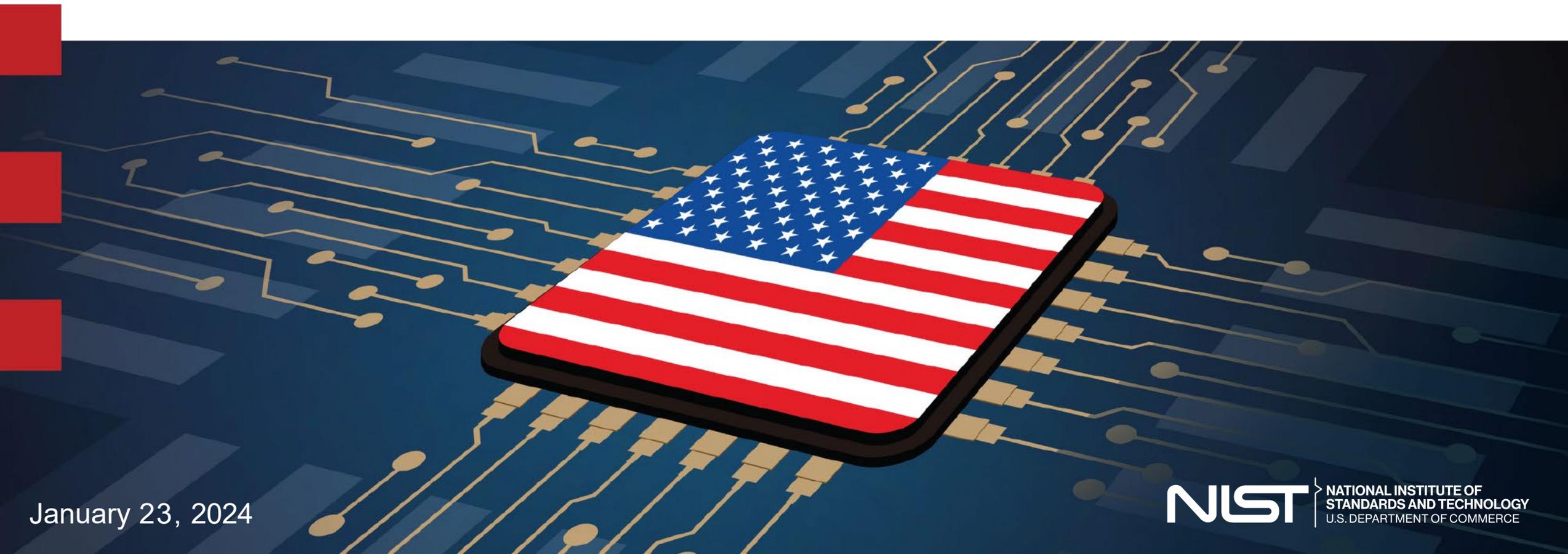
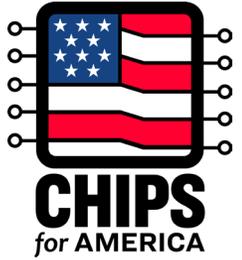


CHIPS for America Small Supplier NOFO Q&A Session

Semiconductor materials and manufacturing equipment facilities



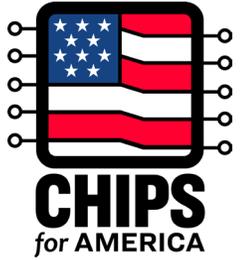
January 23, 2024



WELCOME

- We will answer as many questions as possible today. Please submit any questions through the Q&A button at the base of the screen.
- 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

Today's CHIPS Program Office Speakers



Adam Schafer
Head of Supply Chain
Strategy



Olivia Briffault
Investment Principal

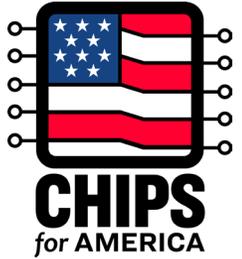


Harry Finegold
Investment Principal



Nihal Kotragouda
Investment Analyst

Funding Opportunities



February 28, 2023

Funding Opportunity (Released)

For commercial leading-edge, current, and mature node fabrication facilities

June 23, 2023

Funding Opportunity (Released)

For large semiconductor materials and equipment facility projects \$300M+

September 29, 2023

Funding Opportunity (Released)

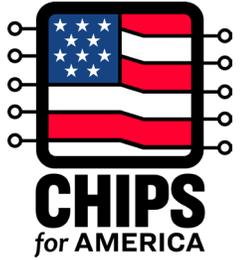
For smaller semiconductor materials and equipment facility projects under \$300M

Focus of today's webinar

Funding Opportunity

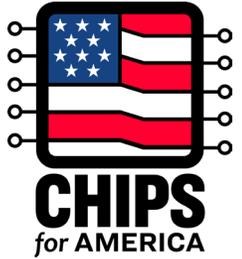
To support the construction of semiconductor R&D facilities

Facilities for Semiconductor Materials and Manufacturing Equipment



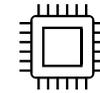
The **CHIPS Incentives Program – Facilities for Semiconductor Materials and Manufacturing Equipment NOFO** is the official funding announcement document. Nothing in this presentation or the accompanying materials is intended to contradict or supersede information in the NOFO. The NOFO controls in the event of any conflicts.

