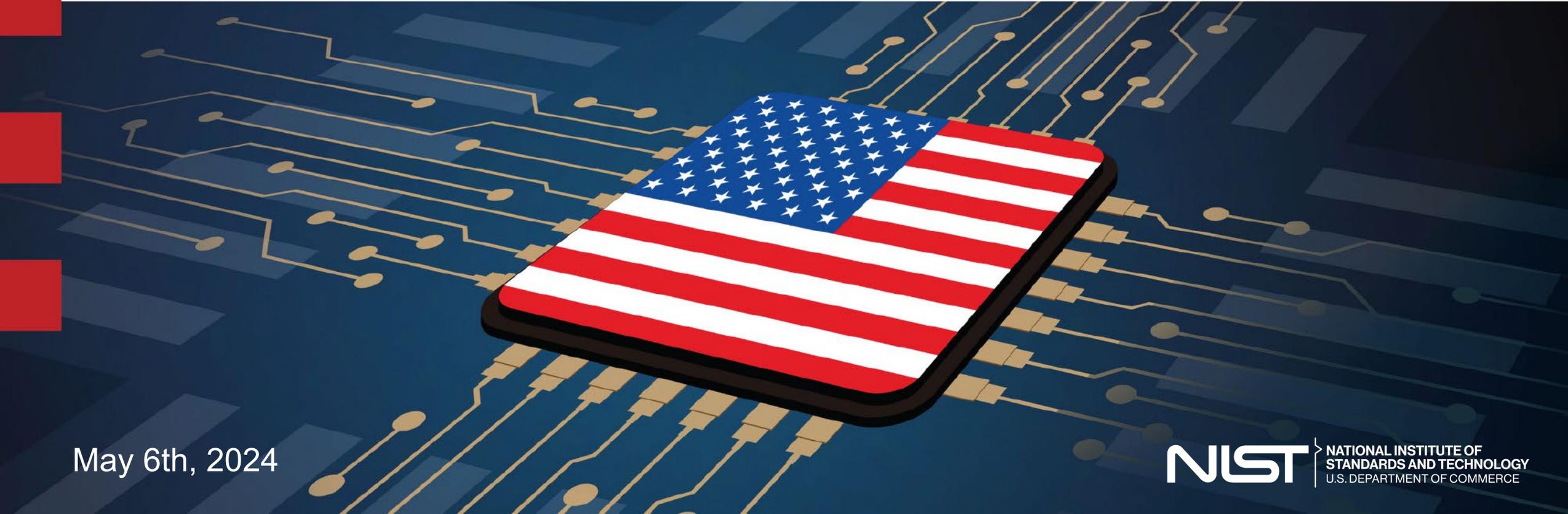
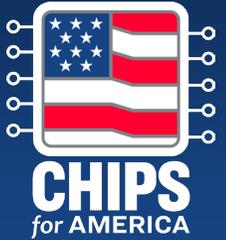


CHIPS for America: How to Complete the Full Application for the Small-Scale Supplier NOFO



May 6th, 2024

Today's CHIPS Program Office Speakers



Andrew Braden
Deputy Chief of Staff of
Investments



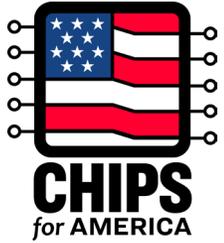
Adam Schafer
Head of Supply Chain
Strategy



Jennifer Nist
Deputy Director of
Environmental Division

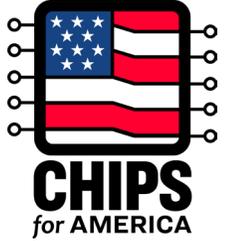


Ramona Prioleau
Opportunity and Inclusion
Division



Congratulations

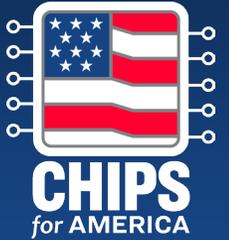
**Welcome to the Full Application Phase
of the Small-Scale Supplier NOFO**



WELCOME

- We look forward to your questions. Click the Q&A button, type your question, and click “Post Question” to submit.
- We will answer as many questions as possible today.
- Visit [CHIPS.gov](https://www.chips.gov)
 - Get the Notice of Funding Opportunity
 - Access additional resources for applicants and stakeholders
 - Sign up for email updates
 - Register for future webinars

