El Paso (a supply chain database tool to promote the capabilities of the manufacturing industry in El Paso and West Texas);
 - ii) Access to Innovation Network monthly networking meetings;

- iii) A booth at each of the annual summits, including the annual West Texas Supplier Summit and annual Technology Forum; and
- iv) Participation on the Innovation Network Governance Board; and
- v) An annual presentation at a public meeting of the El Paso City Council sharing Program activities to date and progress toward output and outcome metrics, as provided in **Exhibit E**.

B. Quarterly Report Contents. In addition, with each quarterly report, the University shall agree to furnish to the City the following:

- i) The names and contact information of participating Innovation Network companies to date, including information concerning the technical capabilities of said companies and the Innovation Network service track in which the company is currently participating (i.e., incubation, acceleration, commercialization, or alumni tracks);
- ii) Access to outcome data measuring both short- and long-term key performance indicators, such as number of jobs created, level of investment achieved, contribution to economic revitalization of the region, increased interest in aerospace and defense, talent acquired, economic efficiency, technology commercialized, patents filed and granted, and benchmark data comparing Innovation Network to other comparable programs;
- iii) Report on progress toward output and outcome metrics as identified in **Exhibit E**;
- iv) Operating budget status report, to include revenues and expenses;
- v) Updates, as applicable, on activities related to the Innovation Network formation plan and creation, as further detailed in Section 6 of **Exhibit A**; and
- vi) Other updates related to grant activities delivered during the relevant quarter.

C. Innovation Factory Services. In accordance with **Exhibit A** and **Exhibit B**, the University shall provide incubator services to tenants at the Innovation Factory located in the Advanced Manufacturing District at the El Paso International Airport; such services shall include:

- i) The provision by the University of one employee (“University Employee”) to be present at the Innovation Factory, Monday through Friday, from 8 am to 5 pm, except City holidays. Once the construction of the Innovation Factory expansion is complete, University shall provide a second employee to be present at the Innovation Factory expansion facility, Monday through Friday, from 8 am to 5 pm, except City holidays;
- ii) University shall cause the University Employee(s) to perform the following duties:
 - a. Manage conference room and common use space scheduling;

- b. Be a point of contact for tenants wishing to connect with the W.M. Keck for 3D Innovation and Aerospace Centers at the University;
 - c. Provide incubation services to tenants;
 - d. Serve as a point of contact between property manager and tenants for all tenant inquiries, requests and concerns; and
 - e. Show space to prospective tenants and other parties and provide general leasing information.
- iii) The University shall provide incubation services to Innovation Factory tenants through the Innovation Network for Aerospace and Defense Manufacturers. The programming shall be designed to increase the competitiveness of Innovation Factory tenants and to introduce tenants to future customers in aerospace and defense markets. Services include, but are not limited to:
- a. Technology innovation services, to include: technology and digital infrastructure assessment; product and process development and improvement; prototyping; research and development support; technical consultation regarding the adoption of digital integration strategies; and technical consultation regarding the adoption of advanced manufacturing technologies;
 - b. Infrastructure and facilities services, to include: technical consulting on facility and process upgrades required for AS9100D quality certifications; and technical consulting on facility and process upgrades for ITAR registration;
 - c. Talent acquisition and development services, to include: assessment of workforce needs and connection with existing programs and training dollars to support training and workforce needs; and development of training programs to support workforce needs;
 - d. Business fundamentals services, to include: Department of Defense contracting assistance; one-on-one business coaching and support; development of a financing plan and connection to potential financing sources;
 - e. Business growth services, to include: access to CONNEX El Paso, a supply chain database tool to connect to new customers and suppliers and active support from Innovation Network staff to connect customers to new business opportunities; access to annual Aerospace and Defense Supply Summit; access to annual Technology Forum; access to monthly networking meetings; and promotion at aerospace and defense trade shows.
 - f. Evaluation of progress services, to include incubation services for three years. At the end of that term, the tenant will be evaluated based on a number of criteria that will depend on the type of company and its business and technology maturity to determine whether to

continue incubation services or to graduate them into the acceleration track. Companies who graduate into acceleration services will be invited to lease in the Advanced Manufacturing District and will continue to receive services as needed through the Innovation Network for Manufacturers.

- iv) The City shall, at no cost to the University, allow the University Employee(s) to use an office at the Innovation Factory to provide the services described in this Agreement; the use of the space does not constitute a lease of the space and the City may change the location of the space any time, in accordance with operational needs. The rights to use the space terminate with this Agreement.

D. Acceleration Services. In accordance with **Exhibit A** and **Exhibit B**, the University shall provide acceleration services through the Aerospace and Defense Innovation Network for Manufacturers to small and medium manufacturers in El Paso and to future tenants at the Advanced Manufacturing District at the El Paso International Airport; such services shall include:

- v) The provision by the University of employees (“University Employee”) to be present at the Advanced Manufacturing District, Monday through Friday, from 8 am to 5 pm, except City holidays once the construction of the Advanced Manufacturing District is complete. The number of employees will be agreed on by the University and the City to ensure quality service to tenants
- vi) University shall cause the University Employee(s) to perform the following duties:
 - a. Manage conference room and common use space scheduling;
 - b. Be a point of contact for tenants wishing to connect with the W.M. Keck for 3D Innovation and Aerospace Centers at the University;
 - c. Provide acceleration services to tenants;
 - d. Serve as a point of contact between property manager and tenants for all tenant inquiries, requests and concerns; and
 - e. Show space to prospective tenants and other parties and provide general leasing information.
- vii) The University shall provide acceleration services to small and medium manufacturers in El Paso and to tenants of the Advanced Manufacturing District through the Innovation Network for Aerospace and Defense Manufacturers. The programming shall be designed to increase the competitiveness of small and medium manufacturers in El Paso and Advanced Manufacturing District tenants and to introduce them to future customers in aerospace and defense markets. Services include, but are not limited to:

- a. Technology innovation services, to include: technology and digital infrastructure assessment; product and process development and improvement; prototyping; research and development support; technical consultation regarding the adoption of digital integration strategies; and technical consultation regarding the adoption of advanced manufacturing technologies;
 - b. Infrastructure and facilities services, to include: technical consulting on facility and process upgrades required for AS9100D quality certifications; and technical consulting on facility and process upgrades for ITAR registration;
 - c. Talent acquisition and development services, to include: assessment of workforce needs and connection with existing programs and training dollars to support training and workforce needs; and development of training programs to support workforce needs;
 - d. Business fundamentals services, to include: Department of Defense contracting assistance; one-on-one business coaching and support; development of a financing plan and connection to potential financing sources;
 - e. Business growth services, to include: access to CONNEX El Paso, a supply chain database tool to connect to new customers and suppliers and active support from Innovation Network staff to connect customers to new business opportunities; access to annual Aerospace and Defense Supply Summit; access to annual Technology Forum; access to monthly networking meetings; and promotion at aerospace and defense trade shows.
- viii) The City shall, at no cost to the University, allow the University Employee(s) to use an space at the Advanced Manufacturing District to provide the services described in this Agreement; the use of the space does not constitute a lease of the space and the City may change the location of the space any time, in accordance with operational needs. The rights to use the space terminate with this Agreement.
- E. In exchange for the City providing a total of \$1,875,000.00 between Sept. 2, 2022 and May 28, 2027, the University, at no cost beyond what is detailed herein, is providing all grant activities and reporting for the benefit of the City clientele and the community as a whole.
- F. The University shall be responsible for assigning University Personnel (“Personnel”) and paying its personnel salary and benefits in accordance with University policy, rules and regulations.
- G. The City shall be responsible for including the University in design discussions for the Advanced Manufacturing District to ensure that it meets the needs of aerospace and defense markets. The City shall provide a role for the University in vetting tenants for the Innovation Factory and the Advanced Manufacturing District to ensure that the tenant mix furthers the goals of the partnership and for general decision making regarding the build out of the Advanced Manufacturing District.

- H. During the term of this Agreement, Personnel will remain at all times employees of University. University shall be responsible for the salary and benefits of Personnel as applicable to employees of University, and shall withhold and transmit payroll taxes, provide unemployment insurance, and workers' compensation benefits as well as process unemployment and workers' compensation claims involving Personnel. For no purposes will Personnel be considered an employee of City.

SECTION 3. OTHER COVENANTS AND AGREEMENTS

- A. **Transfer of Ownership Interest.** This Interlocal Agreement represents an agreement for the City and University to share resources. Neither party shall acquire an interest in the real or personal property of the other.
- B. **Retention of Ownership.** Upon termination of this Agreement, in accordance with Section 5, each party will retain ownership of its respective properties, equipment and related supplies, whether or not the property was previously shared, and all Personnel will return to work at University to their regular appointments and assignments.
- C. **Responsibility for Third Party Contracts.** If either party enters into a license, lease, lease/purchase agreement for services, equipment or software, the signing party shall remain responsible for all payments and interaction with the vendor. No contribution will be required from the non-signing entity unless otherwise agreed.
- D. **Insurance.** Each entity may insure its own property, and neither party shall be liable for loss or damage to the real or personal property, personal injury, or any other special, indirect and/or consequential damages of any kind of the other arising from this Agreement. UTEP is a self-insured institution.
- E. **No Conveyance of Real or Personal Property Interests.** Both parties agree this Interlocal Agreement is not intended to form an interest in real property and neither the City nor the University will acquire rights of tenancy in the other's facility for the initial term of this Agreement or during any renewal, extensions or modifications of the term of the Agreement. [08-69-05683] UTEP Grant Match | EDA GRANT| Interlocal Agreement | EAS 5 F. Stand Alone Agreement. The terms of this Agreement will be considered separate from any other University/City transaction or agreement. The mutual consideration of the Parties described herein shall be calculated without reference to any other contract. Setoffs against other contractual obligations is neither contemplated by the parties nor permitted.

