

August 17, 2016

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: Tesla Gigafactory Quarterly Activity Report (Q2 2016)

Dear Governor Sandoval and Director Combs:

The Governor's Office of Economic Development (the "Office") is submitting a quarterly activity report for the Qualified Project commonly known as the Tesla Gigafactory (the "Project"). The attached report is based on information provided by the Lead Participant, Tesla Motors, Inc., pursuant to the following requirements of NRS 360.975 subsection 2:

- (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;
- (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 the number of employees employed by each participant in the qualified project who are residents of Nevada;
- (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; and
- (e) Any other information requested by the Legislature.

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

Sincerely,



Mike Dang
Director of Business Operations

cc: Steve Hill, Ryan Smith

Tesla Gigafactory Quarterly Activity Report
(Q2 2016)



Tesla Project Concept Plan

This is the final Quarterly Report for the Tesla Project per NRS 360.975, Subsection 2, which reads in part “in addition to the annual reports required to be prepared and submitted pursuant to subsection 1, for the period beginning on September 11, 2014, and ending on July 1, 2016, the Office shall, not less frequently than every calendar quarter, prepare and submit to the Governor and the Director of the Legislative Counsel Bureau for transmittal to the Legislature a report which includes, for the immediately preceding calendar quarter”:

- (a) **The dollar amount of the partial abatements [and other incentives] approved for the Lead Participant in each Qualified Project:**

Transferable Tax Credits

During Q2 2016, the Office issued transferable tax credits in the amount of \$10.8 million for credits earned during the period covering July 1, 2015 through December 31, 2015.

- (b) **The number of employees engaged in construction of the Project who are residents of Nevada:**

During Q2 2016, there was a weekly average of 769 construction workers of whom 76% were residents of Nevada.

For the project-to-date (“PTD”), there has been a weekly average of 656 construction workers (and more than 3,000 unique construction workers), of whom 74% have been residents of Nevada.

(c) The number of Qualified Employees employed by each Participant in the Project and the total amount of wages paid to those persons:

As of the end of Q2 2016, Tesla and PENA have 356 and 63 Gigafactory employees, respectively, or a combined total of 419 employees. This represents a 14% increase from the previous quarter.

Total Q2 2016 wages paid to these employees were \$ 8.9 million by Tesla and \$1.4 million by PENA. For the PTD, cumulative wages were \$20.2 million and \$4.8 million by Tesla and PENA, respectively.

(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:

For Q2 2016, Tesla reports an investment of \$72 million, for a PTD investment of \$452 million; PENA reports an investment of \$74 million for a PTD investment of \$202 million. The combined PTD investment of \$654 million through Q2 2016 represents a 35% increase from the previous quarter.

Based on the reported total investment through Q2 2016, 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.

(e) Any other information requested by the Legislature.

No additional information requested.