Agenda



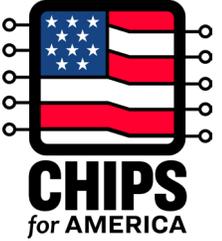
Agenda

1. CHIPS for America Vision (5 mins)
2. Application Process (10 mins)
3. Contents of the Full Application (10 mins)
4. What Makes a Good Full Application (20 mins)
5. Next Steps and Additional Resources (10 mins)

By the end, attendees should better understand

- How to submit a Full Application
- Attributes of a strong Full Application
- What to expect moving forward
- Additional resources available

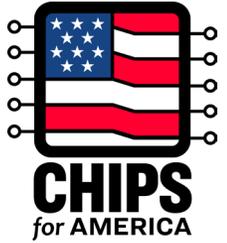
Facilities for Semiconductor Materials and Manufacturing Equipment



The **CHIPS Incentives Program – Facilities for Semiconductor Materials and Manufacturing Equipment**

NOFO is the official funding announcement document. Nothing in this presentation or the accompanying materials is intended to contradict or supersede information in the NOFO. The NOFO controls in the event of any conflicts.

CHIPS for America Vision



Economic Security

The CHIPS Act will strengthen supply chain security and increase economic resilience in critical sectors



National Security

The CHIPS Act will ensure that the U.S. can manufacture advanced technologies, including secure chips for the U.S. military



Future Innovation

The CHIPS Act will spur innovation, increase competitiveness, and ensure long-term U.S. leadership in the sector

Vision For Success – Supply Chain



Strengthen Supply Chain Resilience

- ✓ The **U.S. and its allies** will **reduce chokepoint risks** flowing from **geographic concentration**
- ✓ Supply chain participants will improve the **transparency of demand and supply** to **reduce the risks of production disruptions**



Advance U.S. Technology Leadership

- ✓ The U.S. will have **incentivized major U.S. equipment and materials suppliers** to **increase their footprints** in the U.S.
- ✓ **Non-U.S. suppliers** of the world's most advanced equipment, materials, and subsystems will also **establish large-scale footprints** in the U.S.

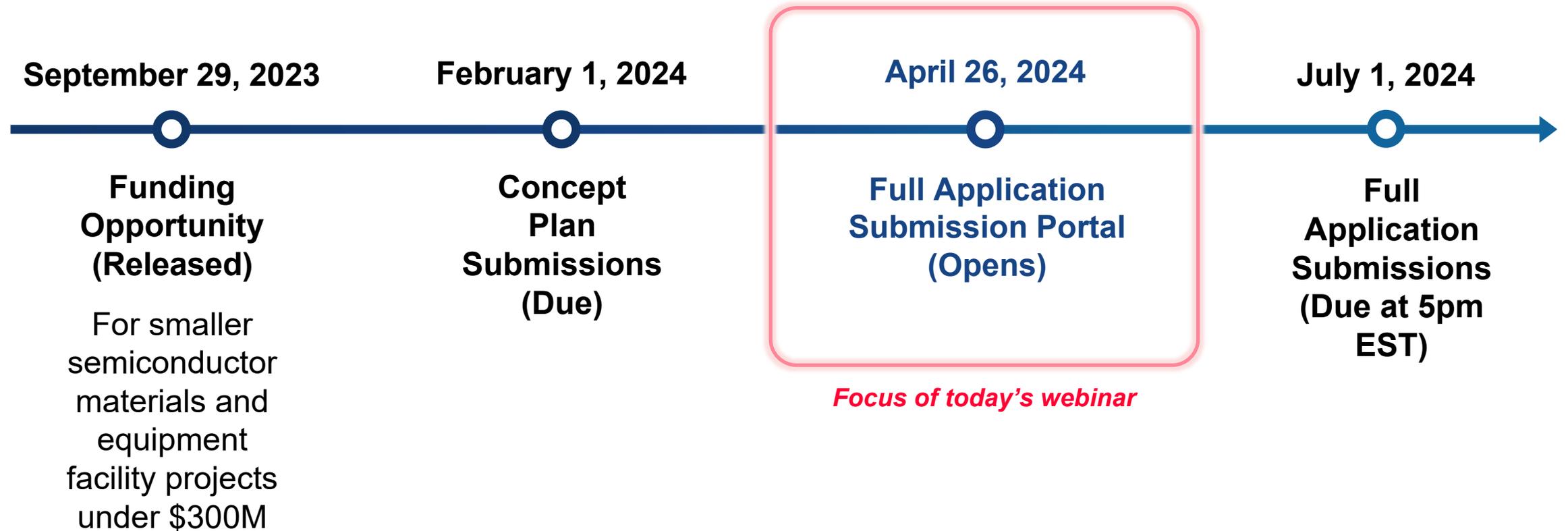
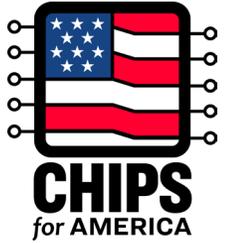
By the
end of the
decade...



