



# 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,  
**A**ccountability, **P**eople