Vision for Success – Supply Chain for Success



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.

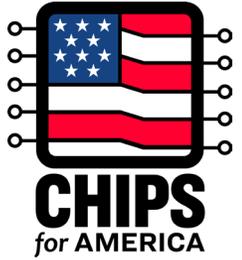
By the
end of the
decade...



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**

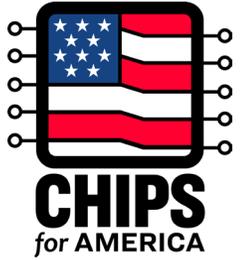
Small Supply Chain Application Process



Phase	Purpose	Submission Dates
1 Concept Plan	Individual merit assessment of eligible, complete, and responsive concept plans. Once scored, a subset of submissions will be invited to the full application phase.	Accepted between December 1, 2023, and February 1, 2024.
2 Full Application	Holistic and qualitative evaluation based on evaluation criteria and selection factors. Based on the evaluation, it will be determined whether to recommend an application for award.	For applications invited to the full application phase, the program will communicate submission dates individually upon notifying them of their advancement.
3 Due Diligence	Conduct due diligence on applications that have received the preliminary memorandum of terms, which would include national security risks, financial and commercial information, environmental impacts, and other issues.	
4 Award Preparation and Issuance	Application approval, modification, or rejection by selecting official. Award decisions are final and may not be appealed.	

Concept Plan submissions portal opened on November 17. If you are planning to submit a Concept Plan by February 1, please register as soon as possible and familiarize yourself with the portal and resource materials.

Resources



Next Steps

- Submit a Concept Plan Application
- Visit CHIPS.gov for additional resources
- Join our mailing list
- Contact us: apply@chips.gov for application-related inquiries

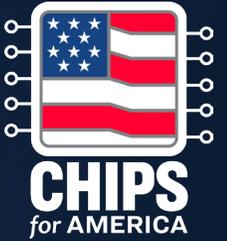
Additional Resources

- Concept Plan Instructions
- NOFO 2
- NOFO 2 Fact Sheet
- NOFO 2 FAQ's
- NOFO 2 Launch Webinar

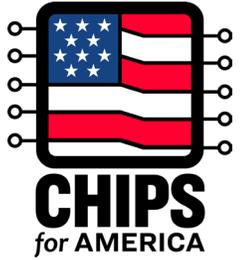


Accepted between **December 1, 2023**, and **February 1, 2024**

ONE WEEK LEFT!



Frequently Asked Questions

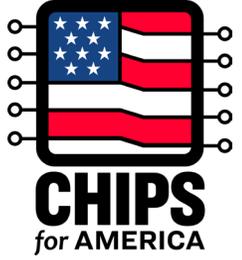


Can we include letters of support in our application? Could this include additional real commercial documents, to further verify commercial viability?

A strong application will present a sophisticated understanding, **backed by evidence**, of the demand for a project's output and other sources of existing and potential future supply. Strong applications will **include evidence of offtake commitments or other evidence of specific customer demand**.

The Department also encourages **purchase commitments** and collaborations across the supply chain to clarify future demand and the project's commercial/financial viability.

The Concept Plan narrative is strictly limited to 15pgs. However, there is also an additional "Optional Uploads" section with no page limit where applicants can submit supporting evidence.

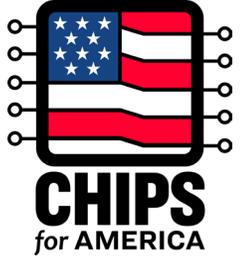


If an award is granted, what is the milestone or process for receiving funds?

Disbursements of direct funding will be tied to project milestones in connection with both the capital expenditure components of the project and the workforce development and/or operational cost components of the project.

The milestones for the disbursement of funds will be determined during the negotiation of terms during the full application process.

The rate of disbursement is generally expected to be proportional to the rate at which non-federal dollars are expended over the course of the project, although determinations will be made on a case-by-case basis.

