



Incentive and Lease Agreement – Hiller Measurements

Oct 10, 2023
City Council

Previous Council Action

- October 2021, City Council supports a regional application for the EDA Build Back Better Regional Challenge.
- August 1, 2022, City Council approves the appropriation of \$3,000,000 of Coronavirus State and Local Fiscal Recovery Funds to assist small businesses impacted by COVID.
- September 2, 2022, City and regional partners are awarded Build Back Better Grant.
- February 7, 2023, City Council approves a resolution authorizing the creation of a policy to use ARPA funds to assist small businesses doing work in aerospace, defense, and advanced manufacturing that are locating at the Innovation Factory.

Hiller Measurements

Hiller Measurements

- \$33 Million in sales 2023
- 86 employees of which 20+ are engineers
- Leaders in advanced manufacturing
- Hiller comes with an A- List client base
- Austin-based company

Hiller's Purpose: "Our Soldiers Come Home"

- Hiller builds test systems that verify the performance of customer's weapon systems



City Strategy to Results

- El Paso as an aerospace, defense and advanced manufacturing hub
- Growing aerospace, defense and advanced manufacturing suppliers creates environment/ momentum for other manufacturers
- Leverage UTEP's technical and research assets

Hiller's customers

95% of Hiller's work is in support of defense systems

Hiller manufactures testing and measuring systems to ensure that their customer's designs work on the battlefield

Key Customers:

- **RTX (Formerly Raytheon)** – Missile, Radar, and Satellite Systems
- **Northrop Grumman** – Advanced Aircraft Avionics, Satellite Systems
- **L3 Harris** – HIMARS, Advanced Communications
- **Boeing** – Satellite Propulsion, Commercial Aircraft Test
- **Lockheed Martin** – F-35 Systems, Missile Systems

Customer relationships based on a combination of single-source contracts, Hiller proprietary instrumentation, and competitive offerings



F35 Cockpit – Hiller tests these systems for Lockheed

Hiller Continues the Momentum

- UTEP - key partner in this relocation
- Hiller enhances El Paso's "invest-ability"
 - Hiller provides manufacturing support base for other Aerospace and Defense companies
 - Hiller's design center will bring key clients to El Paso
 - Hiller's measurement business is already adding value to other Advanced Manufacturing District tenants



"If you want companies like Lockheed in the future, you need to start with companies like Hiller today"

Lockheed Martin executive on recent El Paso visit

Project summary

Hiller has a 2 phase design and manufacturing plan for El Paso

Phase 1 – Establish PROTEUS design center to develop next-generation workflows and processes, including:

- **Additive manufacturing** augmented with **artificial intelligence** in El Paso
- Workforce development for **graduates and engineering students** in El Paso
- All full-time employee (FTE) positions include salary and benefits at 20% of base salary

Phase 2 (future) – El Paso-based manufacturing

- Cable/Harness, RF Sub-Systems, and/or Full System manufacture



PROTEUS

Mission

Funding for our community's growth

ARPA funds of \$974K to provide assistance for rent, payroll, operating costs, and tenant improvements

Impact funds of \$258K, covering rent at Innovation Factory for years 4 and 5

Benefits for our Community's growth

Hiller's move to El Paso is a \$22,000,000 investment in our community

- Value protected
 - 5-year lease agreement is “paid back” to city
 - Workforce development is “no regrets” investment in UTEP engineering students
 - 5-year lease agreement and prorated claw-back provisions on improvements
 - From Innovation Factory to Hiller, El Paso continues to building its aerospace, defense and advanced manufacturing leadership position

High value City investment in Hiller - \$240k per annum or \$1.2 million total over 5 years

- ARPA funds covering \$974K,
 - Workforce, Lease and utilities, Operational expenses, Tenet Improvements
- Impact funds s cover \$258K
 - Rental assistance

Action

That the City Manager be authorized to execute an Incentive Agreement by and between the City of El Paso and Hiller Measurements, Inc. a Texas Corporation, providing \$1,232,000 in support of the establishment of a Proteus Design Center at the Innovation Factory located at the El Paso International Airport; which will provide student internship opportunities and support the use of industry-leading tools to grow the industries of aeronautics, defense, telecommunications, and power storage.

MISSION



Deliver exceptional services to support a high quality of life and place for our community.

VISION



Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high performing government.



VALUES

Integrity, **R**espect, **E**xcellence,
Accountability, **P**eople