



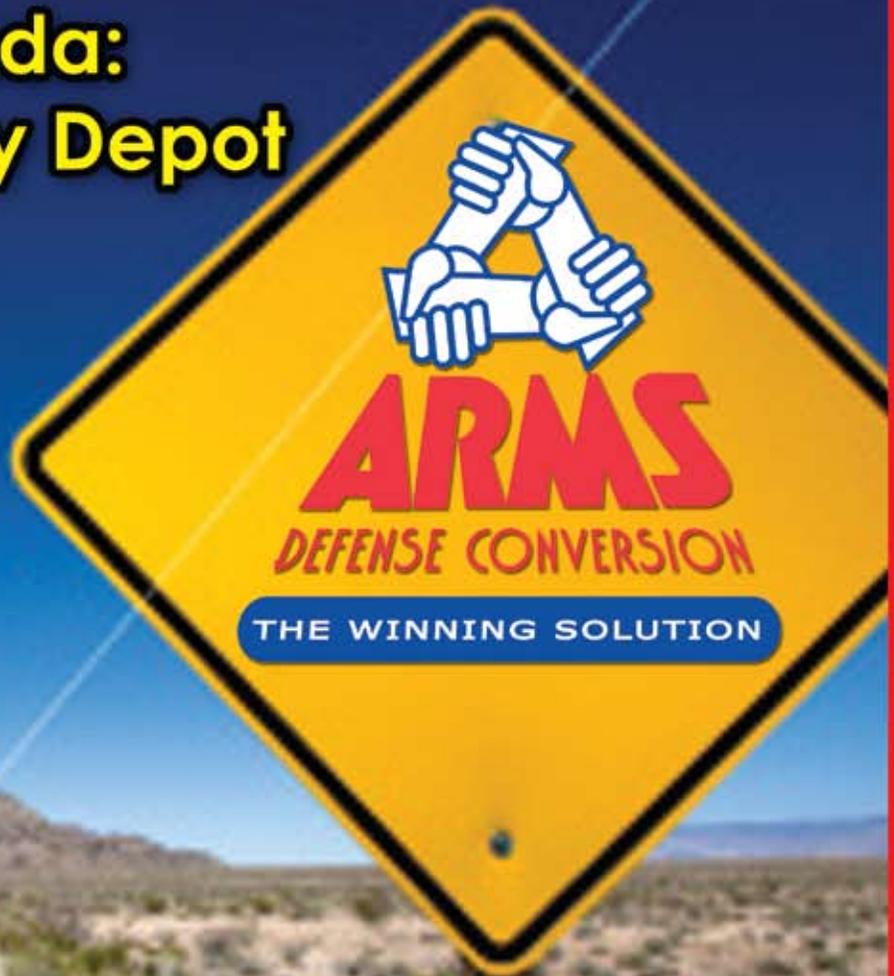
News @ ARMS

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Betting on Nevada: Hawthorne Army Depot Joins ARMS



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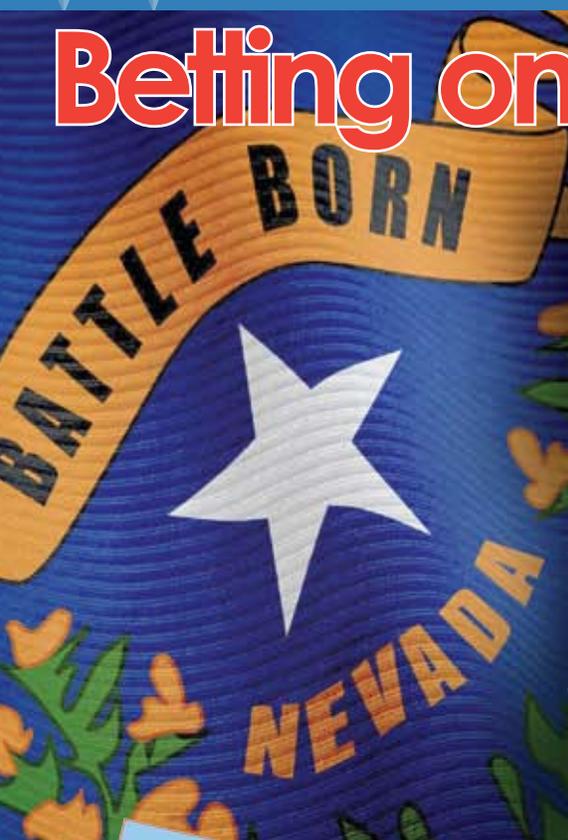
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Hawthorne Army Depot is the newest addition to the ARMS program. This one-of-a-kind facility is poised for success due to its unique assets.