SECTION 4. INITIAL TERM AND RENEWAL

- A. **Term and Automatic Renewal.** This effective date of this Agreement is the date this Interlocal Agreement is approved by the El Paso City Council ("Effective Date"). The University's responsibility under this Agreement to assign Personnel and services as established herein will commence on the Effective Date ("Commencement Date"). Thereafter, this Agreement shall be in effect through May 28,

2027, unless terminated by either party in writing signed by duly authorized representatives of each of the parties in accordance with the same provisions set in this Agreement.

SECTION 5. TERMINATION

- A. **Termination for Convenience.** Either party may terminate this Agreement for any reason by sending a written notice to the non-terminating party at least fifteen (15) calendar days before termination. All parties providing work under this Agreement will halt all work when the termination notice sent by the terminating party is received by the non-terminating party.
- B. **Termination by Either Party for Cause.** Either party may terminate this Agreement if one party fails to fulfill the obligations set out in this Agreement. Before terminating this Agreement pursuant to this provision, the terminating party will provide written notice of intent to terminating enumerating the failures for which the termination is being sought and provide at least thirty (30) calendar days to the non-terminating party to cure such failure.
- C. **Non-Appropriation of Funds.** Resources for implementation of this Agreement may come from either party, depending upon budgetary availability. Neither party is obligated to expend any resources in connection with this Agreement unless specifically stated otherwise in the Agreement. No implementation of any portion of the Agreement may be initiated prior to the written assurance of such budgetary availability to the other party hereto. To the extent any external funding is required by a party in order to implement this Agreement and funding for such purposes is not appropriated to that party or is not otherwise available to the corresponding party, said party shall have no further financial obligations upon such determination. Should either party not have funding to carry out any obligations of a particular effort conducted under this Agreement, it shall immediately notify the other party of such fact and of such portions of the Agreement that may be deemed terminated or modified due to lack of funding.

SECTION 6. GOVERNMENTAL FUNCTION AND IMMUNITY

- A. **Governmental Function.** The City and University expressly agree that, in all things relating to this Interlocal Agreement, the parties enter into this Interlocal Agreement for the purpose of performing governmental functions and are performing governmental functions, as defined by the Texas Tort Claims Act. The parties further expressly agree that every act or omission of [08-69-05683] UTEP Grant Match | EDA GRANT| Interlocal Agreement | EAS 6 each party, which in any way pertains to or arises out of this Agreement, falls within the definition of governmental function.
- B. **Immunity.** The City and University reserve, and do not waive, their respective rights of governmental and/or sovereign immunity and similar rights and do not waive their rights under the Texas Tort Claims Act. The parties expressly agree that neither party waives, nor shall be deemed hereby to waive, any immunity or defense that would otherwise be available to it against claims arising in the exercise of its powers or functions or pursuant to the Texas Tort Claims Act or other applicable statutes, laws, rules, or regulations.

SECTION 7. RISK ALLOCATION AND LIMITATION OF LIABILITY

- A. **Exclusion of Incidental and Consequential Damages.** Independent of, severable from, and to be enforced independently of any other enforceable or unenforceable provision of this Agreement, neither party shall be liable to the other party (nor to any person claiming rights derived from such party's rights) for incidental, consequential, special, punitive, or exemplary damages of any kind - including lost profits, loss of business, and further including, mental anguish, emotional distress and attorney's fees- as a result of breach of any term of this Agreement, regardless of whether the party was advised, had other reason to know, or in fact knew of the possibility thereof, except as expressly provided herein. Neither party hereto shall be liable to the other party or any third party by reason of any inaccuracy, incompleteness, or obsolescence of any information provided or maintained by the other party regardless of whether the party receiving said information from the other party was advised, had other reason to know, or in fact knew thereof.
- B. **Intentional Risk Allocation.** The City and University each acknowledge that the provisions of this Agreement were negotiated to reflect an informed, voluntary allocation between them of all risks (both known and unknown) associated with the transactions associated with this Agreement. The disclaimers and limitations in this Agreement are intended to limit the circumstances of liability. The remedy limitations, and the limitations of liability, are separately intended to limit the forms of relief available to the parties.
- C. **No Indemnification.** The City and University expressly agree that, except as provided herein, neither Party shall have the right to seek indemnification or contribution from the other Party for any losses, costs, expenses, or damages directly or indirectly arising, in whole or part, from this Agreement. Each party must handle any claims resulting from their actions in this Agreement. The parties agree that each will be responsible for the acts or omissions of its respective representatives.
- D. **Fines and Penalties.** Each party shall be solely responsible for fiscal penalties, fines or any other sanctions occasioned as a result of a finding that violations of any applicable local, state or federal regulations, codes or laws occurred as a result of that parties actions, except as may be specifically provided by law.

SECTION 8. GENERAL PROVISIONS

- A. **Compliance with Laws.** In the performance of their obligations under this Agreement, the [08-69-05683] UTEP Grant Match | EDA GRANT| Interlocal Agreement | EAS 7 parties shall comply with all applicable federal, state or local laws, ordinances and regulations and declarations.
- B. **Governing Law.** For purposes of determining the law governing the same, this Agreement is entered into in the city and state of main operations of the Parties hereto, and shall be governed by the laws of the State of Texas. Venue shall be in El Paso, Texas.
- C. **Notices.** The parties will send all notices required by this Agreement, in writing, to the other entity by certified mail, return receipt requested at the following addresses:

To the City of El Paso: City of El Paso
 Office of the City Manager
 P.O. Box 1890
 El Paso, TX 79950-1890

With copy to: City of El Paso
 Economic & International Development
 P.O. Box 1890
 El Paso, TX 79950-1890
 Attn: Elizabeth K. Triggs, Director

To the University: The University of Texas at El Paso
 500 W. University Ave
 Admin Building Rm 209
 El Paso, TX 79968
 Attn. Roberto A. Osegueda, VP for Research

Changes may be made to the above addresses and addressees through timely written notice provided to the other party.

- D. **Privileges and Immunities.** All privileges and immunities from liability, exemptions from laws, ordinances and rules, pension, relief, disability, worker's compensation, and other benefits which apply to the activities of officers, agents, or employees of the City and the University when performing a function shall apply to such officers, agents, Personnel or employees to the same extent while engaged in the performance of any of their functions and duties under the terms and provisions of this Agreement.

- E. **Current Revenues.** Pursuant to Section 791.011(d) (3), Texas Government Code, each party paying for the performance of governmental functions or services will make those payments from current revenues available to the paying party.

- F. **No Waiver.** The failure of either party at any time to require performance by the other party of any provision of this Agreement shall in no way affect the right of such party to require performance of that provision. Any waiver by either party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver or the provision itself, or a waiver of any right under this Agreement. [08-69-05683] UTEP Grant Match | EDA GRANT| Interlocal Agreement | EAS 8

- G. **Amendment; Assignability.** This Agreement and the obligations hereunder shall not be amended, assigned, transferred or encumbered, in any manner without the written consent of the other party.

- H. **Severability.** All agreements and covenants contained in this Agreement are severable. Should any term or provision of this Agreement be declared illegal, invalid or unenforceable by a court of competent jurisdiction, the remainder of this Agreement will not be affected; and in lieu of each provision which to be illegal, invalid or unenforceable, there will be added as part of this Agreement, a provision which preserves the intention of the unenforceable provision, but which complies with the law.
- I. **Section Headings.** The paragraph or section headings contained in this Agreement are for reference purposes only and shall not in any way control the meaning or interpretation of this Agreement.
- J. **Representation of Counsel; Mutual Negotiation.** Each party has had the opportunity to be represented by counsel of its choice in negotiating this Agreement. This Agreement shall therefore be deemed to have been negotiated and prepared at the joint request, direction, and construction of the parties, at arms' length, with the advice and participation of counsel, and will be interpreted in accordance with its terms without favor to any party.
- K. **Independent Contractor Relationship.** This Agreement does not create an employee-employer relationship between parties. As such, the City is not subject to the liabilities or obligations the University obtains under the performance of this Agreement.
- L. **Auditing Records for the Specific Project.** Subject to applicable law and limitations, the parties will allow the reasonable inspection and copying of all records pertaining to the obligations arising from this Agreement.
- M. **Force Majeure.** There is no breach of contract should either party's obligations within this Agreement be delayed due to an act of God, outbreak of hostilities, riot, civil disturbance, acts of terrorism, the act of any government or authority, fire, explosion, flood, theft, malicious damage, strike, lockout, or any cause or circumstances whatsoever beyond either party's reasonable control. The delayed party must resume performing its obligations in this Agreement after the reason for the delay is resolved, by mutual agreement of the parties.
- N. **Third-Party Beneficiaries.** There are no third-party beneficiaries to this Agreement.
- O. **Provisions Surviving This Agreement.** Representations, releases, warranties covenants, indemnities, and confidentiality survive past the execution, performance, and termination of this Agreement
- P. **Representations and Warranties.** The persons executing this Agreement on behalf of each of the parties warrant they have sufficient authority to sign on behalf of their respective parties.
- Q. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties.

