

Mayor and Council Communication

DATE: 08/12/25

M&C FILE NUMBER: M&C 25-0671

LOG NAME: 17ADOMEDPA

SUBJECT

(CD 10) Authorize Execution of an Economic Development Program Agreement with Adom Industries, Inc., or an Affiliate, for Up to Fifteen Annual Grants in a Total Combined Amount Not to Exceed \$15,000,000.00 for the Establishment of a Prototyping and Advanced Microelectronics Manufacturing Facility in the City of Fort Worth Subject to Certain Investment and Employment Commitments

RECOMMENDATION:

It is recommended that the City Council authorize execution of an economic development program agreement with Adom Industries, Inc., or an affiliate, for up to fifteen annual grants in a total combined amount not to exceed \$15,000,000.00 for the establishment of a prototyping and advanced microelectronics manufacturing facility in the City of Fort Worth, subject to meeting certain investment and employment commitments.

DISCUSSION:

The purpose of this Mayor and Council Communication ("M&C") is to authorize an economic development incentive agreement for a technologically advanced prototyping and manufacturing facility to build, operate, and employ individuals in the City of Fort Worth.

Adom Industries, Inc., a Delaware corporation, (Company) is a semiconductor manufacturing company exploring the possibility of establishing its headquarters and manufacturing facilities in Fort Worth. Through a competitive site selection process, Company has selected as a finalist site a location in Fort Worth for a proposed cutting-edge physical electronics prototyping lab equipped with a cloud-based platform that provides remote accessibility for clients. The proposed facility and operations are designed to accommodate high levels of research and development (R&D), offering an advanced electronics workbench that facilitates rapid iteration, manufacturing, and testing of new technologies.

Company proposes to establish the development and expansion of an electronics prototyping laboratory, electronics workbench, and semiconductor fabrication facility (Project) at 4400 Alliance Gateway Freeway, Fort Worth, TX 76177 - Alliance Gateway Building 20 (Phase I Site) with future phases proposed for sites to be identified at a later date that will be located within the municipal boundaries of the City of Fort Worth (Project Site).

In order to facilitate the Project, the City proposes to enter into an Economic Development Program Agreement (Agreement) to provide up to fifteen annual grants in an aggregate amount not to exceed \$15,000,000.00 as authorized by Chapter 380, Texas Local Government Code, and as authorized under the City's General Chapter 380 Policy relating to incentives for *Technology* and *Target Sector Projects*.

Company Commitments

Company's commitments under the proposed Agreement include the following:

- Company must expend a minimum of \$46,750,000.00 in total aggregate real property improvements at the Project Site, with the minimum aggregate amounts required by the deadlines specified below:
 - \$220,000.00 by December 31, 2027;
 - \$800,000.00 by December 31, 2029;
 - \$15,950,000.00 by December 31, 2031; and
 - \$46,750,000.00 by December 31, 2033.
- Company must install a minimum of \$182,500,000.00 in total aggregate business personal property at the Project Site, with the minimum aggregate assessed values required by the deadlines specified below:
 - \$1,800,000.00 by January 1, 2028;
 - \$18,500,000.00 by January 1, 2030;
 - \$60,500,000.00 by January 1, 2032; and
 - \$182,500,000.00 by January 1, 2034.
- Company must provide a minimum of 267 total full-time jobs, with the minimum aggregate number of total full-time jobs required by the deadlines specified below:
 - 10 full-time jobs by December 31 of the first operating year;
 - 46 full-time jobs by December 31 of the third operating year;
 - 198 full-time jobs by December 31 of the fifth operating year; and
 - 267 full-time jobs by December 31 of the seventh operating year.
- Company must expend or cause to be expended minimum amounts in qualified R&D costs in the amounts and by the deadlines specified below:
 - \$1,200,000.00 in annual qualified R&D costs beginning in the first operating year and a minimum of \$2,400,000.00 in aggregate R&D costs through the second operating year;
 - \$2,400,000.00 in annual qualified R&D costs beginning in the third operating year and a minimum of \$4,800,000.00 in aggregate R&D costs through the fourth operating year;

- \$18,750,000.00 in annual qualified R&D costs beginning in the fifth operating year and a minimum of \$75,000,000.00 in aggregate R&D costs through the sixth operating year; and
- \$18,750,000.00 in annual qualified R&D costs beginning in the seventh operating year and a minimum of \$243,750,000.00 in aggregate R&D costs through the eighth operating year.
- Average annual salaries for all jobs must be at least \$91,000.00 in each year of the term of the agreement.
- Company will use its best efforts to hire locally with a goal of 30% employment with Fort Worth residents.
- Although planned for the Project Site, the Project may, in whole or in part, be permitted to occur at a different location within the corporate limits of Fort Worth, subject to certain notice requirements provided for under the Agreement.
- A failure by Company to meet these commitments will be subject to various penalties including but not limited to default or reduction in annual grants or other penalties.

City Commitments

City's commitments under the proposed Agreement include the following:

- Subject to Company performance on commitments specified under the Agreement, City will pay to Company two (2) one-time grant payments in the combined amount of \$1,500,000.00 from the Economic Development Initiatives Fund (EDIF). Grants paid from the EDIF will be subject to clawback requirements and certain other conditions in relation to the start and delivery of Phase 3 of the Project, and including, but not limited to, a surety bond or other similar protection, for the City related to potential Company non-performance of commitments related to the EDIF grants.
- Subject to Company performance on commitments specified under the Agreement, City will pay Company up to fifteen (15) annual grants with thirteen (13) of those grants based on 85% of incremental City Maintenance and Operations (M&O) property taxes for the Project and two (2) of the grants funded from the Economic Development Initiatives Fund (EDIF).
- The total aggregate value of all grants paid by City under the Agreement will be capped at \$15,000,000.00.

In addition to those discussed above, certain other penalties for nonperformance will be provided for under the Agreement, including reduction or forfeiture of grants and termination of the Agreement.

The Project will be located in COUNCIL DISTRICT 10.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of this agreement will have no material effect on the Fiscal Year 2025 Budget. While no current year impact is anticipated from this action, any effect on expenditures and revenues will be budgeted in future Fiscal Years and will be included in the long-term financial forecast.

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