Betting on Nevada: Hawthorne Army Depot Joins ARMS



Founded in 1881 as a division point on the Carson and Colorado railroad, Hawthorne, Nevada's site was selected by the mules used by work crews to grade the right-of-way. These mules found the most sheltered spot in the valley to forage for the winter and that was where Hawthorne was established.

Nestled to the south of Walker Lake, Hawthorne serves as Nevada's gateway to Yosemite and the eastern Sierra Nevada mountain range. However, the town is best known as "America's Patriotic Home." Faithfully each year for the past 59 years, residents have thrown a multi-event Armed Forces Day celebration.

This red, white and blue town in west central Nevada is also home to the Hawthorne Army Depot (HWAD). Hawthorne is a Government-Owned, Contractor Operated industrial facility that was originally constructed as a naval ammunition depot in 1930. HWAD encompasses 147,000 acres of Nevada desert and mountain ranges and is thought to be the largest facility of its kind in the world.

Boasting nearly 365 days of sunshine a year with mild temperatures, Hawthorne is surrounded by mountain ranges which shield the area from most extreme weather. This unique desert and mountain environment combined with a convenient location is ideal for a variety of commercial and even Government

expansion possibilities and is extremely well suited for new construction. Operated by SOC LLC, the facility is located 130 miles south of Reno and 300 miles north of Las Vegas and is strategically located to provide excellent highway access to surrounding states and the West coast region.

The facility has 219 miles of railroad access, an airport capable of landing a C-130 plane, on-site security, on-site fire/emergency rapid response department and affordable utilities.

Water capacity is two million gallons per day and is produced by ground water wells and treated surface water (all potable). Steam heat is available in the industrial area and ample electrical capacity is provided by Nevada Energy.

"Hawthorne is already home to some Government tenants and we now look forward to expanding our efforts to the commercial sector," said Courtney Robinson, Commercialization Coordinator (ARMS) at HWAD. "Hawthorne is ideally located to the Western region of the United States and it is a place where start-up companies as well as small and large businesses can grow and prosper. We are excited to offer all that Hawthorne can provide to the commercial sector and believe that the time is right to consider Hawthorne as the ideal place to start or grow your business."



Location, Location, Location

265 miles from Sacramento, CA

395 miles from Los Angeles, CA

515 miles from Salt Lake City, UT

600 miles from Phoenix, AZ



Example of building available at Hawthorne.



The Hawthorne Army Depot in Nevada is the newest ARMS program participant.



Protokraft: Facilitating Secure Communication in Harsh Environments

Solid and reliable - two attributes that can be hard to find in our modern disposable society. One company in Tennessee has built a solid and steadily growing company that works to design, develop and manufacture fiber optic components for use in harsh environment applications such as military, aerospace, industrial and process control communication networks.

In October, 2003, Bob Scharf and Randy Lord founded Protokraft and located the business in the Holston Business Development Center located on the Holston AAP. Flash forward six years and the business had utilized almost half the total square footage available and had outgrown their original space in the Business Development Center. More room was needed to meet current production demand and to allow for continued growth. The business has increased employment from the original two employees to eleven employees and has definitive plans to grow to at least twenty employees. This exponential growth has landed the company an award as a "HOT 100 Company" by Business TN magazine in 2007 and marked the second year in a row that the company has been selected as one of the fastest growing businesses in the state of Tennessee. In 2004, Protokraft also won an award by The Northeast Tennessee Technology Council for development of new technology.

Protokraft has pioneered the design of components that are used in advanced fighter planes, in radar navigation or tracking targets. Protokraft's customer base includes Raytheon, BAE Systems, L-3 Communications and Lockheed Martin and the company is also expanding its overseas customer base.