Signatures commence on following page.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties named hereinabove as of the dates established below.

CITY OF EL PASO:

Oscar Leeser
Mayor

Date: _____

ATTEST:

Laura Prine
City Clerk

APPROVED AS TO FORM:

Russell Abeln

Russell T. Abeln
Assistant City Attorney

APPROVED AS TO CONTENT:

Elizabeth K. Triggs

Elizabeth K. Triggs, Director
Economic & International Development

THE UNIVERSITY OF TEXAS AT EL PASO:

DocuSigned by:
Dr. Roberto Osegueda

FC7DF180AAB444A...
Roberto A. Osegueda
Vice President for Research

Date: 2/23/2022

EXHIBIT A

Project Narrative – Aerospace and Defense Innovation Network for Manufacturers

AEROSPACE AND DEFENSE INNOVATION NETWORK FOR MANUFACTURERS

Section 1a: Executive Summary

Project Component Title: Aerospace and Defense Innovation Network for Manufacturers

Lead Applicant: The University of Texas at El Paso

Implementing Partners: City of El Paso, County of El Paso

Executive Summary. The National Defense Industrial Association (NDIA) in the 2020 *Vital Signs* assessment of the resiliency of the defense sector scored the health and readiness of our defense industrial base as “Unsatisfactory, Failing” for the first time. NDIA noted “this year saw another decrease in new entrants, an all-time low in our dataset. This is a risk to innovation, as new entrants represent the infusion of new talent and capabilities.”¹ The Innovation Network, led by UTEP-Aerospace Center and UTEP-W.M. Keck Center for 3D Innovation, will reinvent West Texas’ historical roots in manufacturing to help close America’s gap in Aerospace & Defense (A&D) manufacturing capabilities, addressing key vulnerabilities in our defense industrial base. We will directly tackle these threats by bringing 150 existing manufacturers from West Texas into the A&D ecosystem by 2027. The Innovation Network will arm existing manufacturers and startups² with the capabilities and infrastructure needed to successfully compete for business in A&D markets.



Section 1b: Scope of Work

The **Aerospace and Defense Innovation Network for Manufacturers’** mission is to arm small and medium manufacturers and startups in with the capabilities needed to become competitive in aerospace and defense markets. Through funding from the National Center for Defense Manufacturing and Machining (NCDMM), UTEP and the El Paso Chamber visited and surveyed 70 existing manufacturers in 2021 to identify growth barriers. This spring, the Innovation Network has launched services to support small and medium manufacturers including access to design services through UTEP, technical/business development, and networking through funding from an EDA Build to Scale grant and the City of El Paso. Funding requested from EDA will democratize access to research and development (R&D) at the Aerospace Center and the Keck Center to our small and medium manufactures, expand existing acceleration services, create incubation services and build enabling infrastructure for local manufacturers and startups.



¹ [MAIN REPORT vital-signs_2022_final.pdf](#)

² Including pre-seed, seed stage, early stage and growth stage startups

Section 2: Regional Industry Assets and Needs

Section 2a: Project Location

The Innovation Network will serve all manufacturers located in West Texas which includes El Paso (48141), Hudspeth (48229), Culberson (48109), Jeff Davis (48243), Brewster (48043) and Presidio (48377) Counties. Operations, training, and networking space will be headquartered at the Advanced Manufacturing District in El Paso County. Services to manufacturers located in the remainder of West Texas will be through targeted remote training, site visits, consultation, and networking activities. The manufacturing sector in El Paso County is entrepreneurial and nimble with a mature specialization and location quotient of 2.05 in primary metals manufacturing³ which is in high demand in the value chain of A&D.

Section 2b: Industry Needs

El Paso County was once home to a robust manufacturing base built on the back of low-cost labor. That labor advantage was wiped out in the 1990s by NAFTA and globalization forces that found cheaper labor markets in Mexico and Asia. Within 6 years of NAFTA being signed 22,000 jobs were lost. Our cluster intervention strategy relies on evidence-based best practices that suggest “a firm is over 100 times more likely to diversify into an industry that is strongly skill-related to its core activity, compared to an unrelated industry.”⁴ Primary metals manufacturing, a competency sector for area firms, pays the highest wages of any mature industry cluster in the region so growth in this specialized cluster comes with significant economic impact.

Our small and medium manufacturers are interested in diversifying and growing their customer base. Our partners, including Lockheed Martin, Boeing, Blue Origin, DoD, and NASA, indicate area capabilities are a good fit for meeting their supply chain needs, particularly in primary metals manufacturing. Through surveys and site visits with local firms we identified barriers and opportunities to strengthen the position of local firms. As advanced manufacturing technologies mature and operations become digitally integrated within a company and across supply chains, small and medium manufacturers lack resources and technical expertise to invest in new technology and digital transformation. Area manufacturers often have solid products that with some engineering and design support could be better and less costly to produce. Lack of time and technical expertise limits their ability to maximize potential and profitability. Not making these critical investments will leave them behind.

The business requirements for entering A&D are very different than those markets where local manufacturers currently compete, including quality certifications, cyber security, and business process requirements. Local manufacturers are not connected to the A&D supply chain networks. The fact that 60 percent of our local companies are minority-owned, women-owned, or veteran-owned could also be an important differentiator in defense markets.

The Innovation Network aligns with strategies and priorities in the Rio Grande Council of Government’s 2021-2025 Comprehensive Economic Development Strategy (CEDS) under A&D and Advanced Manufacturing clusters. These CEDS strategies include expanding A&D supplier development programs, developing programs for manufacturers to compete for business A&D markets, and building programs and resources to support growth of manufacturers and startups.

³ El Paso MSA Industry Clusters 2020, Federal Reserve Bank of Dallas

⁴ [201807_Brookings-Metro_Rethinking-Clusters-Initiatives_Full-report-final.pdf](#)

Section 3: Proposed Solution

According to the Brookings Institute's report *Rethinking Cluster Initiatives*, "Regional economies grow and decline based on their ability to specialize in high-value industries and then evolve those specializations over time. The practice of cluster-based economic development aims to capture the economic advantages that accrue for firms when they cluster together in place... [this] helps firms be more productive through 3 mechanisms: sharing tailored facilities, infrastructure, and suppliers; matching workers productively through deep labor markets; and learning through dense, knowledge-rich environments that facilitate knowledge exchange and innovation between interdependent firms." Without any intervention and through informal business relationships, primary metal manufacturing has emerged as a high-value industry cluster in El Paso providing the highest wages of any of our mature and growing clusters.

To bring 150 new entrants into the defense industrial base and to increase wages in our community, the Innovation Network seeks to build from this specialization and connect primary metal manufacturers and manufacturers with capabilities that are in demand in A&D through a formal network of knowledge exchange, innovation, shared infrastructure, customer introductions and talent development. The Network will provide acceleration services to existing manufacturers and incubation/acceleration services for hardware technology startups. Critical investments proposed for the Innovation Network are a significant expansion of support for participating businesses through the Aerospace Center and the Keck Center, and resources to develop incubation programs startups at the Innovation Factory and the Aerospace Technology District.

Democratizing research and development for small and medium enterprises. The key investment requested through the EDA for the Innovation Network is to open the doors of these premier research centers to small and medium enterprises and startups to support high value economic growth in West Texas. The Aerospace Center and Keck Center have long been an important partner to A&D industry wanting to remain competitive through the adoption of new technology and innovation. This type of partnership has primarily been limited to large corporations with the resources to sponsor research or to contract research centers for technical expertise, technology transfer and talent development specific to their needs. This innovation technology support will make both existing manufacturers and startups more adaptable and resilient as technology changes. In addition, we are seeking funds from EDA to facilitate technology transfer from the research centers focused on local economic impact with specific outcome measures related to creation of commercial ventures.

For example, Vincorion offers products, solutions, and services for mechatronic applications in the fields of aviation, transportation safety systems, and A&D. They are adding engineering and manufacturing operations to their El Paso facility but are unable to maximize their growth potential because of 2 barriers: talent with specialized skills and R&D expertise and equipment. Through the Innovation Network, UTEP can create seamless career paths to local industry by developing internships with focused skills development specific to employer needs and provide affordable access to R&D. If they overcome these barriers, Vincorion will be able to create 3 new engineering jobs and 5 new technician jobs by 2023.

INNOVATION NETWORK SERVICE TRACKS AND PARTICIPANT SELECTION

The Innovation Network will be structured and managed to deliver time-tested incubation, acceleration, and commercialization best practices, and generating the greatest return on investment. Innovation Network business services are grouped into 3 general tracks in order of increasing technology, business, or product line maturity: (i) Incubation, (ii) Acceleration, and (iii) Commercialization. Innovation Network participants will remain members for life.

