

July 31, 2015

The Honorable Brian Sandoval
Office of the Governor
One Hundred One North Carson Street
Carson City, Nevada 89701

Mr. Richard Combs, Director
Legislative Counsel Bureau
401 South Carson Street
Carson City, Nevada 89701

Re: SB1, Sec. 17 Tesla Gigafactory Quarterly Activity Report (Q2 2015)

Gentlemen:

Pursuant to uncodified Sec. 17 of Senate Bill No. 1, 28th (2014) Special Session of the Nevada Legislature, the Governor's Office of Economic Development is submitting the first of a quarterly series of activity reports for the Qualified Project commonly known as the Tesla Gigafactory (the "Project"). The attached report is based on information provided by the Lead participant, Telsa Motors, Inc., in response to the following questions:

- (a) The dollar amount of the abatements approved for the lead participant in the qualified project;
- (b) The number of employees engaged in construction of the qualified project who are residents of Nevada and the number of employees employed by each participant in the qualified project who are residents of Nevada;
- (c) The number of qualified employees employed by each participant in the qualified project and the total amount of wages paid to those persons; and
- (d) For the qualified project, an assessment of whether the participants in the qualified project are making satisfactory progress towards meeting the investment requirements necessary to support the determination by the Office that the project is a qualified project.

If further information is required, please contact me at your convenience.

Respectfully yours,



Brad Mamer
Director of Business Development

cc: Steve Hill

Tesla Gigafactory Quarterly Activity Report
(Q2 2015)

a. The dollar amount of the abatements approved for the Lead participant in the Project:

- State Activity
 - Tesla and GOED finalized the incentive agreement authorized by SB1 and AB1.
 - Tesla prepared a refund claim to the State after the incentive agreement was finalized for the amount of local sales and use tax that was collected for the period starting on the Gigafactory application date, October 17, 2014, until the issuance of the Department of Taxation sales and use tax exemption letter, December 17, 2014.
 - With assistance from GOED, Tesla began initial conversations with the Public Utilities Commission of Nevada and NV Energy concerning the economic development rate rider authorized by AB1.

- County Activity
 - Tesla and Storey County executed the Governmental Services Agreement (GSA) developed in connection with the creation of Storey County Economic Diversification District No. 1.
 - Storey County has adopted the Building Permit Fee Ordinance contemplated by SB1.
 - Tesla and Storey County executed the Reimbursement Agreement developed in connection with the creation of Storey County Economic Diversification District No. 1.
 - Tesla prepared a refund claim to Storey County per the Reimbursement Agreement for the refundable portion of the sales and use tax that has been paid by participants and contractors thus far.
 - Nevada Department of Taxation and Storey County have signed-off on the Cooperative Agreement developed in connection with the creation of Storey County Economic Diversification District No. 1.

b. The number of employees engaged in construction of the Project who are residents of Nevada:

- The number of construction workers at the site during Q2 2015 was 721 for a Project-to-Date (PTD) total of 1,465.
- 70% of the Q2 construction employees were residents of Nevada, for a PTD total of 73%.

c. The number of Qualified Employees employed by each Participant in the Project:

- Tesla began hiring Gigafactory operational workforce in Q1 2015. 7 Qualified Employees (QEs) were hired during Q2. QEs include 31 Tesla employees and 5 Panasonic Electronics North America (PENA).
- The total Q2 wages paid to these QEs were \$1.4 million.

d. For the Project, an assessment of whether the Participants in the Project are making satisfactory progress towards meeting the investment requirements necessary to support the determination by the Office that the Project is a Qualified Project:

- In Q2 2015, Tesla reports an investment of \$39.9 million, for a PTD investment of \$183 million. PENA reports an investment of \$2.2 million for a PTD investment of \$2.8 million.
- Through Q2 2015 GOED has determined Tesla is making satisfactory progress towards meeting the investment requirements necessary to continue the support of the Project as a qualified project.

