

October 1, 2017

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: Annual Report
Projects with Capital Investments of \$1.0 Billion
Pursuant to NRS 360.895**

Gentlemen:

The Governor's Office of Economic Development hereby submits this annual report for NRS 360.895 (\$1b) Qualified Projects with the sole project known as Faraday Future, FF Inc., (the "Project"). The attached report is based on information provided by the Lead Participant, FF Inc., and addresses all statutorily required questions, as follows and attached:

- (a) For the immediately preceding fiscal year;
- 1) The number of applications submitted pursuant to NRS 360.889
 - 2) The number of qualified projects for which an application was approved;
 - 3) The amount of transferable tax credits approved;
 - 4) The amount of transferable tax credits used;
 - 5) The amount of transferable tax credits transferred;
 - 6) The amount of transferable tax credits taken against each allowable fee or tax, including the actual amount used and outstanding, in total and for each qualified project;
 - 7) The number of abatements approved;
 - 8) The dollar amount of the abatements;
 - 9) The number of employees engaged in construction of each qualified project who are residents of Nevada and the number of employees employed by each participant in a qualified project who are residents of Nevada;
 - 10) The number of qualified employees employed by each participant in a qualified project and the total amount of wages paid to those persons; and

- 11) For each 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
- (b) For each abatement from taxation that the Office approved during the fiscal years which are 3 fiscal years, 6 fiscal years, 10 fiscal years and 20 fiscal years immediately preceding the submission of the report:
- 1) The dollar amount of the abatement;
 - 2) The value of infrastructure included as an incentive for the qualified project;
 - 3) The economic sector in which each participant in the qualified project operates, the number of primary jobs related to the qualified project, the average wage paid to employees employed by the participants in the qualified project and the assessed values of personal property and real property of the qualified project; and
 - 4) Any other information that the Office determines to be useful.

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

Respectfully yours,

A handwritten signature in black ink, appearing to read "Mike Dang". The signature is stylized with a prominent horizontal stroke at the bottom and a small loop at the end.

Mike Dang
Director of Business Development

cc: Steve Hill

Annual Report
Projects with Capital Investments of \$1.0 Billion
Pursuant to NRS 360.895
(FY 2017)

(a) For the immediately preceding fiscal year, the NRS requirements and responses are as follows:

1) The number of applications submitted pursuant to NRS 360.889:

No new application was submitted during the immediately preceding fiscal year.

2) The number of qualified projects for which an application was approved:

No new NRS 360.889 qualified project was approved during the FY 17 period.

3) The amount of transferable tax credits approved:

No transferable tax credits were approved.

4) The amount of transferable tax credits used:

No transferable tax credits were used for any NRS 360.889 project during the FY 17 period.

5) The amount of transferable tax credits transferred:

No transferable tax credits were transferred for a NRS 360.889 project during the FY 17 period.

6) The amount of transferable tax credits taken against each allowable fee or tax, including the actual amount used and outstanding, in total for each qualified project:

No transferable tax credits were taken, including against any allowable fee or tax, for a NRS 360.889 project during the FY 17 period.

7) The number of partial abatements approved:

No non-FF abatements were approved for a NRS 360.889 project during the FY 17 period.

8) The dollar amount of the abatements:

FF abatements approved during the FY 17 period were \$221,603. All FF abatements were placed in trust for the qualified project and were subject to release to the company upon satisfaction of the release conditions, including documents sufficient to support that FF had complied with all requirements of a qualified project including having made a capital investment of over \$1 billion.

9) The number of employees engaged in construction of each qualified project who are residents of Nevada and the number of employees employed by each participant in a qualified project who are residents of Nevada:

a. Total number of construction employees that are Nevada residents:

During Q2 2017, at the peak of onsite activities there were 30 construction workers of which 5 were residents of Nevada; and at the completion of onsite activities for Q2 2017 there were 11 construction workers of which 2 were residents of Nevada.

Further, at the Project-to-date (“PTD”) peak, there were 327 construction workers of which 192 were residents of Nevada.

b. Total number of employees of participant that are Nevada residents:

During Q2 2017, there were 2 employees who were hired by/started work for the sole participant, FF, of which 0 employees were residents of Nevada.

For the Project-to-date (“PTD”) there were 27 employees employed by FF, of which 8 employees were residents of Nevada when they were hired.

10) The number of qualified employees employed by each participant in a qualified project and the total amount of wages paid to those persons:

- a. There were no NRS 360.891 qualified employees employed during the Q2 2017 reporting period.
- b. There were no wages paid to such employees.

11) For each 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:

- FF started by investing or committing \$170,000,000 to Nevada in just over a year, putting it well on its way towards its requirement of \$1,000,000,000 within 10 years and well over an average investment requirement of

\$100,000,000 per year.

- FF activity in Nevada slowed around October 2016.
- FF announced on July 10, 2017 it was putting the development and construction of its automobile manufacturing project in Nevada on hold.
- FF announced on August 7, 2017 it elected to manufacture its automobiles in California in an existing manufacturing facility.
- FF submitted to GOED on September 16, 2017, a Letter of Relinquishment acknowledging that it “no longer has a Qualified Project in North Las Vegas” as that term is defined in NRS Chapter 360.
 - In that letter FF “relinquishes and waives any and all claims...to any monies in the trust fund, including any interest and/or income.”
 - FF further instructed GOED “through the Department of Taxation to dissolve the trust fund and distribute the funds in accordance with Nevada state law.”

Consequently, GOED has received no annual report which would have been due had FF remained active. During and prior to the slowdown GOED worked with FF and received and submitted quarterly reports based on information provided to GOED from FF.

(b) For each abatement from taxation that the Office approved during the fiscal years which are 3 fiscal years, 6 fiscal years, 10 fiscal years and 20 fiscal years immediately preceding the submission of the report:

1) The dollar amount of the abatement:

No qualified project has been in existence for the immediately preceding three fiscal years.

2) The value of infrastructure included as an incentive for the qualified project:

No qualified project has been in existence for the immediately preceding three fiscal years.

3) The economic sector in which each participant in the qualified project operates, the number of primary jobs related to the qualified project, the average wage paid to employees employed by the participants in the qualified project and the assessed values of personal property and real property of the qualified project:

No qualified project has been in existence for the immediately preceding three fiscal years.