

I, Brittney Hunt, Town Clerk of the Town of Chapel Hill, North Carolina, hereby certify that the attached is a true and correct copy of (2026-05-20/R-3) adopted by the Chapel Hill Town Council on May 20, 2026.



This the 21st day of May, 2026.

Brittney N. Hunt

**Brittney Hunt
Town Clerk**

A RESOLUTION AUTHORIZING THE TOWN MANAGER TO SIGN {PROJECT STARK TOWER} INCENTIVE AGREEMENT (2026-05-20/R-2)

WHEREAS, the Council wants to create a strong and active downtown; and

WHEREAS, investment in downtown adds to its life and vibrancy; and

WHEREAS, {PROJECT STARK TOWER} committed to locating a significant facility in downtown Chapel Hill; and

WHEREAS, such a project will increase jobs, taxable property base, business prospects of the Town, and will have the continued benefits of diversifying the local economy;

NOW, THEREFORE, BE IT RESOLVED by the Council of the Town of Chapel Hill that the Council authorizes the Manager to sign the {PROJECT STARK TOWER} Incentive Agreement as presented to the Town Council on May 20, 2026 subject to minor technical and non-substantive adjustments as needed in the judgement of the Manager and Town Attorney and distribute the award accordingly.

This the 20th day of May, 2026.

NORTH CAROLINA
ORANGE COUNTY

ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT

This Economic Development Incentive Agreement (hereinafter “Agreement”) is made and entered into as of the ____ day of May, 2026, by and among Blue Sky Robotics, Inc., a North Carolina corporation, (“Owner”) and the Town of Chapel Hill, a North Carolina municipal corporation (“Town”) for the purpose of encouraging the development of major job presence in downtown Chapel Hill (“Project”). Owner and the Town may hereinafter be referred to individually as a “Party” or collectively as the “Parties.”

RECITALS

1. On May 20, 2026, the Chapel Hill Town Council, the governing board of the Town, authorized an Incentive Policy, that includes awarding incentives for job creation and investment.
2. Owner inquired about the possibility of locating a significant office in downtown Chapel Hill in connection with the Project.
3. The Parties anticipate that the Project will result in creating 152 employees that pay an average wage of \$77,303, of which 106 of the new jobs are planned to pay a competitive wage at or above the 2026 County Private Sector Average Wage in Orange County (\$70,442).
4. Performance-based financial support from the Town to this Project would make it possible for the Owner to proceed with committing to Chapel Hill as the primary office for the corporation.
5. Based on careful consideration and evaluation of the performance-based financial support proposed by the Town, Owner is willing to relocate its headquarters to 136 E Rosemary St, Chapel Hill, bringing significant new employees to downtown.
6. A public hearing on this proposed Agreement was held May 20, 2026, in satisfaction of all requirements of North Carolina Gen. Stat. §158-7.1(c).
7. On May 20, 2026, the Town Council authorized entering into this Agreement pursuant to Resolution Number 2026-05/20-R2.

NOW, THEREFORE, based upon the terms and conditions set forth herein and in consideration of the mutual promises and assurances provided herein, the Owner and the Town do hereby agree as follows:

TERMS:

1. Town Economic Development Grant. The Town hereby agrees to award a Performance-Based Economic Development Grant (the “Grant”) to Owner to be paid in multiple

annual installments consisting of: (i) Cash Awards, (each annual installment of a cash grant, a “Cash Award” and collectively, such annual installments, the “Cash Awards”) and (ii) Credits toward payment otherwise due for use of Town parking services (each annual credit, a “Credit” and, collectively, such annual credits, the “Credits”). The aggregate amount of Cash Awards shall not exceed \$57,000 (“Aggregate Cash Award”) and the aggregate amount of Credits shall not exceed \$261,000, (“Aggregate Credit Award”) for a combined total aggregate value not to exceed \$318,000 (the “Total Town Grant Amount”). The Grant is subject to the terms and conditions set forth herein.