Prospective participants for the Innovation Network will be evaluated on criteria that will depend on the type of company, its business maturity, and the Innovation Network Track. However, to the maximum extent, all small and medium manufacturers located in West Texas with capabilities and interest related to A&D markets will be eligible for services and support in the appropriate Track, space and resources permitting.

Incubation Track - The Incubation Track is the entry point for A&D startups and manufacturing startups, as well existing manufacturing companies in early exploration of new products or services for A&D. Participant selection will be based on potential for business success (team, timing, technology, market); willingness to learn and take advice; and commitment to remain in the Innovation Network and invested in West Texas after successful exit. Key focus areas will include startup learning and mentorship, technology research and development, developing a solid business plan and accessing sources of funding. Other services will include:

- **Technology Innovation** – Brainstorming/technology investigation sessions in conjunction with UTEP to mature technologies and qualify product and services for market.
- **Infrastructure & Facilities** – 3-year low-cost lease at the Innovation Factory or the AD Tech District, access to shared design, manufacturing, and testing resources at reduced rates, including lab access, prototype and “proof of concept” support.
- **Talent Acquisition & Development** – Matchmaking program to connect technology and business founders, assistance with management team identification.
- **Business Fundamentals** – Courses on fundamentals and assigned mentors.
- **Business Growth** – Pitch deck support, market research services and access to partner network for concept feedback to validate market interest, partner and customer networking events, fundraising guidance and toolkit, access to angel and seed capital network, training and access for government and military research grant sources (e.g. SBIR & STTR grants).

Acceleration Track – Acceleration Track services are suitable for existing low to medium volume hardware manufacturing, new manufacturing capabilities for A&D markets and for startups from the Incubation Track. Startups entering the Track will be grouped into cohorts and services will be offered to accelerate and operate new businesses or a new line of business. In addition, the track will offer access to a group of advisors with A&D expertise. Industry seminars, training and one-on-one mentors will provide comprehensive learning at scale across each Accelerator cohort. Other services include:

- **Technology Innovation** – Support from the Aerospace Center and Keck Center including applied R&D, product and process development and improvement, access to shared design, manufacturing and testing facilities, technical consultation about adoption of digital integration strategies, advanced manufacturing techniques, technology licensing services and support.
- **Infrastructure & Facilities** – Long-term leases at the Advanced Manufacturing District with common cyber security and digital infrastructure that meets A&D requirements, technical assistance on facility and process upgrades for ITAR registration and other quality certifications, manufacturing training and support, high-cadence design and manufacturing, and achieving hardware manufacturing demonstration for business validation.
- **Talent Acquisition & Development** – Technical training specific to employer needs, matching employers with potential employees, short courses for engineers to advance careers, technician career accelerator courses, human resources and recruiting support, access to network of loaned or fractional interim executives, professional development support.
- **Business Fundamentals** – Business coaching including a dedicated Acceleration mentor and access to the Advisory Board, defense contracting assistance, market development, business development, partnerships, and bringing new products and services to market, export compliance training, security standards and training services.

- **Business Growth** - Marketing including access to CONNEX El Paso (a supply chain database tool to promote the capabilities of the manufacturing industry), monthly networking meetings, an annual West Texas Supplier Summit, annual Technology Forum, promotion at A&D trade shows, fundraising support, access to government and military research grant sources, access to venture capital and investor network, access to commercial bank loans and other debt instruments or loan guarantee programs.

Commercialization Track and Innovation Network Alumni

Available to companies graduating from the Acceleration Track, these services will help participants refine design-for-manufacturing product optimization and access the manufacturing equipment and infrastructure needed to build, test, sell and support A&D products and services at scale. Companies will be encouraged to continue as active alumni members in the Network to create a vibrant ecosystem of mutual learning and innovation. Services will be at cost.

Section 4: Partners and Program Outreach

Section 4a: Partnerships

National Center for Defense Manufacturing and Machining provided initial seed funding for the Innovation Network. NCDMM, through an EDA Build to Scale grant, will provide DoD contract support for local manufacturers for 3 years. Funding from the BBBRC will allow us to provide 2 years of DoD Contract support. **The El Paso Chamber** worked with UTEP to identify local manufacturers with capabilities that are in demand in aerospace and defense. Through the EDA Build to Scale grant, the Chamber is responsible for providing business coaching and workshops, hosting monthly networking meetings and the annual supplier summit.

The City of El Paso and the County of El Paso have been key partners in the development of the Innovation Network. Together, the two entities are providing \$3.75 million to match the EDA's investment in the Innovation Network.

Section 4b: Outreach

In our engagement with 70 manufacturers, we learned site visits are the best way to engage companies – and will continue during the grant. We learned very small companies can't be found through traditional directories or searches. When meeting, we will ask manufacturers to introduce us to firms that are part of their informal business networks. Small minority-owned and/or women-owned enterprises are underrepresented in A&D manufacturing markets - we will make West Texas a leader in changing that reality.

Section 5: Measurable Goals and Impacts

All applicants will provide demographic information to include gender, race, ethnicity, and educational attainment and information about current and projected revenue. We will track milestones and business growth over time to include annual revenue and number of employees.

| Aerospace and Defense Innovation Network for Manufacturers | |
|--|--|
| Program Activities | Metrics by September 2027 |
| Output | <ul style="list-style-type: none"> • 200 manufacturers participating in the Innovation Network • 150 manufacturers selling to new customers in A&D markets • Host 5 annual supplier summits • Host 5 technology forums • Attend 20 trade shows to market suppliers to A&D markets • Provide tailored incubation and acceleration services to 200 manufacturers |
| Outcomes | <ul style="list-style-type: none"> • 150 manufacturers quality certified for A&D markets • 150 manufacturers prepared to compete for A&D business • Combined annual revenue of Innovation Network members increases by 20% • Network manufacturers collectively add 500 new jobs |

Section 6: Sustainability Plan

The Innovation Network be developed with a stringent resource sustainability matrix for its operation beyond the project period to ensure a continuous service support system to grow our local A&D manufacturing ecosystem. UTEP has institutionalized the Innovation Network as part of its Economic Development Division under its renowned Aerospace Center. UTEP will develop public-private as well as industry partnerships to support the operations of the Innovation Network. Line-item funding from the State of Texas, the City of El Paso, the County of El Paso, and West Texas Counties will be solicited to support the program after the initial funding period. As mentioned in the letter of support from the UTEP President, the university will request a \$5 million state appropriation in the 2023 legislative session to support the program. UTEP will also develop an industry cost-share model that will support ongoing operations. The El Paso Chamber and the Paso del Norte Community Foundation will assist with fundraising from the region's philanthropic community to support the program beyond the initial funding period.

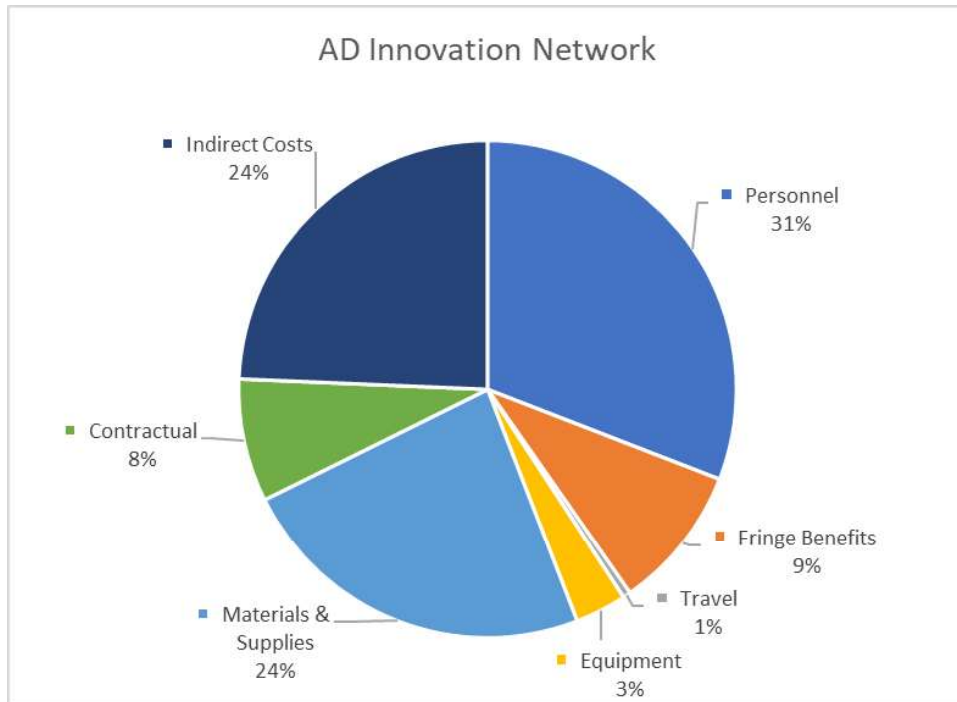
EXHIBIT B

Budget Narrative – Aerospace and Defense Innovation Network for Manufacturers

BUDGET NARRATIVE

Aerospace and Defense Innovation Network for Manufacturers

The Aerospace and Defense Innovation Network for Manufacturers, led UTEP-Aerospace Center and UTEP-W.M. Keck Center for 3D Innovation, will reinvent West Texas’ historical roots in manufacturing to help close America’s gap in aerospace and defense manufacturing capabilities and address key vulnerabilities in our defense industrial base. We will directly tackle these threats to our defense industrial base by bringing 150 new competitive U.S. entrants from West Texas into the defense industrial ecosystem by 2027. The Innovation Network will arm existing small and medium manufacturers and aerospace, defense and manufacturing startups with the capabilities and enabling infrastructure they need to successfully compete for business in aerospace and defense markets. Funding to the Innovation Network will democratize access to applied research and development in aerospace, defense and additive manufacturing to small and medium enterprises, enhance existing acceleration services, and create new incubation services for startups. Customized acceleration and incubation services and purpose-built facilities at the Advanced Manufacturing District and the Aerospace Technology District have been designed to reduce expensive and hard-to-navigate barriers to entrance into the defense industrial base.