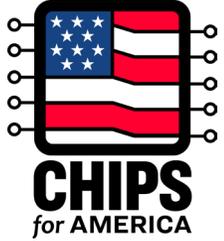
Support Vibrant U.S. Fab Clusters

- ✓ Each **CHIPS-funded fab cluster** in the U.S. will be **supported by dozens of suppliers**, including many **investing in the U.S. for the first time**
- ✓ **State and local entities** encouraged to help **facilitate the expansion of these ecosystems**

This Funding Opportunity



Funding Allocation



Funding Instruments



Total Funding

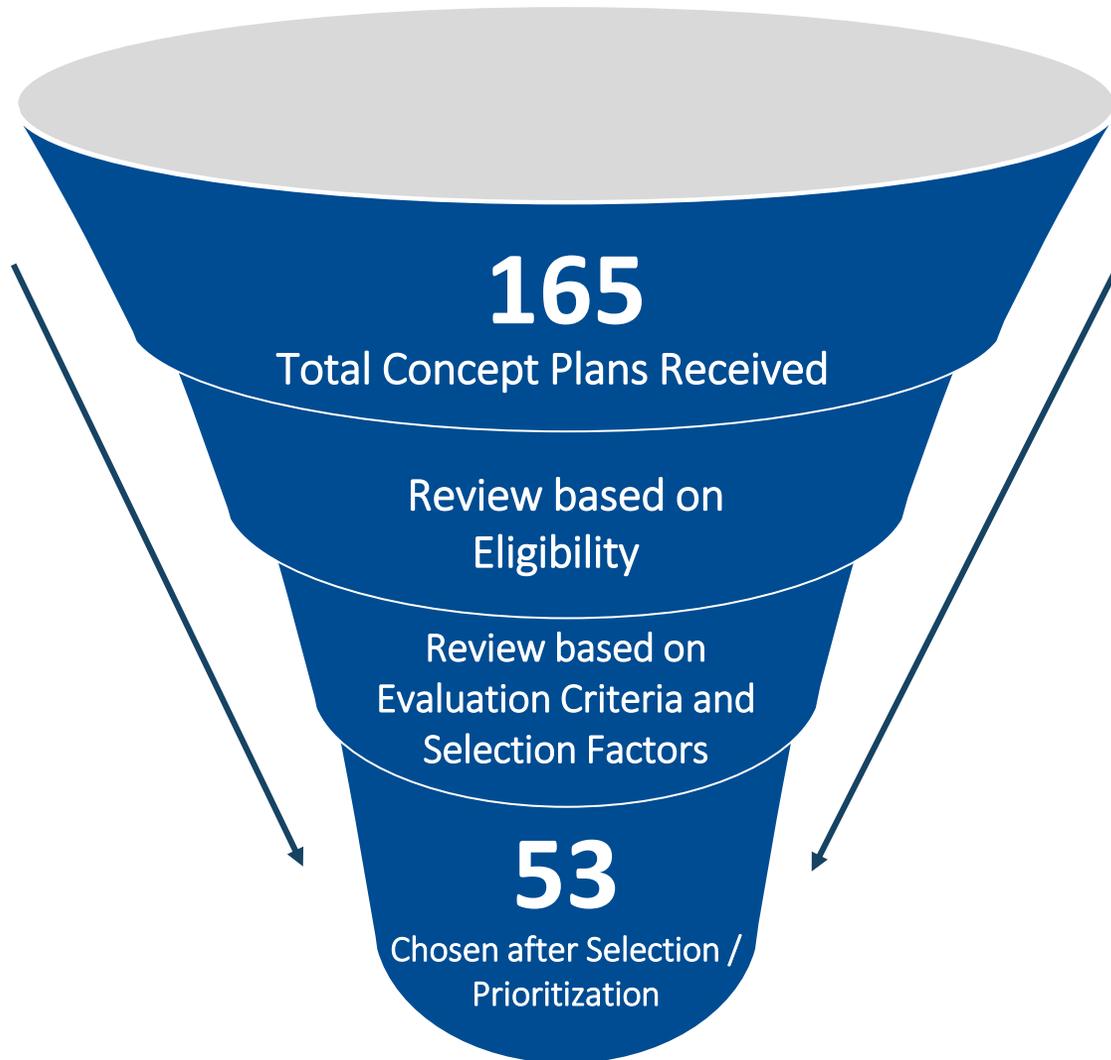
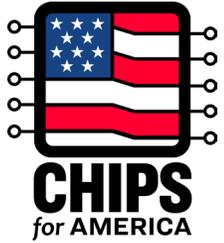
Up to \$500 million available in direct funding