2. Project Effective Date. This Agreement shall be effective as of May __, 2026 (the “Effective Date”).
3. Term. This Agreement shall commence on the Effective Date and shall expire on June 1, 2031 (the “Expiration Date”) provided that, Owner shall have the use of the Parking Spaces (as defined below) until December 31, 2030, as set forth in this Agreement. Owner shall be eligible to receive Credits based upon the total number of Employees hired, relocated, and retained during the period of time from the Effective Date to the Expiration Date (the “Term”) subject to the terms of this Agreement.
4. Grants Contingent Upon Performance by Owner. The Total Town Grant Amount has been calculated based upon the assumption that by the Expiration Date, Owner shall have in its employ 152 full-time employees based in and working from Chapel Hill, NC (as defined below).
5. Calculation of Grants:
 - a. *Grant:* The Town shall award a Grant to Owner in an amount up to \$318,000, which is calculated to equal to \$2,092.11 per-employee located in Chapel Hill, allocated between the Cash Awards and the Credits as set forth in Exhibit A. The total of grant credits will not exceed \$318,000 over the life of this Agreement.
 - i. Parking Credits. Up to \$261,000 can be used as a parking credit for spaces located in downtown Chapel Hill, with a maximum credit of \$52,200 per calendar year, for a total of 30 parking spaces. Location and number of spaces will be determined annually and set for the following year as set forth in paragraph 5c below.

The Parties agree that the current annual fee of a parking space is \$1,740 (\$145.00 per month times 12 months) and that the Credits for parking should begin as of the Effective Date. Parking fees are set by this Agreement and will not be affected by any subsequent Town parking changes. Credit shall equal payment for Parking Spaces (as defined below) in each such calendar year as set forth in Exhibit A.
 - ii. Cash Grant. The Parties agree that the payment of the Cash Awards should begin in calendar year two of the Term (2027). As a result, in light of the Total Cash Grant Amount, Town will pay Owner a Cash Grant of \$11,400 by the Payment Date (as defined below) in each calendar year of the Term, beginning on the Payment Date that occurs in 2027, as set forth in as set forth in Exhibit A.

- iii. Performance. The Parties agree that the payment of the Grant will be performance based. In the event that the Owner fails to match the annual schedule of Exhibit A, awards will be pro-rated, using the actual number of New Positions as the numerator and the annual scheduled positions as the denominator. By way of example, assume the following:

Calendar Year 2027

Actual New Positions	45
Projected New Positions	47
Percentage of Total	95.74%
Actual Cash Award	\$10,914.89
Projected Cash Award	\$11,400
Actual Parking Credit	\$49,978.72
Projected Parking Credit	\$52,200

The parties agree that the difference of value in Actual Parking Credits and the annual fee for parking spaces will be paid.

- b. *Certification.* Beginning in 2027, by May 31st of each calendar year during the Term (“Certification Date”), Owner shall submit a copy of Form NCUI 101 (or a mutually agreed-upon equivalent) (“Certification”) to the Town setting forth total the number of full-time employees (“Employees”) currently employed by the owner and identifying the number of Employees hired during the immediately previous calendar year; with the initial Certification to be filed on May 31, 2027 including the Employees hired from the Company announcement through December 31, 2026. Owner shall be permitted to redact sensitive information from the Form.
- c. *Payment.* Town shall pay Owner the Cash Award within 45 days of receipt of the Certification (the “Payment Date”).
- d. *Parking Spaces.* Owner will work with the Town’s Economic Development Officer to coordinate with Parking Services to determine the exact location and number of the parking spaces; provided that such location shall be no greater than one half (0.50) miles from 136 E. Rosemary St., Chapel Hill, NC, 27514 (“Parking Spaces”). The location and number of Parking Spaces for each calendar year of the Term, after the first calendar year, shall be determined by December 1st of the immediately preceding calendar year.
6. Progress Checks. If a Certification submitted by Owner shows that Owner’s total number of Employees is less than ninety percent (90%) of the total projected number of Employees as set forth in Exhibit A, Parties shall discuss in good faith a remediation plan based on, among other things, total expected hires for the remainder of the Term and market factors, including a possible adjustment to the Grant amount on a pro rata basis based upon the total number of jobs located in town for that year. If the Parties are unable to agree on a remediation plan, the Town will have the right to terminate this agreement as set forth in

paragraph 7, below. No modifications to this Agreement will be required if the investment goals set forth in the Investment Agreement are not met.

