



Docket No. 14-101714.1

Date Issued: 09-13-2019

NEVADA GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

TRANSFERABLE TAX CREDIT CERTIFICATE

This is to certify that

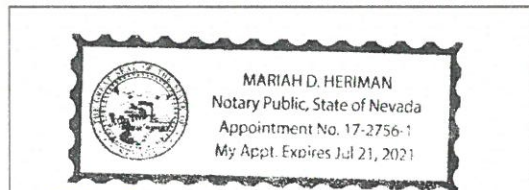
TESLA MOTORS, INC.

Has been granted a Certificate for Transferable Tax Credits as set forth in NRS Section 360.900 to 360.980, inclusive, to be applied toward the Gaming Licensing Fees imposed by the provisions of NRS Section 463.370, in the amount of:

TWENTY ONE MILLION NINE HUNDRED AND TWELVE THOUSAND FIVE HUNDRED AND ONE AND 0/100 CENTS

\$21,912,501

NOTARY STAMP



Mariah Heriman


Kristopher Sanchez, Interim Executive Director

9/13/19
Date



Agreed-Upon Procedures
Period of July 1, 2018 through June 30, 2019

Tesla, Inc.



Independent Accountant's Report on Applying Agreed-Up Procedures

To the Board of Directors and Management
Tesla, Inc.
Palo Alto, California

We have performed the procedures enumerated below, which were agreed to by the Board of Directors and Management of Tesla, Inc. (the "Company" or "Lead Participant") and the State of Nevada (the "Regulator") (collectively the "Specified Parties"), related to the Company's compliance with the State of Nevada SB1 Incentive Compliance agreement during the period of July 1, 2018 through June 30, 2019 (the "Period"). The Company's management is responsible for its compliance with those requirements. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed, and our findings are as follows:

Required Qualified Employee Audit Data (Exhibits A-D)

1. We obtained a schedule from each Participant listing all qualified employees of the Project Site for the period of July 1, 2018 through June 30, 2019, except for Valeo North America, Inc. who did not report any qualified employees.
2. We selected a sample of 25% of the qualified employee additions during the period per the summary sheet. For each selected qualified employee: we agreed wages paid to a paystub or W-2 form (or equivalent system-generated payroll report) to include wages, 401(k) contributions, and cafeteria plan contributions; we agreed residency status to a copy of their current (during the period under review) and valid Nevada driver's license, a copy of their current (during the period under review) motor vehicle registration, or other Nevada DMV proof of residency; and we agreed qualified employee status to the payroll information obtained above to verify that the qualified employee was employed full-time and scheduled to work for an average of 30 hours per week at the Project site and had been for at least three consecutive months as of June 30, 2019, as well as proof that the qualified employee was offered coverage under a plan of health insurance provided by the Participant. Our sample selected resulted in the 90% accuracy threshold being met.
3. We recalculated the average wage of qualified employees to verify that the minimum average wage of \$22.00 was met without exception.

4. We recalculated the residency as a percentage of qualified employees for the project to date to verify the percentage reported and that at least 50% of qualified employees are Nevada residents, as required, was met without exception.
5. We agreed the schedule of qualified employees obtained from each participant to the Required Qualified Employee Audit Data form without exception.
6. We recalculated the transferable tax credit determined by the Company based on the number of qualified employees as noted above and traced to the combined summary and transferable tax credit form, without exception. The Company has exceeded the goal of hiring 6,000 employees per the SB1 Incentive Compliance agreement, and has earned the maximum qualified employee tax credit of \$75,000,000.

Combined Required Construction Employee Audit Data (Exhibit I)

1. We obtained a schedule listing all construction employees of the Project Site for the period of July 1, 2018 through June 30, 2019.
2. We selected a sample of 25% of the construction employee additions during the period listed as Nevada residents per the summary sheet. For each selected construction employee, we agreed residency status to a current (during the period under review) and valid Nevada driver's license, a copy of their current (during period under review) motor vehicle registration, or other Nevada DMV proof of residency. Our sample selected resulted in the 90% accuracy threshold being met.
3. We recalculated the residency as a percentage of construction employees for the project to date to verify the percentage reported and that at least 50% of construction employees are Nevada residents, as required, was met without exception.
4. We agreed the schedule of construction employees obtained from each participant to the Combined Required Construction Employee Audit Data form without exception.

Required Property Audit Data (Exhibits A, E-H)

1. We obtained the real and personal property listings from each Participant listing all capital investments made by each Participant in the state of Nevada for the period of July 1, 2018 through June 30, 2019, except for Valeo North America, Inc. who did not report any capital investments.
2. We selected a sample of property additions during the period of 25% of the total book value of property additions during the period.
3. We reviewed the supporting documentation obtained for the sampled property additions to determine that the addition met the definition of a capital investment per the Incentive Agreement, and verified determination of depreciable life. Our sample selected resulted in the 90% accuracy threshold being met.
4. We footed the listings by asset class/depreciable life without exception.
5. We agreed the listings obtained from each participant to the Required Property Audit Data form, by asset class/depreciable life grouping and in total without exception.
6. The Company has exceeded the goal of \$3,500,000,000 in capital investment spend per the SB1 Incentive Compliance agreement, and has earned the maximum qualified capital investment tax credit of \$120,000,000.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or a review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors and Management of Tesla, Inc. and the State of Nevada and is not intended to be, and should not be, used by anyone other than these Specified Parties.