Location was important in originally situating in Kingsport, Tennessee because the Tri-Cities



area is within a one day drive of most of their customers. Also, many subcontractors (who print circuit boards, etc.) are also housed nearby.

Having outgrown the Business Development Center, a larger, new home was needed which would provide more manufacturing and research and development space to keep pace with growing customer demand. Located nearby on the grounds of the Holston AAP was an idle building that had originally served as clock-in and clothes change facility.

Located on Army owned property, but outside the secured area with easy access to Highway 11-W, the building and location grabbed Protokraft's attention. The building has 9,072 square feet and ARMS incentive funds were utilized to make leasehold improvements such as electrical and HVAC upgrades, roof repairs and internal retrofits.

"The location and its proximity to BAE Ordnance Systems Inc's main security post were important to us and the additional space was essential for our continued growth and additional employees," said Randy Lord, co-owner of Protokraft. "We simply could not fulfill our customer needs and continue on our strategic plan without the space to expand and the folks at BAE Ordnance Systems Inc. worked diligently with us to configure the building to meet our needs at a competitive price. We believe that the improved building

Protokraft has pioneered the design of components that are used in advanced fighter planes.

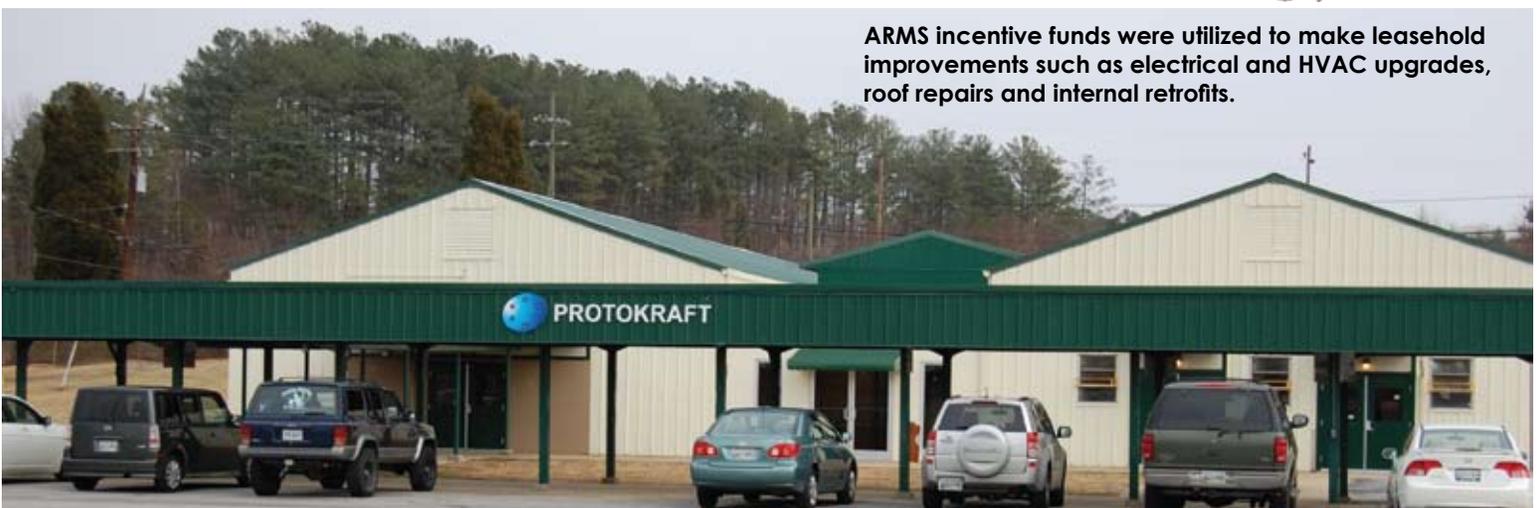
and added space will be key to our continued growth."

Protokraft holds multiple patents and has submitted additional patent applications for several of their innovations. Protokraft continues to invest substantial sums in research and development projects to keep its product line relevant and to increase production capacity to keep up with growing demand for its products.

