

*Memorandum of Understanding  
Between  
Pegasus Global, LLC  
And  
New Mexico Economic Development Department*

This Memorandum of Understanding sets forth the mutual understanding and respective intentions of Pegasus Global, LLC (“**Pegasus**”) and the New Mexico Economic Development Department (the “**NMEDD**”) in furtherance of the objectives set forth below.

WHEREAS, Pegasus intends to establish and operate The Center for Innovation, Testing and Evaluation in the State of New Mexico (the “**Center**”), and

WHEREAS, the Center, which will be located in the State of New Mexico, will serve as an “open” operating test, evaluation and commercialization facility for next-generation innovations and technologies, arising from the federal laboratories, universities, not-for-profit technology centers, federal departments and agencies, and the private sector, intended for integration into the Nation’s “legacy infrastructure,” urban, suburban, rural, with the goal of measurable results on our economy and its sectors, e.g., energy, transportation, telecommunications, security, and agriculture, and

WHEREAS, the Center will consist of a fully-integrated physical facility modeled on a medium-sized American city, its urban, suburban, and rural areas, with standard roads, buildings, power, water, telecommunications and operating systems, fully integrated and representative of existing infrastructure, against which the benefits and costs of proposed next-generation innovations and technologies, hardware and software,

can be introduced, tested, and evaluated, providing a measurable impact on existing American infrastructure, and

WHEREAS, the development, construction, and operating costs of the Center will be funded by the private sector, with a corresponding positive construction, business, and contract economic development impact within the State, and an estimated local employment impact of 350 new direct jobs (“inside the fence”) and an additional 3,500 new supporting jobs (“outside the fence”), and

WHEREAS, it is in the best interest of the State of New Mexico to support such efforts and, in so doing, to participate with a team of representatives of public, academic, and private institutions and organizations to develop mutually beneficial relationships and project collaborations in order to advance the State’s on-going economic development efforts to create sustainable high-wage jobs; and

WHEREAS, public participants such as NMEDD and other relevant federal, state, and local departments and agencies, as well as academic participants such as the States’ universities, together with private organizations such as Pegasus, its subsidiaries and subcontractors, are all important components of such relationships and collaborations.

NOW THEREFORE, Pegasus and NMEDD agree as follows:

1. Pegasus will be responsible for providing and/or making available the funding necessary to develop and operate the Center, which will be a privately owned and operated facility.

2. NMEDD will provide visible support for the Center and assistance and encouragement of its development, to the extent legally possible, with the understanding that NMEDD has no financial, funding, or other monetary obligation with regard to the Center, its development or operation, other than making available those economic development incentives that are otherwise available to any company that is creating new jobs and employment opportunities in New Mexico.
  
3. Pegasus and NMEDD will contact and work cooperatively with other interested federal, state and local departments and agencies to develop a government team, the members of which will be mutually agreed upon, (*hereinafter* the “**Government Team**”) to perform a feasibility study for the project. Representatives of NMEDD will be members of the Government Team.
  
4. Pegasus and the Government Team will work cooperatively to create the conditions which will allow and expedite the development of the Center with the aim of attracting investors, vendors, partners, and users of the Center, including, but not limited to those focused on the following sectors of interest:
  - a. Energy: various forms of power generation, transmission e.g. nuclear, geo-thermal, solar, wind, fossil; and next-

generation appliances and monitoring technologies, eg Smart Grid applications.

- b. Transmission systems: advanced telecommunications technologies, including fiber optics; wireless; satellite technology useful to urban, suburban and rural communities;
- c. Transport: intelligent traffic systems for long haul and public-private transportation, including manned and unmanned vehicles; heavy and light rail; on-board radar; highway and vehicle-borne sensors; security; and emergency services;
- d. Economic Development: integration of intelligent technologies and applications into practical commercial use in urban, suburban and rural settings for benchmarking efficiency, performance, and cost-effectiveness.
- e. Resource Development: Water-treatment technologies, as such are enhanced by lower energy costs, and the causal impact on existing agriculture and infrastructure operation and maintenance.

- f. Security: evaluation in a controlled environment of next-generation technologies of interest to federal and state law enforcement and security agencies, including sensors, surveillance systems [TT&L], millimeter scanning applications, useful in urban, suburban and rural settings.
  
- 5. Pegasus and NMEDD will work together to form other teams composed of public and private interests to ensure that the design, development, and operation of the Center is efficient and responsive to the interests of the identified user communities with the goal that such teams will ultimately form the Public-Private Advisory Board adding direction and advice to Pegasus on “best practices” for access, operation and further development of the Center. Therefore, additional teams to be formed shall include the following:
  - a. An Academic Team to include representatives of the University of New Mexico, New Mexico State University and New Mexico Institute of Mining and Technology.
  
  - b. A National Labs Team to include representatives of Sandia National Laboratory, Los Alamos National Laboratory, and White Sands Missile Range. The Technology Ventures

Corporation (“TVC”), which is tasked with helping to commercialize the technology developed at the national laboratories, is suggested as the leader of this Team.

- c. A Private Enterprise Team to include initially representatives of Pegasus, its subsidiaries and subcontractors, and ultimately to expand to include large and small enterprises as representative of users of the Center.
6. Pegasus and NMEDD otherwise agree to do everything reasonably possible, consistent with the purpose and intent of this Memorandum of Understanding, to advance attractive construction, business, contract, and job opportunities for the citizens of the State of New Mexico.
7. Pegasus and NMEDD acknowledge that this agreement is a transitional arrangement to a more permanent agreement which would include the other entities referenced above, and as such is highly proprietary and confidential. Any public disclosure of the contents of this MOU and its underlying purpose shall be mutually-agreed to prior to such disclosure, except as otherwise legally required.

8. Pegasus and NMEDD agree that there shall be no facilitation of any circumvention of Pegasus as the originator and developer of this project by any third party by the direct or indirect action or encouragement by the NMEDD.
  
9. It is agreed that Pegasus may assign its interest in this Memorandum of Understanding, with the prior written approval of NMEDD, which approval shall not be unreasonably withheld.

This memorandum is accepted and agreed to on this 16th day of August, 2011, by:

PEGASUS GLOBAL, LLC

By: 

Robert H. Brumley  
President & CEO

Date: 08/16/2011

NEW MEXICO ECONOMIC  
DEVELOPMENT DEPARTMENT

By: 

Jon Barela  
Cabinet Secretary Designee

Date: 8/16/2011