Funding by Project

Direct funding expected to be **10%** of project capital expenditures*

**In rare cases, applicants may receive an award of either 20% or 30%.*

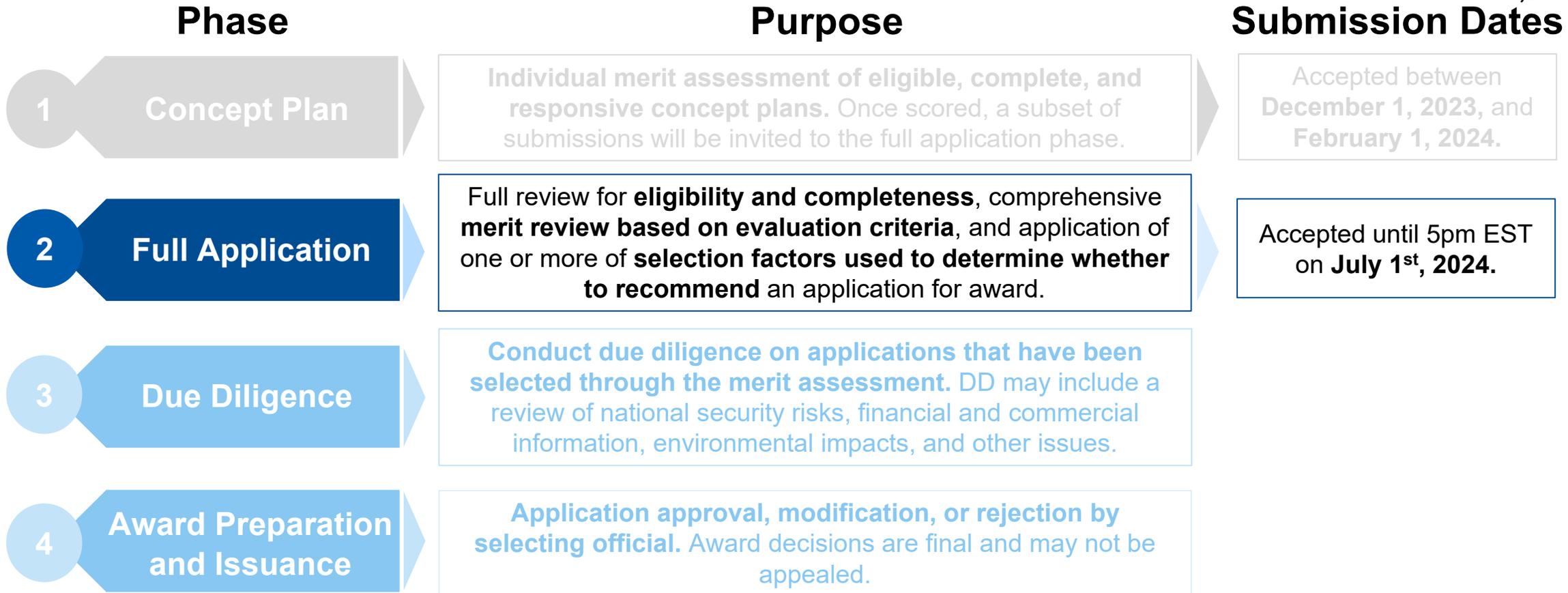
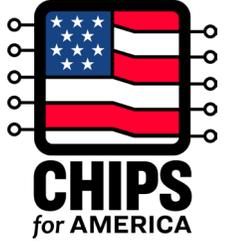
Concept Plan Submissions Were Competitive

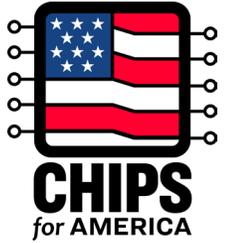


165 Concept Plans
represented **\$13.5 billion in
project costs**

53 Selected Concept Plans
represented **\$6 billion in
project costs**

Small-Scale Supplier NOFO Application Process





Applicant Engagement Prior to Submission

Prior to submission deadline on July 1st, applicants can expect the following engagement with CPO:



Overview of Full Application Webinar (*Current Session*)



Financial Modeling Webinar (*Upcoming in Mid-May*)



Individual Meetings CPO Deal Team (*1 Hour in May*)

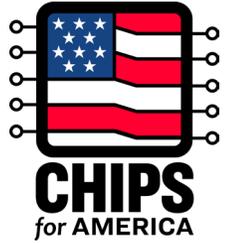


Full Application Office Hours (*Upcoming in June*)

Full Application Submission Overview

Legend

-  PDF Upload
-  Excel Upload
-  Web Form



Section	Description	
A Cover Page and Applicant Profile	Organization information, point of contact, SAM.gov registration status	
B Sources and Uses of Funds	Project costs and capital sources	
C Project Information	Detailed project description	
D Full Application Uploads	Full Application descriptive narratives and attachments	
E Eligibility Questions	Questions based on eligibility requirements meant to ensure applicants have met the requirements within their application materials	

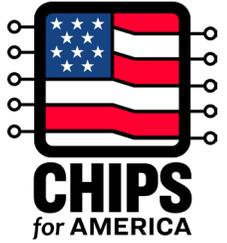
For Consortium Applicants

-  Consortium Narrative
-  Full Application Narrative
-  Environmental Questionnaire*
-  Covered Incentive Letter*
-  Audited Financial Statements*
-  Letters of Commitment (Workforce)*
-  Supplemental (Optional) Uploads
-  Financial Model*
-  Standard Forms

***New to Full Application**

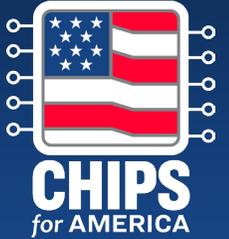
Eligibility Requirements

The *'Eligibility Questions'* section in the application web form allows applicants to affirm where / how they have met key requirements in their application.



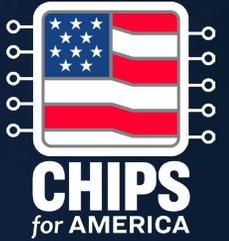
	Requirement	Where to Satisfy in Application
Covered Entity	<i>Private entity or part of consortia of private and public entities</i>	Applicant Profile
Incentivization	<i>Describe how CHIPS funding incentivizes applicant to make investments</i>	Full Application Narrative
Eligible Facility	<i>Facility is for semiconductor materials or manufacturing equipment</i>	Project Information
Covered Incentive	<i>Letter from a state or local government entity offering a qualifying covered incentive</i>	Attachment to Full Application Narrative
Workforce Strategy	<i>Document workforce needs and strategy to meet needs and commitments</i>	Full Application Narrative
Worker and Community Investments	<i>Describe commitments through paid training and education benefits</i>	Full Application Narrative
Education and Training Commitments	<i>Attach letters of commitment from education and training entities</i>	Attachment to Full Application Narrative
Plan to Sustain Facility	<i>Describe “executable plan” to sustain facility without additional CHIPS funding</i>	Full Application Narrative
Plan for Supply Chain Security	<i>Describe “executable plan” to identify and mitigate relevant semiconductor supply chain security risks</i>	Full Application Narrative

Frequently Asked Question 1



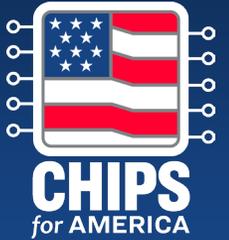
How do I satisfy the covered incentive requirement for the Full Application?

- Each applicant must provide a letter from a state or local government entity offering a qualifying covered incentive, indicating the estimated size and nature of the incentive. The offer of a covered incentive may be contingent; if so, any contingencies need to clearly be specified in the letter.
- Prior to receiving a CHIPS Incentives Award, the applicant may be required to provide additional information demonstrating to the Department's satisfaction that the covered incentive has been or will be received.
- For consortium members, this requirement may be satisfied by one letter that names and offers an incentive to all eligible facilities in the consortium being proposed for construction, expansion, or modernization. The Department will also accept multiple letters. See more information in Sections I.B.5 ("Are there any benefits to applying as part of a consortium?") and IV.H.3 ("Covered Incentive") of the Small-Scale Supplier NOFO.