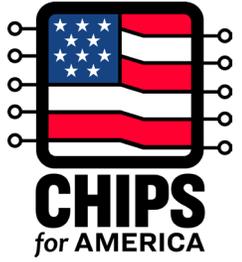


? **Where may I submit my project financials and sources & uses? What should be included?**

The Sources and Uses is embedded in the web form and is not a separate spreadsheet or submission.

Provide the information listed in the NOFO about capital investment and capital sources via the web form on the CHIPS Incentives Program application portal.

In addition, provide a narrative that details specific, credible evidence of the availability of the listed sources of funds”

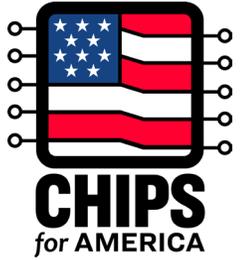


How is the requested financial information for this funding opportunity different than what is required for the previous funding opportunity?

This funding opportunity has been streamlined so that it's tailored for smaller businesses.

Applicants will be asked to provide information about their planned capital investment and sources of funds via a Sources and Uses of Funds form during the Concept Plan phase. There is no financial model required in the Concept Plan phase.

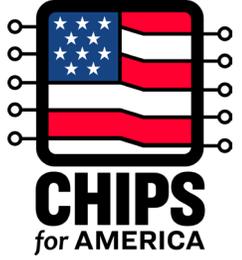
A substantially simplified model is required for the Full Application and a sample model is available on the [CHIPS website](#).



Can we use equipment purchases that has not been installed, before construction, as part of the application amount for the expansion project?

Applicants should include capital expenditures that cover the entire period of construction even if that period begins before the application was submitted.

Project capital expenditures refers to expenses incurred in the construction or improvement of physical assets, such as the costs of land, building and construction, equipment and installation, physical improvements, and working capital during the construction phase.

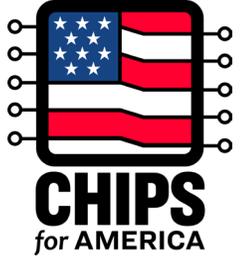


What is the expected average award size for applicants? Is the NOFO expected to be issued only once?

Awards are expected to be 10% of project capital expenditures and this NOFO is for projects < \$300mm in capex. We currently have no plans to issue a second NOFO. Our national security goals are outlined in the NOFO.

In rare cases, applicants may receive an award of either 20 or 30 percent of project capex if they have made a particularly compelling case that their project advances the Department's economic and national security objectives and demonstrated that the additional funding is necessary to make the project commercially viable.

Projects eligible for the Investment Tax Credit will not receive an award of more than 20% of project capex.

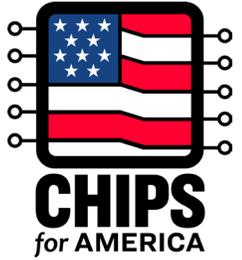


May I apply for loans or loan guarantees under the second NOFO?

No, the second NOFO offers awards only in the form of direct funding.

However, the Department intends to facilitate opportunities to increase access to credit for smaller suppliers by connecting suppliers with credit providers of all sizes.

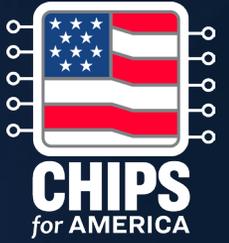
This will include a dedicated effort within the CHIPS Investments Office as well as online tools to connect potential loan-seekers with a list of private-sector financial institutions, including direct lenders, banks, and asset managers.



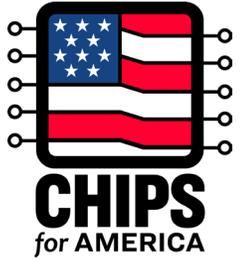
Can you describe the next steps in the application process?

Based on evaluation of the submitted Concept Plans, a subgroup of applicants will be invited to the full application phase. At the full application phase, submission dates will be communicated individually to applicants upon notification of advancement.

We don't currently have an anticipated time frame for when those deadlines will be submitted but those that have been notified will have sufficient time to prepare the application.

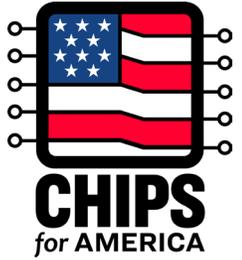


Live Questions



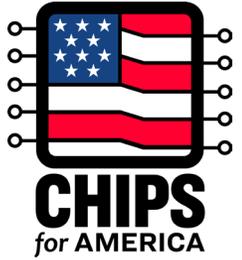
I am a supplier to a supplier. Am I eligible under the second funding opportunity?