7. Amendment, Modification and Termination. The terms of this Agreement may be amended, modified or terminated by written agreement of the Parties. In the event Owner is unable to meet the Certification requirements of the Progress Check described in paragraph 6 and the Parties are unable to agree on a remediation plan within ninety (90) days, the Town may terminate this agreement.
8. Recordation/Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Parties hereto, their successors, and assigns.
9. Assignment. This Agreement shall be assignable by Owner, subject to the approval of the Town, which approval shall not be unreasonably withheld, conditioned or delayed.
10. Disclaimer of Joint Venture, Partnership and Agency. This Agreement shall not be interpreted or construed to create an association, joint venture, or partnership between the Town and Owner, or to impose any partnership obligation or liability upon the Parties. Neither the Town nor Owner shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent of representative of, or to otherwise bind, the other Party.
11. Construction. The Parties acknowledge and stipulate that this Agreement is the product of mutual negotiation and bargaining and that it has been drafted by counsel for the Parties. As such, the doctrine of construction against the drafter shall have no application to this Agreement.
12. Governing Law. This Agreement and all obligations arising out of it shall in all respects be governed by and shall be construed in accordance with the laws of the State of North Carolina and any and all suits or actions related to this Agreement shall be brought exclusively in Orange County, North Carolina.
13. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original and such counterparts shall constitute one and the same instrument.
14. Authority. Each Party represents and warrants that it has undertaken all actions necessary for approval, execution and delivery of this Agreement, and that the person signing this Agreement has the authority to bind such Party.
15. Notice. The payment to the Owner and written notices pursuant to this Agreement shall be mailed or otherwise delivered to:

Blue Sky Robotics, Inc.
Attn: Steven Timothy King
142 E Franklin St
Chapel Hill, NC 27514
steven@blue-sky-robotics.com

Town of Chapel Hill

Attn: Town Manager
405 Martin Luther King, Jr. Blvd.
Chapel Hill, NC 27514
tvoorhees@townofchapelhill.org

Either Party may update the notices information above by delivery of a written notice to the other Party.

16. Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions of this Agreement unless the provision invalidated is so fundamental to this Agreement that this Agreement shall fail of its essential purpose without the provision that was invalidated.
17. Force Majeure. In the event that either Party hereto is be delayed or hindered in or prevented from the performance of an act required hereunder by reason of the following: labor dispute, including strike and lockout; unavailability of essential materials or duly qualified Employees as reasonably determined by Owner, riot; epidemic; war, extreme weather events, fire; explosion; accident; delays or default of the other party, then performance of such act shall be excused for the period of the delay, and thereafter the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. No such event shall excuse the payment of any sums due and payable hereunder on the due date hereof.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto cause this agreement to be executed in their respective names.

BLUE SKY ROBOTICS, INC.

SIGNATURE

PRINTED NAME & TITLE

TOWN OF CHAPEL HILL

DEPARTMENT HEAD/EXECUTIVE DIRECTOR OR DEPUTY/TOWN MANAGER

PRINTED NAME & DEPARTMENT

ATTEST BY TOWN CLERK:

TOWN CLERK/DEPUTY TOWN CLERK

TOWN SEAL

Town Clerk attests this the, , day of, , 20, , .

Approved as to Form and Authorization

ATTORNEY FOR TOWN

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

FINANCE OFFICER

DATE

EXHIBIT A

BLUE SKY ROBOTICS INC PERFORMANCE TABLE						
Number year	1	2	3	4	5	6
Year	2026	2027	2028	2029	2030	2031
Cumulative New Jobs	16	47	96	122	152	-
Cash Award	-	\$ 11,400	\$ 11,400	\$ 11,400	\$ 11,400	\$ 11,400
Parking Credit (in kind)	\$ 52,200	\$ 52,200	\$ 52,200	\$ 52,200	\$ 52,200	-
Per Job Award	\$2,092.11					
Projected Annual	\$63,600					

DRAFT