What Makes a Strong Full Application

Evaluation Criteria



Economic
and National
Security
Objectives



Commercial
Strategy



Financial
Strength



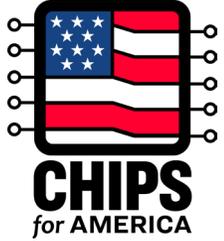
Justification
for CHIPS
Incentives
Request



Project
Technical
Feasibility



Workforce
and
Community
Investment



Economic Security



Seeking projects that

- Support vibrant U.S. clusters
- Strengthen supply chain resilience
- Advance U.S. technology leadership

- If in a consortium,
 - Have a strong strategic vision
 - Is a core element to the strategic vision

U.S. Clusters

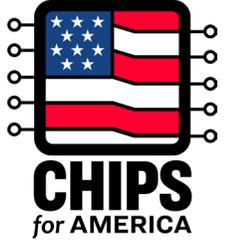
- Advance clusters by closing critical gaps
- Provide letters of support from fabs showing significance of project
- Demonstrate consortium participates in broader cluster

Supply Chain Resilience

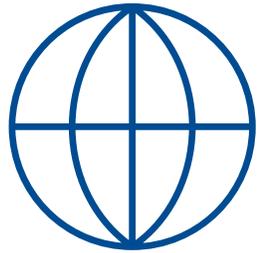
- Reduce chokepoint risks
- Reduce risks of production disruptions

U.S. Technology Leadership

- Reinforce existing supply chain strengths
- Develop new and innovative capabilities
- Demonstrate large-scale footprints established by non-U.S. supplier



National Security



Seeking projects that

- Address national security considerations, including
 - National security ecosystem
 - Supply chain resilience
 - Cyber and operational security

National Security Ecosystem

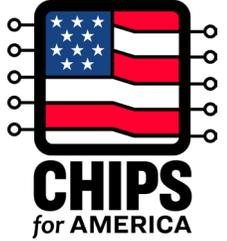
- Support national security programs and platforms
- Identify customers in defense industrial base
- List government points-of-contact who can validate project

Supply Chain Resilience

- Address corporate approach to manage risk
- List relationships with suppliers incl. foreign links
- Show operation without U.S. resources
- Protect physical infrastructure and supplier ecosystem

Cyber and Operational Security

- Identify major cyber risks
- Protect intellectual property
- Mitigate risks of insider threats, external influence, and espionage
- Detail efforts to assess and protect data



Commercial Strategy



Seeking projects that

- Present a reasonable market environment
- Demonstrate there is demand for the project's output
- Serve the semiconductor industry

End-market Demand

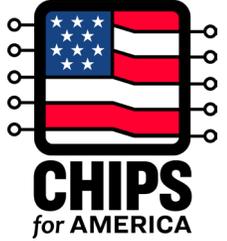
- Provide detailed information on end market industries
- Demonstrate strong projected growth
- Demonstrate project attracts more private capital

Customer Commitments

- Identify top customers or categories of customers
- Provide offtake agreements or other pre-purchase commitments

Market Position

- Assess key competitors
- Demonstrate competitive positioning
- Outline supply and demand dynamics
- Assess pricing trends and pricing pressure



Financial Strength



Seeking projects that

- Demonstrate financial strength, which includes
 - Comprehensive and reasonable projected capital expenditures
 - Likelihood that the project will generate sustainable earnings
 - Degree to which the applicant has committed private investment and/or attracted third-party investment

Projected Capital Expenditures

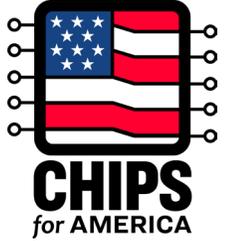
- Provide capital investment broken down by category
- Estimate operating losses and cash outflows until breakeven
- Provide workforce development costs

Projected Capital Expenditures

- Provide detailed model with expected revenues, costs, and cash flows
- Demonstrate strong evidence for key assumptions underlying projections

Projected Capital Expenditures

- Demonstrate maximum use of private sector contributions
- Show use of state and local incentives
- If applicable, show use of Investment Tax Credit



Justification for CHIPS Incentives Request



Seeking projects that

- Demonstrate that incentives request is necessary to make the project viable in the U.S.

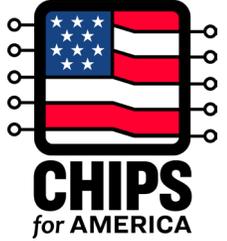
Note: The CHIPS Incentives request is generally expected to be 10 percent of capital expenditures. Applicants may only request exactly 10, 20, or 30 percent of capital expenditures.