As defined in the second NOFO, semiconductor materials facilities include facilities that manufacture or produce raw and intermediate materials, and semiconductor manufacturing equipment facilities include facilities that produce the subsystems that enable or are incorporated into manufacturing equipment. These suppliers to a supplier may apply for funding so long as their capital investment falls below \$300 million, provided they meet the other eligibility requirements in the funding opportunity.



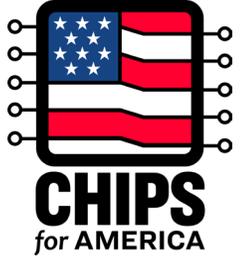
The Department expects strong consortia to include an anchor institution, like a semiconductor fab. Are there other examples of anchor institutions?

- In addition to semiconductor fabs, anchor institutions could include large suppliers, universities, and/or advanced packaging facilities
- In addition to anchor institutions, strong consortia will also include at least two suppliers and a state or local government entity and may include entities such as workforce training providers, labor unions, economic development corporations, institutions of higher education, philanthropic foundations, industry organizations, Tech Hubs, or other relevant entities.



? Is the Department requiring consortia to have particular members?

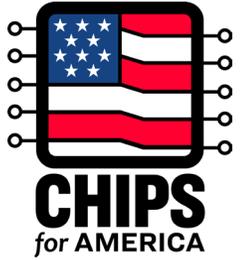
No. However, the Department expects that strong consortia will include at least two suppliers, a state or local government entity, and an anchor institution such as a semiconductor fab. Other members may include workforce training providers, labor unions, economic development corporations, institutions of higher education, philanthropic foundations, industry organizations, Tech Hubs, or other relevant entities.



? My project is not part of a cluster. Should I still apply?

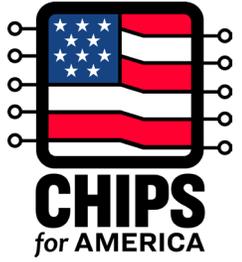
Through the second NOFO, the Department is particularly focused on projects that advance U.S. clusters. But the Department is open to projects that support any of the economic and national security objectives outlined in the NOFO.

If a project does not support a cluster, the application must make a compelling case for advancing one of the Department's other two objectives: strengthening supply chain resilience and/or advancing U.S. technology leadership.



There's no fab in my area. Can I still make the case that I am advancing a U.S. fab cluster?

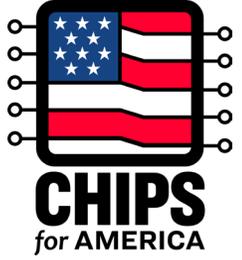
Yes. The Department is interested in projects that advance clusters by closing critical gaps in the U.S. supplier landscape. Often, projects will accomplish this goal by locating near fabs to reduce the burdens associated with transporting critical supply chain inputs. But that is not a requirement, and the Department welcomes projects that support clusters in other ways, including by providing critical materials or equipment to fabs in multiple areas.



I am a supplier that primarily serves a non-semiconductor-related industry. Am I eligible to apply?

If you are a potential applicant for a project related to a semiconductor material facility or a semiconductor manufacturing equipment facility, then you are eligible to apply for funding even if a portion of your business is not related to semiconductors.

Please note, however, that our evaluation of the merits of a supply chain project will consider the materiality of the project's semiconductor-related output, relative to both overall project size and to the U.S. semiconductor ecosystem.

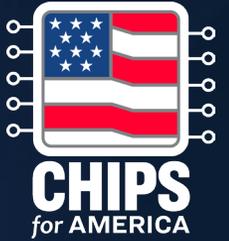


Do members of a consortium need to share business confidential information with each other?

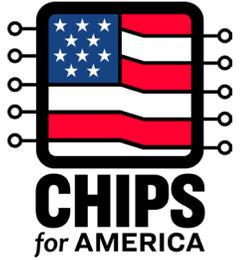
No. Each member of a consortium will have to submit their own concept plan and full application. They will not be required to share business confidential information with other members of the consortium.

In addition, the CHIPS Program Office and the Department will follow applicable laws, including, for example, the CHIPS Act, the Trade Secrets Act, and the Freedom of Information Act (FOIA), to protect such information.

We will not identify submitters to each other unless specifically requested.



Next Steps and Additional Resources

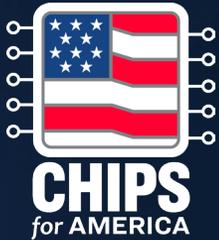


Additional Questions

- We will now answer any additional questions as time permits.
- If your question was not answered:
 - For more application-related questions, please email apply@chips.gov.
 - For general inquiries, email askchips@chips.gov.
 - We will be holding additional Q&A sessions in the new year.

The application portal for concept plans closes on February 1st!

Applicants must submit a concept plan to be considered for the full application phase and funding.



Thank You!