A total of **\$15,000,000** is being requested from the EDA for a period of five years. The City of El Paso and the County of El Paso are providing a match of **\$3,750,000** for a full project cost of **\$18,750,000**.

Personnel | Total: \$4,632,703 (Federal Funds) [\$650,000 Cost Share]

Executive Director

A total of \$638,666 is being requested for an Executive Director. The Executive Director will manage coalition governance and the implementation of this program across both component projects. The Executive Director will be responsible for staff management and ensuring that program outcomes that are in line with stated goals and that all staff and consultants meet performance standards that result in positive economic outcomes.

Associate Director

The Associate Director will design and implement incubation track services for manufacturing and aerospace and defense startups and design and develop the Technology Innovation services for all manufacturers in the network. Associate Director will recruit potential startups and create a rigorous vetting process to make sure candidates meet program requirements. A total of \$372,555 being requested.

Digital Infrastructure Manager

The Digital Infrastructure Manager will develop a digital transformation program of technical support and assistance for Innovation Network members. Manager will assess existing digital infrastructure of participating manufacturers and plan an affordable digital integration strategy for all members. A total of \$319,333 is being requested.

Research Associate

Research Associates will work directly with Innovation Network members to provide technology innovation support including technology brainstorming sessions and technology investigation to mature product and manufacturing technologies and qualify product and services for market. Research associates will support applied research and development. A total of \$543,306 is being requested for one Research Associate for years 1 – 3 and two Research Associates for years 4-5.

Engineer

Engineers will work directly with Innovation Network members to provide technology innovation support that includes process improvement and development and technical consultation about advanced manufacturing techniques. A total of \$957,998 is being requested for three Engineers.

Research Technician

Research Technicians will work directly with Innovation Network members to provide technical innovation support in the building and testing of member's designs. A total of \$670,599 is being requested for three Research Technicians.

Business Specialist

The Business Specialist will coordinate and directly supports the business process functions of the Coalition, which provides various financial, analytical, and business process transactional services within area of assigned responsibility. A total of \$239,500 is being requested for one Business Specialists.

Program Coordinator

The Program Coordinator will assist with the day-to-day operations of the coalition by doing tasks such as filing paperwork, answering phone calls, preparing documents for meetings, and managing the calendar of their supervisors. A total of \$215,576 is being requested for one Program Coordinator.

Research Assistants

Part-time research assistants will support the technology innovation program for Innovation Network members. UTEP students will be hired as Research Assistants.

- *PhD*: Two per year at 50% FTE for a total of \$245,000. Monthly salary - \$2,042.
- *Masters*: Two per year at 50% FTE for a total of \$183,585. Monthly salary - \$1,530.
- *Undergraduate*: Five per year at 50% FTE for a total of \$246,585. Monthly salary - \$838.

Business Services Coordinator - \$375,000 [In kind Cost Share]*

As part of their cost share, the City of El Paso will hire a Business Services Coordinator who will be responsible for coordinating City, County and State resources and incentives to support local manufacturers in the Innovation Network. The Business Services Coordinator will work with prospective tenants to the Advanced Manufacturing District to identify space needs and work with the Land & Contract Administrator to develop an incentive and lease package that ensures the success of the business. A total of \$375,000 will support the budget for this position.

Land & Contract Administrator -\$275,000 [In kind Cost Share]*

As part of their cost share, the City of El Paso will hire a Land & Contract Administrator who will oversee and administer real property leases for tenants of the Advanced Manufacturing District. The administrator will be responsible for negotiating, writing, executing and managing leases, as well as prepare requests for proposals, develop leasing and marketing policy recommendations, and managing leased property to include ordering any necessary repairs or maintenance. A total of \$275,000 will support the budget for this position.

Fringe | Total: \$1,412,232 (Federal Share) [\$195,000 In Kind Cost Share]

UTEP fringe benefits are based on institutional approved rates that are applied to all university faculty and staff. Personnel costs conform to university rates and policies, and all salary costs are budgeted with a 3% increase per year. Fringe benefits for the federal share are \$1,412,232.

| | Faculty | Staff | Graduate Student | Undergraduate Student |
|-----------------------------|----------------|--------------|-------------------------|------------------------------|
| Premium Monthly Rate | \$898.48 | \$898.48 | \$254.42 | \$0.00 |
| Benefits Rate (%) | 16.72 | 17.22 | 0.18 | 0.18 |

The two positions that the City of El Paso will hire to support this position require a total of \$195,000 in fringe benefits for the length of the grant. This is calculated at 30% of salaries and is an in-kind match.

Travel (Business Growth) | Total: \$75,000 Federal Funds

Travel funds being requested will cover three marketing trips a year to introduce local manufacturers and our local supply base to the DoD, NASA and aerospace and defense buyers. Marketing trips will include one staff member and one advisor and owners of local manufacturing companies. The average costs of each trip would be \$5,000. Costs would include approximately \$1,000 per person for airfare, \$500 for hotel per person, \$300 per diem for food for a four-day trip for one person and \$1,000 for conference fees.

Note: Travel expenses will be reimbursed at actual, reasonable, and necessary costs, not to exceed State of Texas Travel Regulations governing contract airfares, per diems, and other allowable travel costs. Requested travel funds are best estimate and are based on cost estimates for similar travel requirements for domestic travel and published schedules within the UT System business information system.

*Note that the City commits to \$845,000 in-kind support through salaries and wages, including fringe benefits estimated to be 30 percent of salaries and wages. That support includes services provided by a City-employed Business Services Coordinator and Land & Contract Administrator, or other positions, as required.

Equipment (Technology Innovation) | Total: \$500,000 Federal Funds

Equipment purchases will support Technology Innovation for members. Equipment for manufacturing and test and evaluation will be purchased to support common needs of Innovation Network members. Equipment will be placed at the Advanced Manufacturing District in common use areas for use by Network members on request.

| Equipment | | | | | | |
|--|------------------|------------------|------------|------------|------------|------------------|
| Item/Description | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total |
| Technology Innovation | | | | | | |
| ASC Process System | \$230,500 | \$0 | \$0 | \$0 | \$0 | \$230,500 |
| Integrez i250HSN 40"/1000U Mazatrol Smoothai Control | \$0 | \$250,000 | | | | \$250,000 |
| Pivot Style Band Saw | \$19,500 | | | | | \$19,500 |
| Total | \$250,000 | \$250,000 | \$0 | \$0 | \$0 | \$500,000 |

| | | | | | | |
|-----------------------|------------------|------------------|------------|------------|------------|------------------|
| Budgeted Total | \$250,000 | \$250,000 | \$0 | \$0 | \$0 | \$500,000 |
|-----------------------|------------------|------------------|------------|------------|------------|------------------|

The total price of the Integrez i250HSN 40"/1000U Mazatrol Smoothai Control equipment is \$455,300. The Center will use another funding source to cover for the difference of the price.

Materials and Supplies (Technology Innovation and Business Growth) | \$3,530,991 (Federal Funds [\$2,175,000 Cost Share])

Materials and Supplies – \$3,105,991 Federal Funds [\$1,925,000 Cost Share]

Materials and supplies will be purchased to support Technology Innovation for Innovation Network members and to offset the cost of equipment use at the Aerospace Center and the Keck Center for Innovation Network members.

Marketing materials, to include the CONNEX El Paso supplier database, will be developed to promote West Texas manufacturers to aerospace and defense markets, the Innovation Factory and the Advanced Manufacturing District.

Workshop/Seminars (Business Growth) - \$425,000 Federal Funds [\$250,000 Cost Share]

The Innovation Network will host an annual Aerospace and Defense Supplier Summit to introduce West Texas manufacturers to buyers in aerospace and defense markets. Each summit is estimated at \$25,000. In addition, the Innovation Network will host an annual Southwest Emerging Technology Symposium which will be two days long. The symposium is a platform to showcase our research, students' talents and the region's growing national preeminence in Aerospace and Defense, Additive Manufacturing, and Energy Engineering areas. The forum provides industry the opportunity to learn about emerging trends and technologies. Estimated cost for annual event is \$60,000.