Incentives Justification

- Show how CHIPS funding will incentivize applicant to make investments that would not occur without funding
- Describe specific efforts to date to bring in debt, state and local incentives, and other private capital

Requests for >10% of CAPEX

- Demonstrate clear advancement of economic and national security objectives
- Provide evidence that additional amount is necessary to achieve commercial viability
- Explain how application intends to fill funding gap if issued award of only 10 percent



Project Technical Feasibility



Seeking projects that

- Show the applicant and key partners are experienced to complete and operate the project
- Provide a strong operation management plan
- Demonstrate a viable construction plan and schedule
- Provide strong plans relating to environmental responsibility and climate resilience
- Show unlikelihood of regulatory delays during permitting or environmental review process

Applicant Experience

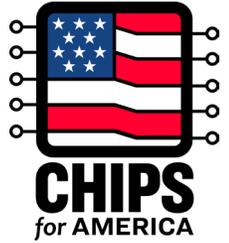
- Show experience with similar projects
- Provide relevant expertise
- Provide evidence of ability to support project's scale

Operations and Construction Plan

- Provide viable operation management plan
- Provide clear milestones and key construction personnel
- Provide inventory of required permits
- Provide resumes for key personnel and contractors

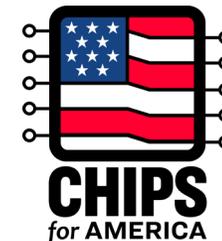
Environmental Questionnaire

- Describe clear path to meet requirements
- Describe plan to minimize adverse impacts
- Describe resilience strategies for weather and climate risks
- Plan to measure and track goals



Environmental Review: National Environmental Policy Act (NEPA)

- 1 NEPA requires federal agencies to consider the effects of proposed actions on the human environment.
- 2 Based on the **submitted Environmental Questionnaire (EQ)**, CPO will determine the appropriate level of review for a project and the environmental impacts likely to result.
- 3 A timely NEPA review depends on the quality of the environmental information submitted.



Workforce and Community Investment



Seeking projects that

- Demonstrate complete, cohesive, and feasible plans for workforce and community investment
- Present a strong strategy for investing in project's facility and construction workforce

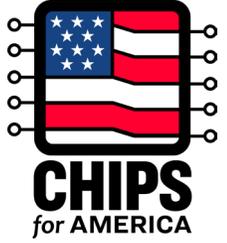
Note: Consortium members may collaborate on their workforce and community investments. Individual consortium members must list their specific contributions to investments.

Workforce and Community Investment

- Describe paid training and education benefits
- Describe programmatic investments to expand employment
- Provide letters of commitment from education and training entities
- Demonstrate investments are responsive to local needs

Facility and Construction Workforce Strategies

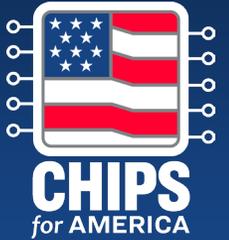
- Describe effective workforce strategies building needs and commitments
- Demonstrate strong local stakeholder engagement
- Address commitment to project labor agreements
- Describe compliance with all Federal labor laws, including Davis-Bacon Act
- Describe steps for inclusive business opportunities



Building an effective workforce strategy

- 1** **Strategic partners** may include labor unions, workforce development organizations, state and local workforce boards, educational institutions, and semiconductor fab companies (see [Teaming Partner List](#))
- 2** **The Good Jobs Principles** provides a framework to ensure semiconductor facility jobs are high quality
- 3** **The Davis-Bacon Act** outlines the requirements for wages of all laborers on construction projects

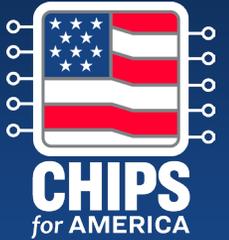
Frequently Asked Question 2



Can I apply as a part of a consortium, if I did not apply as one in the Concept Plan?

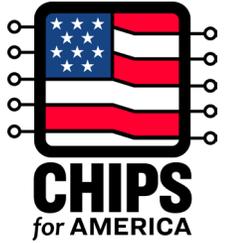
- Yes. Applicants may join a consortium and apply as one in their Full Application if they did not apply as one in the Concept Plan. The applicant must still submit a consortium narrative that is separate from their application narrative. If applying as part of a consortium for the first time during the Full Application phase, applicants will be prompted to enter the consortium key generated from the Concept Plan phase if available, or if unavailable, enter the consortium information.
- If applying as a consortium for the first time during the Full Application phase, CPO highly recommends that applicants refer to information on applying as a consortium in the [Small-Scale Supplier NOFO](#), the [Consortium Narrative Guidance](#), [Small-Scale Supplier NOFO Fact Sheet](#), and prior [Small Scale Supplier webinars and Q&A sessions](#).
- When reviewing a consortium narrative, the Department will consider the extent to which a given project is necessary for achieving its vision.