"Protokraft is a success story in its own right," said Tony Hewitt, Commercial Development and Community Relations Director. "They are also a success story for a start up business using the Business Development Center to get started and then growing out of that center to bigger and better things. We are glad they chose an available building on the Holston AAP and will continue to be a key employer in the Kingsport area. In many ways, they complement the mission of supporting the war fighter with their ever growing product line of lightweight, robust optoelectronic components and subsystems that are becoming a part of major weapons platforms."



ARMS incentive funds were utilized to make leasehold improvements such as electrical and HVAC upgrades, roof repairs and internal retrofits.



Facility Spotlight: Holston AAP



Building 26

Current Use: Office/Administrative

Date of Construction: 1984

Square Foot: 60,000

Administration Block in Administration Area

Security Features: Yes

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ARMS Contact Information

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ARMS:

Put the Economic Superhero to Work for Your Business

The power to accelerate your company's growth is as easy as a phone call or email.

The U.S. Army's Armament Retooling and Manufacturing Support (ARMS) program provides a wealth of tools and resources to both large and small companies by offering commercial space for rent at the Army's industrial ammunition facilities.

How Does ARMS Work?

Companies that rent the facilities can take advantage of the investments that have already been made by the government. This includes existing manufacturing equipment, infrastructure and lab equipment, which creates a reduction in capital costs for companies.

In other words, by choosing ARMS program facilities, companies can leverage and expand their businesses on the back of capital investment by the government.

Companies' sign facility use agreements with the operating contractors and not with the Army. The rents generated offset the Army's costs in maintenance and operational costs. Essentially, the Army conducts business with one facility contractor per site, saving time and complications of Army/tenant or lessee multiple agreements. The facility contractor can then negotiate commercial terms and conditions between his organization and multiple tenants. Facility contractors are encouraged and motivated to bring on tenants because they share in the value created in the form of performance fees on their contracts.

This approach to facility utilization allows the management company to quickly act on proposals, avoiding delays caused by bureaucracy. Move-in times can be less than 30 days, depending on what needs to be done.

If modifications needed to the facility cost less than \$50,000, some facilities can be move-in ready within several days.

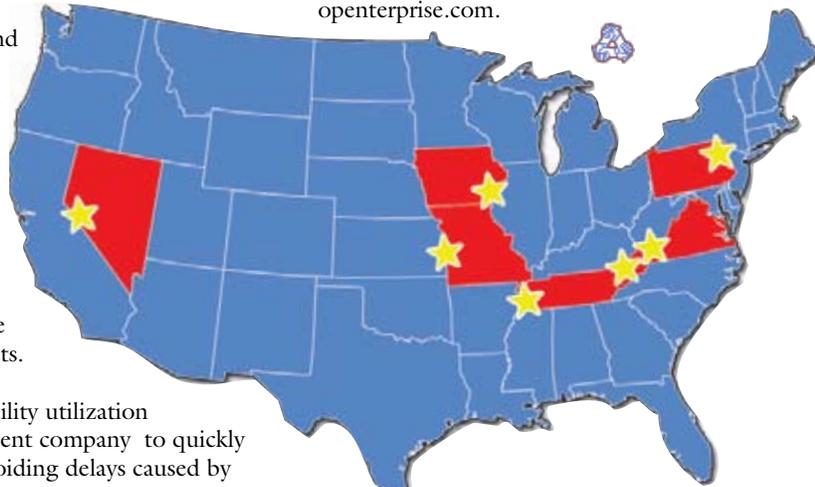
The Army can provide funding to update these ammunition facilities, which currently consist of AAPs throughout the country. Most include industrial parks with solid infrastructure in place. Incentives to potential tenants come in the form of funds for building alterations and funds for feasibility studies.

Existing infrastructure and reduced rents allow growing companies to power up their businesses, especially at a time when traditional commercial leases might be cost prohibitive. ARMS also allows for the use of a variety of facility use techniques to suit the needs of an industry. The program has initiated long-term contracts and will also manage historical environmental risks to encourage tenants to rent.

Super Results

Since ARMS began in 1993, it has generated a total economic impact of \$6.99 billion and growing. ARMS supports local economic development efforts by creating jobs and adding investment.

Put the ARMS program to work for your business today - call or email the nearest participating facility for more information or visit openterprise.com.



7 diverse locations