Summary tables of anticipated expenses are below, followed by more detail for each category.

| Materials and Supplies Itemized Breakdown | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|------------------|--------------------|
| Item/Description | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total |
| Technology Innovation | | | | | | |
| Amazon Web Services | \$120,000 | \$120,000 | \$120,000 | \$120,000 | \$120,000 | \$600,000 |
| Software | \$42,032 | \$42,032 | \$42,032 | \$42,032 | \$42,032 | \$210,160 |
| Instrumentation Supplies | \$309,873 | \$534,873 | \$499,873 | \$499,873 | \$207,208 | \$2,051,698 |
| Gas Tanks & Rentals | \$99,380 | \$99,380 | \$99,380 | \$99,380 | \$99,380 | \$496,900 |
| Safety Consumables | \$13,080 | \$13,080 | \$13,080 | \$13,080 | \$11,736 | \$64,056 |
| Leased time on equipment | \$300,635 | \$300,635 | \$300,635 | \$300,635 | \$300,635 | \$1,503,177 |
| Business Growth | | | | | | |
| CONNEX El Paso | \$0 | \$0 | \$35,000 | \$35,000 | \$35,000 | \$105,000 |
| Supplier Summit | \$25,000 | \$25,000 | \$25,000 | \$25,000 | \$25,000 | \$125,000 |
| Technology Symposium | \$60,000 | \$60,000 | \$60,000 | \$60,000 | \$60,000 | \$300,000 |
| Other Workshop/Meetings Costs & Marketing costs | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$250,000 |
| Total | \$1,020,000 | \$1,245,000 | \$1,245,000 | \$1,245,000 | \$950,991 | \$5,705,991 |

| AWS & Software | | | | |
|---------------------|-----------------|------|---------------------|---------------|
| Item | Unit Cost (USD) | Qty. | Extended Cost (USD) | Basis of Cost |
| LabVIEW System | \$3,754 | 40 | \$150,160 | Catalog price |
| Aspen Software | \$2,400 | 25 | \$60,000 | Catalog price |
| Amazon Web Services | \$10,000 | 60 | \$600,000 | Catalog price |
| TOTAL | | | \$810,160 | |

| Instrumentation Supplies | | | | |
|---|----------------------------|------|---------------------|---|
| Item | Estimate Yearly Cost (USD) | Qty. | Extended Cost (USD) | Basis of Cost |
| Hardware & Tools | | | | |
| Fasteners (Screws, Bolts, Rods, Washers, etc.) | \$50,000 | 5 | \$250,000 | Rough estimate from previous experience |
| Piping, Tubing, Hose & Fittings | \$80,000 | 5 | \$400,000 | Rough estimate from previous experience |
| Power Transmission (Bearing, Shafts, Pumps, Filters, Valves) | \$28,000 | 5 | \$140,000 | Rough estimate from previous experience |
| Sealing | \$12,000 | 4 | \$48,000 | Rough estimate from previous experience |
| Flow & Level Control (Pumps, Valves, Gauges, etc.) | \$102,500 | 5 | \$512,500 | Rough estimate from previous experience |
| Pressure & Temperature Control (Gauges, Regulators, Thermocouples, heaters, etc.) | \$60,000 | 4 | \$240,000 | Rough estimate from previous experience |
| Raw Materials (Metals, Ceramics, Glass, Wire, Wire Cloth, etc.) | \$20,000 | 5 | \$100,000 | Rough estimate from previous experience |
| Sawing & Cutting | \$8,200 | 5 | \$41,000 | Rough estimate from previous experience |
| Material Handling (Pallets, Casters, Wheels, Ladders, Scaffolds, etc.) | \$15,000 | 3 | \$45,000 | Rough estimate from previous experience |
| Hand Tools (Screwdrivers, Pliers, drills, etc.) | \$2,040 | 5 | \$10,198 | Rough estimate from previous experience |
| Furniture (Tables, cabinets, racks, pallets) | \$20,000 | 2 | \$40,000 | Rough estimate from previous experience |
| Shipping Items | \$2,000 | 5 | \$10,000 | Rough estimate from previous experience |
| Temperature Measurements (Probes, Thermometers, Calibrators, etc.) | \$50,000 | 4 | \$200,000 | Rough estimate from previous experience |
| TOTAL | | | \$2,036,698 | |

| Gas Tanks & Rentals | | | | |
|--------------------------------------|-----------------|------|---------------------|---|
| Item | Unit Cost (USD) | Qty. | Extended Cost (USD) | Basis of Cost |
| Liquid Nitrogen | \$142.01 | 800 | \$113,608 | Catalog Pricing |
| Nitrogen | \$136.32 | 400 | \$54,528 | Catalog Pricing |
| Carbon Dioxide | \$47.60 | 400 | \$19,040 | Catalog Pricing |
| Oxygen | \$19.97 | 300 | \$5,991 | Catalog Pricing |
| Liquid Oxygen | \$156.77 | 250 | \$39,193 | Catalog Pricing |
| Methane | \$121.28 | 500 | \$60,640 | Catalog Pricing |
| Hazardous Material & Delivery Charge | \$51.95 | 2000 | \$103,900 | Catalog Pricing |
| Rental estimate costs (yearly) | \$20,000.00 | 5 | \$100,000 | Rough estimate from previous experience |
| TOTAL | | | \$496,900 | |

| Safety Consumables | | | | |
|--|-----------------|------|---------------------|---------------|
| Item | Unit Cost (USD) | Qty. | Extended Cost (USD) | Basis of Cost |
| Face Masks | \$208.15 | 60 | \$12,489 | Catalog price |
| Earplugs (Boxes of 200) | \$48.50 | 50 | \$2,425 | Catalog price |
| Welding Helmets | \$159.62 | 30 | \$4,789 | Catalog price |
| Welding Glasses | \$14.42 | 50 | \$721 | Catalog price |
| Respirators | \$56.17 | 50 | \$2,809 | Catalog price |
| Respirator Filters | \$15.12 | 100 | \$1,512 | Catalog price |
| Dust Masks | \$11.78 | 40 | \$471 | Catalog price |
| Filters | \$13.90 | 60 | \$834 | Catalog price |
| Nitrile Gloves (Box of 100) | \$14.44 | 1000 | \$14,440 | Catalog price |
| Electrical Protection Gloves | \$73.40 | 25 | \$1,835 | Catalog price |
| Welding Gloves | \$11.78 | 50 | \$589 | Catalog price |
| Safety Glasses | \$0.98 | 600 | \$588 | Catalog price |
| Safety Glasses over prescription glasses | \$3.82 | 250 | \$955 | Catalog price |
| Goggles | \$10.40 | 250 | \$2,600 | Catalog price |
| Absorbent Pads (15x19") 100ct | \$58.55 | 50 | \$2,928 | Catalog price |
| ESD Lab coats | \$38.82 | 150 | \$5,823 | Catalog price |
| ESD Coveralls | \$55.00 | 150 | \$8,250 | Catalog price |
| Total | | | \$64,057 | |

The table below provides an estimated cost breakdown for additive manufacturing builds anticipated as part of the Build Back Better program. This includes services for local manufacturers that will take place at the W.M. Keck Center for 3D Innovation (Keck Center). All of the systems and materials listed here are currently available at the Keck Center. Three metal production systems have been identified along with three commonly used aerospace materials. Three polymer production systems are also included along with four commonly used polymer materials. The cost is provided as an hourly rate that includes both, machine time and material cost. The duration of a single build per machine is estimated providing the average cost per build. An estimated number of builds per year then yields the total cost per machine-material combination for the five-year period of performance.

| Additive Manufacturing Machine and Material Type | Cost per Hour (Including Machine + Material Costs) | Average Duration of a Single Build (Hours) | Average Cost per Build | Estimated Number of Service Builds/Year | Total Cost for 5-Year POP |
|--|--|--|------------------------|---|---------------------------|
| Metals Laser Powder Bed Fusion Additive Manufacturing | | | | | |
| EOS M290 | | | | | |
| Ti6Al4V | \$137.70 | 10 | \$1,376.96 | 10 | \$68,848 |
| Inconel 718 | \$136.95 | 10 | \$1,369.52 | 10 | \$68,476 |
| Scalmalloy | \$134.04 | 10 | \$1,340.40 | 10 | \$67,020 |
| Renishaw RenAM 500Q Flex | | | | | |
| Ti6Al4V | \$150.90 | 10 | \$1,508.96 | 10 | \$75,448 |
| Inconel 718 | \$150.15 | 10 | \$1,501.52 | 10 | \$75,076 |
| Scalmalloy | \$147.24 | 10 | \$1,472.40 | 10 | \$73,620 |
| SLM 280 | | | | | |
| Ti6Al4V | \$145.37 | 10 | \$1,453.66 | 10 | \$72,683 |
| Inconel 718 | \$144.62 | 10 | \$1,446.22 | 10 | \$72,311 |
| Scalmalloy | \$141.71 | 10 | \$1,417.10 | 10 | \$70,855 |
| Polymers Material Extrusion Additive Manufacturing | | | | | |
| Stratasys F900mc | | | | | |
| ABS M30 | \$77.94 | 24 | \$1,870.46 | 14 | \$130,932 |
| ASA | \$77.57 | 24 | \$1,861.74 | 12 | \$111,705 |
| ULTEM 9085 | \$79.57 | 24 | \$1,909.68 | 20 | \$190,968 |
| Stratasys F450mc | | | | | |
| ABS M30 | \$53.35 | 24 | \$1,280.30 | 14 | \$89,621 |
| ASA | \$52.98 | 24 | \$1,271.58 | 12 | \$76,295 |
| ULTEM 9085 | \$54.98 | 24 | \$1,319.52 | 20 | \$131,952 |
| Polymers Vat Photopolymerization Additive Manufacturing | | | | | |
| Stratasys NEO | | | | | |
| Watershed 11122 | \$66.34 | 16 | \$1,061.40 | 24 | \$127,368 |
| TOTAL | | | | | \$1,503,177 |

Contractual | \$1,200,000 Federal Funds [\$730,000 Cost Share]

NCDMM (Business Growth) - \$450,000

The National Center for Defense Manufacturing and Machining (NCDMM), a partner to the West Texas Aerospace and Defense Manufacturing Coalition, will be a subawardee to assist local manufacturing businesses in identifying and developing proposals to address DoD opportunities. This is estimated at \$150,000 annually for the last three years of the proposed project.