Frequently Asked Question 3



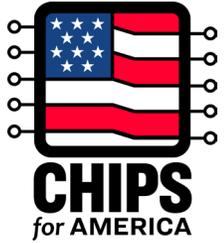
? If I am denied funding in the Full Application or choose to not submit a Full Application, may I resubmit or submit a Full Application later?

- At this time, the Small-Scale Supplier NOFO is not accepting Full Applications outside of this funding window.
- Because the Concept Plan stage has concluded and the window to submit a Full Application will not reopen after July 1, 2024, as of now, **there will not be another chance to apply to this funding opportunity.**



What to Expect from CPO Until Submission

- Details on upcoming Financial Modeling Webinar
- An invitation from your Deal Team to meet to discuss your Full Application submission
 - If you have questions about your application after you have met with your Deal Team, submit them to **apply@chips.gov**
- Details on office hours sessions with CPO to take place in early to mid June to address received questions



Next Steps

- Confirm your intent to submit a Full App (*if you have not*) by replying to your invitation email
- Attend Financial Modeling Webinar
- Meet with your Deal Team to discuss your Full Application submission
- Submit a Full Application on the **Applicant Portal**



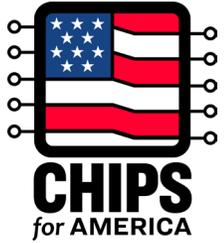
Full Application
Submissions Portal
launched on **April 26th**



Confirm your interest via
email by **May 3rd**



Full Applications are
accepted until 5pm EST
on **July 1, 2024**



Additional Sources of Private Capital

The CHIPS Program Office has compiled and shared a list of potential sources of third-party capital investment to assist CHIPS applicants seeking third-party financing.

Types of Investors Listed

- Asset managers
- Private credit funds
- Insurance managers
- Investment banks
- Infrastructure funds
- Private/growth equity funds

Criteria for Selection

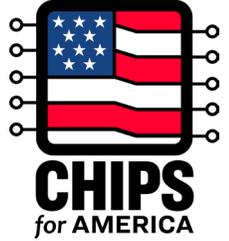
- Track record
- Investment mandate
- Sector focus
- Size and structure of funds under management
- Ability to support the needs of a wide range of applicants

How to Use this Database

- Applicants may identify and contact potential investors from this database
- Use of this resource will not be evaluated

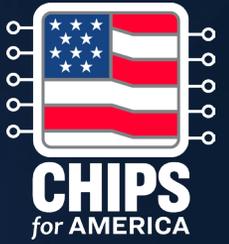
The list is provided for informational purposes only and does not guarantee any funding to applicants. Inclusion in the list does not convey the CHIPS Program Office's approval, endorsement, sponsorship, or otherwise evaluation of an investor or its programs, resources, or qualifications. All examples are provided for illustrate, non-exhaustive purposes only.

Full Application Additional Resources



Small-Scale Supplier NOFO Full Application Resources on *CHIPS.gov*

<u>Small-Scale Supplier NOFO</u>	Find the official funding announcement document for comprehensive information on the Small-Scale Supplier Notice of Funding Opportunity.
<u>Small-Scale Supplier NOFO FAQs</u>	Find information on frequently asked questions regarding the Full Application and the Small-Scale Supplier NOFO.
<u>Small-Scale Supplier NOFO Full Application Fact Sheet</u>	Find a summary of key information regarding the Full Application for the Small-Scale Supplier NOFO.
<u>Small-Scale Supplier NOFO Full Application Narrative Guidance</u>	Find detailed guidance on how to complete select sections of the Full Application Narrative.
<u>Small-Scale Supplier NOFO Full Application Instructions</u>	Find detailed instructions guide on how to complete Full Application in the Applicant portal.
<u>Small-Scale Supplier NOFO Financial Model Template</u>	Find the Financial Model Template provided by the CHIPS Program Office designed to satisfy the financial model requirement .
<u>Financial Model Template Instructions</u>	Find detailed instructions on how to complete the Financial Model Template .
<u>Small-Scale Supplier NOFO Launch Webinar</u>	Find the presentation materials and recording for the Overview of the Full Application Phase webinar.



Thank you