Consultants (Incubation and Acceleration Services) - \$750,000 Federal Funds [\$730,000 Cost Share]

The Innovation Network will complete a Request-for-Proposal ("RFP") process at inception of successful award to select a strategic partner to support the creation and operation of the Incubator and Accelerator programs at the Innovation Factory. Target partners are leading accelerators with

specific experience in aerospace and defense, such as **Starburst Aero**, **Seraphim Capital** and **TechStars**. Conversations with some of these organizations are already underway. We will also hire consultants to provide discrete support for companies in the Innovation Network for capabilities that don't currently exist in West Texas. This consultant support will help us grow our own internal capabilities over time.

Indirect Costs | \$3,649,074 Federal Funds

For Indirect Costs, UTEP is utilizing a F&A rate of 35% of Modified Total Direct Cost Base (MTDC) for Other Sponsored Activities. This consists of all salaries and wages, fringe benefits, materials, supplies, services, travel, and subgrants and subcontracts up to the first \$25,000 of each sub grant or subcontract (regardless of the period covered by the subgrant or subcontract). Modified total direct costs shall exclude equipment, capital expenditures, charges for patient care, student tuition remission, rental costs of off-site facilities, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of \$25,000. Name of cognizant agency for indirect costs: Department of Health and Human Services. The period to which the rate(s) apply: 09/01/2020 – 08/31/2025

Date of the facilities and administrative costs/indirect cost rate agreement: 04/14/2021

Proposed rates are Pre-determined. A copy of the most recent agreement can be found at:

https://www.utep.edu/orsp/Files/docs/policies/UTEP_FY20-25_Rate%20Agreement.pdf

Additional information on UTEP's Facility and Administration Cost can be found at:

<https://www.utep.edu/orsp/policies/facility-and-administration-cost.html>

EDA FUNDS

| UNIVERSITY OF TEXAS AT EL PASO | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| BUDGET SUMMARY | | | | | | |
| PRINCIPAL INVESTIGATOR: Ahsan Choudhuri | | | | | | |
| CO-PRINCIPAL INVESTIGATOR: Ryan B Wicker | | | | | | |
| PERIOD: From 10/1/2022 to 9/30/2027 | | | | | | |
| TITLE: Aerospace and Defense Innovation Network for Manufacturing | | | | | | |
| AGENCY: US ECONOMIC DEVELOPMENT ADMINISTRATION (FED) | | | | | | |
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total |
| <i>a Personnel</i> | | | | | | |
| Executive Director(Yrs 1-5)12mos@100% [\$120k] | \$120,296 | \$123,904 | \$127,622 | \$131,450 | \$135,394 | \$638,666 |
| Associate Director (Yrs 1-5)12mos@100%[\$70k] | \$70,172 | \$72,278 | \$74,446 | \$76,679 | \$78,980 | \$372,555 |
| Digital Infrastructure Manager (Yrs 1-5)12mos @100% [\$60k] | \$60,147 | \$61,952 | \$63,811 | \$65,725 | \$67,697 | \$319,333 |
| Research Associate (Yrs1-3)12mos@100% (Yrs4,5)2-12mos@100% [\$72k] | \$72,177 | \$74,343 | \$76,573 | \$157,740 | \$162,473 | \$543,306 |
| Engineer 3-(Yrs 1-5)12mos @100% [\$60k] | \$180,443 | \$185,857 | \$191,432 | \$197,175 | \$203,091 | \$957,998 |
| Research Technician 3-(Yrs 1-5)12mos@100% [\$42k] | \$126,310 | \$130,100 | \$134,003 | \$138,023 | \$142,163 | \$670,599 |
| Business Specialist (Yrs 1-5)12mos@100%[\$45k] | \$45,111 | \$46,464 | \$47,858 | \$49,294 | \$50,773 | \$239,500 |
| Program Coordinator (Yrs 1-5)12mos @100% [40k] | \$40,605 | \$41,823 | \$43,077 | \$44,370 | \$45,701 | \$215,576 |
| PhD Research Associates (Yrs1-5)2-12 mos@50% [\$2,042 month] | \$49,000 | \$49,000 | \$49,000 | \$49,000 | \$49,000 | \$245,000 |
| Masters Research Assist-ants (Yrs1-5)2-12mos@ 50% [\$1,530 month] | \$36,717 | \$36,717 | \$36,717 | \$36,717 | \$36,717 | \$183,585 |
| Undergraduate Research Assistants (Yrs1-5)5-51 wks@20hrs[\$838month] | \$49,317 | \$49,317 | \$49,317 | \$49,317 | \$49,317 | \$246,585 |
| <i>Total Salaries</i> | <i>\$850,296</i> | <i>\$871,755</i> | <i>\$893,856</i> | <i>\$995,490</i> | <i>\$1,021,306</i> | <i>\$4,632,703</i> |
| b Fringe | \$265,005 | \$268,700 | \$272,506 | \$300,788 | \$305,2033 | \$1,412,232 |
| c Travel | \$15,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 | \$75,000 |
| d Equipment | \$250,000 | \$250,000 | \$0 | \$0 | \$0 | \$500,000 |
| e Supplies | \$585,000 | \$810,000 | \$810,000 | \$810,000 | \$515,991 | \$3,530,991 |
| f Contractual | \$150,000 | \$150,000 | \$300,00 | \$300,000 | \$300,000 | \$1,200,000 |
| g Total Direct Charges | \$2,115,301 | \$2,365,455 | \$2,291,362 | \$2,421,278 | \$2,157,530 | \$11,350,926 |
| h Indirect Charges-35% | \$652,855 | \$740,409 | \$758,227 | \$794,947 | \$702,636 | \$3,649,074 |
| Total estimated costs | \$2,768,156 | \$3,105,864 | \$3,049,589 | \$3,216,225 | \$2,860,166 | \$15,000,000 |

COST SHARE FUNDS

City of El Paso has committed \$845,000 in kind support and \$1,030,000 in direct support for the Innovation Network. The County of El Paso has committed \$1,875,000 in direct support for the Innovation Network. The total cost share from the City and the County is \$3,750,000 over the period of the project.

| UNIVERSITY OF TEXAS AT EL PASO | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|--------------------|
| BUDGET SUMMARY - COST SHARE | | | | | | |
| PRINCIPAL INVESTIGATOR: Ahsan Choudhuri | | | | | | |
| CO-PRINCIPAL INVESTIGATOR: Ryan B Wicker | | | | | | |
| PERIOD: From 10/1/2022 to 9/30/2027 | | | | | | |
| TITLE: Aerospace and Defense Innovation Network for Manufacturing | | | | | | |
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total |
| <i>a Personnel*</i> | | | | | | |
| Business Services Coordinator (Yrs 1-5)12mos@100% [\$75k] | \$75,000 | \$75,000 | \$75,000 | \$75,000 | \$75,000 | \$375,000 |
| Land & Contract Administrator (Yrs 1-5)12mos@100% [\$55k] | \$55,000 | \$55,000 | \$55,000 | \$55,000 | \$55,000 | \$275,000 |
| b Fringe | \$39,000 | \$39,000 | \$39,000 | \$39,000 | \$39,000 | \$195,000 |
| c Travel | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| d Equipment | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| e Supplies | \$435,000 | \$435,000 | \$435,000 | \$435,000 | \$435,000 | \$2,175,000 |
| f Contractual | \$146,000 | \$146,000 | \$146,000 | \$146,000 | \$146,000 | \$730,000 |
| g Total Direct Charges | \$750,000 | \$750,000 | \$750,000 | \$750,000 | \$750,000 | \$3,750,000 |
| h Indirect Charges-35% | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total estimated costs | \$750,000 | \$750,000 | \$750,000 | \$750,000 | \$750,000 | \$3,750,000 |

***Note that the City commits to \$845,000 in-kind support through salaries and wages, including fringe benefits estimated to be 30 percent of salaries and wages. That support includes services provided by a City-employed Business Services Coordinator and Land & Contract Administrator, or other positions, as required.**

EXHIBIT C
Budget Summary – City of El Paso Cost Share

| BUDGET SUMMARY – CITY OF EL PASO COST SHARE | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|--------------------|
| PERIOD: From 10/1/2022 to 9/30/2027 | | | | | | |
| PROGRAM TITLE: Aerospace and Defense Innovation Network for Manufacturing | | | | | | |
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total |
| a Personnel | \$130,000 | \$130,000 | \$130,000 | \$130,000 | \$130,000 | \$650,000 |
| b Fringe (30%) | \$39,000 | \$39,000 | \$39,000 | \$39,000 | \$39,000 | \$195,000 |
| c Materials & Supplies | \$98,500 | \$98,500 | \$98,500 | \$98,500 | \$98,500 | \$492,500 |
| d Contractual | \$107,500 | \$107,500 | \$107,500 | \$107,500 | \$107,500 | \$537,500 |
| Total estimated costs | \$375,000 | \$375,000 | \$375,000 | \$375,000 | \$375,000 | \$1,875,000 |

Personnel and Fringe | \$845,000 In-Kind Support

The City commits to \$845,000 in kind support through salaries and wages, including fringe benefits estimated to be 30 percent of salaries and wages. That support includes services provided by a City-employed Business Services Coordinator and Land & Contract Administrator, or other positions, as required. The roles and responsibilities of the Business Services Coordinator and Land & Contract Administrator are described below.

Business Services Coordinator

The Business Services Coordinator will be responsible for coordinating City, County and State resources and incentives to support local manufacturers in the Innovation Network. The Business Services Coordinator will work with prospective tenants to the Advanced Manufacturing District to identify space needs and work with the Land & Contract Administrator to develop an incentive and lease package that ensures the success of the business.

Land & Contract Administrator

The Land & Contract Administrator will oversee and administer real property leases for tenants of the Advanced Manufacturing District. The administrator will be responsible for negotiating, writing, executing and managing leases, as well as prepare requests for proposals, develop leasing and marketing policy recommendations, and managing leased property to include ordering any necessary repairs or maintenance.

Materials + Supplies | \$492,500 Cost Share

Materials and Supplies | \$367,500 Cost Share

Materials and supplies will be purchased to support Technology Innovation for Innovation Network members and to offset the cost of equipment use at the Aerospace Center and the Keck Center for Innovation Network members. Marketing materials, to include the CONNEX El Paso supplier database, will be developed to promote West Texas manufacturers to aerospace and defense markets, the Innovation Factory and the Advanced Manufacturing District.

Workshop/Seminars | \$125,000 Cost Share

The Innovation Network will host an annual Aerospace and Defense Supplier Summit to introduce West Texas manufacturers to buyers in aerospace and defense markets. Each summit is estimated at \$25,000. In addition, the Innovation Network will host an annual Southwest Emerging Technology Symposium which will be two days long. The symposium is a platform to showcase research, students' talents and the region's growing national preeminence in Aerospace and Defense, Additive Manufacturing, and Energy Engineering areas. The forum provides industry the opportunity to learn about emerging trends and technologies. Estimated cost for annual event is \$60,000.

Contractual | \$537,500 Cost Share

Consultants (Incubation and Acceleration Services) - \$537,500 Cost Share

The Innovation Network will complete a Request-for-Proposal ("RFP") process at inception of successful award to select a strategic partner to support the creation and operation of the Incubator and Accelerator programs at the Innovation Factory. Target partners are leading accelerators with specific experience in aerospace and defense, such as **Starburst Aero**, **Seraphim Capital** and **TechStars**. Consultants will also be hired to provide discrete support for companies in the Innovation Network for capabilities that don't currently exist in West Texas. This consultant support will help grow internal capabilities over time.

EXHIBIT D

In-Kind Match – Quarterly Report from City to University

According to EDA Regulations, In-Kind Contributions means:

“non- cash contributions, which may include contributions of space, equipment, services and assumptions of debt that are fairly evaluated by EDA and that satisfy applicable Federal cost principles and the requirements of 15 CFR parts 14 or 24, as applicable.”

In-kind contributions are a generally accepted way to provide required match for both District and other non-construction grants. Note that sometimes the Federal Funding Opportunity Notice states that cash match is preferred and therefore, it is often a competitive advantage to provide cash match when applying for a competitive grant. Note also it is more administratively burdensome and often puts the District under greater scrutiny during audits. The key to in-kind match is detailed tracking and accounting.

In-Kind Match Must Be:

- 1) Consistent with and necessary for the completion of the approved scope of work;
- 2) Verifiable
- 3) Supporting an activity or expense that would otherwise be paid for if not for the in-kind contribution (i.e. services that are free to everyone—such as a facility open for community use—may not be included as in-kind match.).
- 4) Not funded with other federal money
- 5) Not already committed to another grant

Including In-Kind Contributions in an Application:

If in-kind contributions are included in an application, the match commitment letter in the application must:

- 1) Specify the source of the funds;
- 2) Confirm that the funds are currently committed, unencumbered and available as needed; and
- 3) Include a breakout of which funds are cash and which are in-kind as well as documentation showing the basis for the valuation of the in-kind contributions.

Just as with cash match, if a third-party entity is supplying the match, they must be the entity submitting the match letter.

Composite Budget with In-Kind Contributions (Example)

| Funding Sources | Amounts |
|------------------------------|------------------|
| EDA | \$60,000 |
| Applicant EDD | \$28,555 |
| In-Kind 1 (Red County EDC) | \$18,145 |
| In-Kind 2 (White County EDC) | \$10,500 |
| In-Kind 3 (Blue County EDC) | \$2,800 |
| Total | \$120,000 |

NOTE: This example shows three sources of in-kind contributions for illustration purposes only. An applicant may use more, fewer, or no in-kind sources at all. In-kind contributions, if any, should be allocated to the appropriate line item in the project budget.

| Cost Items | Cash: | In-Kind 1 | In-Kind 2: | In-Kind 3: | Cash & In-Kind |
|--------------------------------------|-----------------|-----------------|-----------------|----------------|------------------|
| | EDA & EDD | Red Co. EDC | White Co. EDC | Blue Co. EDC | Combined |
| Personnel (salary/wages) | \$62,500 | \$12,500 | \$7,500 | \$2,000 | \$84,500 |
| Fringe Benefits | \$12,500 | \$4,500 | \$3,000 | \$800 | \$20,800 |
| Travel | \$3,720 | \$280 | | | \$4,000 |
| Equipment | \$2,300 | | | | \$2,300 |
| Supplies | \$535 | | | | \$535 |
| Contractual | \$1,000 | | | | \$1,000 |
| Other (Office space, overhead, etc.) | \$6,000 | \$865 | | | \$6,865 |
| Indirect Costs | \$0 | | | | \$0 |
| Total | \$88,555 | \$18,145 | \$10,500 | \$2,800 | \$120,000 |

6) In-Kind Salary and Fringe Contributions (Example)

Time Period: Enter dates of expected grant period here

Salary:

| Name | Position | Organization | Hourly Salary Rate | # of Hours to EDA Program | Salary Charged to Grant |
|---------------------------------------|----------|------------------|--------------------|---------------------------|-------------------------|
| John Adams | Director | Red County EDC | \$25.00 | 500 | \$12,500 |
| Thomas Jefferson | Director | White County EDC | \$20.00 | 300 | \$6,000 |
| Dolly Madison | Director | Blue County EDC | \$25.00 | 100 | \$2,500 |
| | | | | | \$0 |
| | | | | | \$0 |
| Total In-Kind Personnel Costs: | | | | | \$21,000 |

Fringe Benefits:

| Name | Position | Organization | Hourly Fringe Rate | # of Hours to EDA Program | Fringe Charged to Grant |
|---------------------------------------|----------|------------------|--------------------|---------------------------|-------------------------|
| John Adams | Director | Red County EDC | \$9.00 | 500 | \$4,500 |
| Thomas Jefferson | Director | White County EDC | \$8.00 | 300 | \$2,400 |
| Dolly Madison | Director | Blue County EDC | \$10.00 | 100 | \$1,000 |
| | | | | 0 | \$0 |
| | | | | 0 | \$0 |
| Total In-Kind Fringe Benefits: | | | | | \$7,900 |

EXHIBIT E

Measurable Goals and Impacts – Aerospace and Defense Innovation Network for Manufacturers

| Aerospace and Defense Innovation Network for Manufacturers | |
|---|--|
| Program Activities | Metrics by September 2027 |
| Output | <ul style="list-style-type: none"> • 200 manufacturers participating in the Innovation Network • 150 manufacturers selling to new customers in A&D markets • Host 5 annual supplier summits • Host 5 technology forums • Attend 20 trade shows to market suppliers to A&D markets • Provide tailored incubation and acceleration services to 200 manufacturers |
| Outcomes | <ul style="list-style-type: none"> • 150 manufacturers quality certified for A&D markets • 150 manufacturers prepared to compete for A&D business • Combined annual revenue of Innovation Network members increases by 20% • Network manufacturers collectively add 500 new jobs |