Eide Bailly LLP

Reno, Nevada
August 26, 2019

Exhibit A

Combined Summary and Transferable Tax Credit

Qualified Project Name: Lead Participant: Reporting Period: Project to Date Period:	Gigafactory Project Tesla, Inc. (FKA: Tesla Motors, Inc.) July 1, 2018 - June 30, 2019 October 17, 2014 - June 30, 2019
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	Reporting Period	Project to Date Period
Number of New Qualified Employees (NQE)	3,310	7,557
Number of NQEs who are Nevada Residents	2,262	6,103
Residency as a Percent		81%
Average Wage of Qualified Employees		\$ 29.28
Nevada residency requirements verified:		Yes
Qualified Employees requirements verified:		Yes
Total Capital Investment	\$ 478,776,483	\$ 4,932,205,954
Number of Qualified Employees (NQE)	1,753	6,000
Dollar Credit per NQE	\$ 12,500	\$ 12,500
Qualified Employee Tax Credit	\$ 21,912,500	\$ 75,000,000
Capital Investment at 5%	\$ -	\$ 1,000,000,000
Percent Credit (5% up to \$1 Billion)	5%	5%
Capital Investment Tax Credit at 5%	\$ -	\$ 50,000,000
Capital Investment at 2.8%	\$ -	\$ 2,500,000,000
Percent Credit (2.8% up to \$2.5 Billion)	2.8%	2.8%
Capital Investment Tax Credit at 2.8%	\$ -	\$ 70,000,000
Total Transferable Tax Credit	\$ 21,912,500	\$ 195,000,000

Exhibit B

Required Qualified Employee Audit Data

Qualified Project Name: Gigafactory Project
Participant: Tesla, Inc. (FKA: Tesla Motors, Inc.)
Reporting Period: July 1, 2018 - June 30, 2019
Project to Date Period: October 17, 2014 - June 30, 2019

Workforce Composition

	Reporting Period	Project to Date Period
Number of New Qualified Employees (NQE)	2,825	5,540
Number of NQEs who are Nevada Residents	1,797	4,153
Residency as a Percent		75%
Average Wage of Qualified Employees		\$ 30.24

Exhibit C

Required Qualified Employee Audit Data

Qualified Project Name: Gigafactory Project
Participant: Panasonic Energy Corporation of North America
Reporting Period: July 1, 2018 - June 30, 2019
Project to Date Period: October 17, 2014 - June 30, 2019

<u>Workforce Composition</u>	Reporting Period	Project to Date Period
Number of New Qualified Employees (NQE)	407	1,825
Number of NQEs who are Nevada Residents	394	1,790
Residency as a Percent		98%
Average Wage of Qualified Employees		\$ 26.57

Exhibit D

Required Qualified Employee Audit Data

Qualified Project Name: Gigafactory Project
Participant: H&T Nevada, LLC
Reporting Period: July 1, 2018 - June 30, 2019
Project to Date Period: October 17, 2014 - June 30, 2019

<u>Workforce Composition</u>	Reporting Period	Project to Date Period
Number of New Qualified Employees (NQE)	78	192
Number of NQEs who are Nevada Residents	71	160
Residency as a Percent		83%
Average Wage of Qualified Employees		\$ 30.52

Exhibit E

Required Property Audit Data

Qualified Project Name:	Gigafactory Project
Participant:	Tesla, Inc. (FKA: Tesla Motors, Inc.)
Reporting Period:	July 1, 2018 - June 30, 2019
Project to Date Period:	October 17, 2014 - June 30, 2019

	Reporting Period	Project to Date Period
Real Property		
Land	\$ -	\$ 41,989,595
Building/Structure	\$ -	\$ 305,326,606
Building/Structure - CIP	\$ 331,548,803	\$ 1,736,712,838
Subtotal	\$ 331,548,803	\$ 2,084,029,039
Personal Property		
3- year life	\$ 2,157,031	\$ 9,027,944
5- year life	\$ (39,087)	\$ -
7- year life	\$ -	\$ -
10- year life	\$ -	\$ -
15- year life	\$ (1,243,318)	\$ 67,670,043
20- year life	\$ -	\$ -
30- year life	\$ -	\$ -
CIP - Life TBD	\$ (111,916,681)	\$ 783,306,818
Other Property	\$ (316,755)	\$ 96,436
Expensed Property	\$ 108,319,798	\$ 138,572,561
Subtotal	\$ (3,039,012)	\$ 998,673,802
Total Capital Investment	\$ 328,509,791	\$ 3,082,702,841

Exhibit F

Required Property Audit Data

Qualified Project Name:	Gigafactory Project
Participant:	Panasonic Energy Corporation of North America
Reporting Period:	July 1, 2018 - June 30, 2019
Project to Date Period:	October 17, 2014 - June 30, 2019

	Reporting Period	Project to Date Period
Real Property		
Land	\$ -	\$ -
Building/Structure	\$ -	\$ -
Building/Structure - CIP	\$ -	\$ -
Subtotal	\$ -	\$ -
Personal Property		
3- year life	\$ 721,764	\$ 10,615,308
5- year life	\$ -	\$ -
7- year life	\$ 417,397,696	\$ 1,423,373,037
10- year life	\$ -	\$ -
15- year life	\$ (39,636,792)	\$ 164,945,760
20- year life	\$ -	\$ -
30- year life	\$ -	\$ -
CIP - Life TBD	\$ (239,513,858)	\$ 128,255,688
Other Property	\$ -	\$ -
Expensed Property	\$ 2,243,435	\$ 5,777,568
Subtotal	\$ 141,212,245	\$ 1,732,967,361
Total Capital Investment	\$ 141,212,245	\$ 1,732,967,361

Exhibit G

Required Property Audit Data

Qualified Project Name: Gigafactory Project
Participant: H&T Nevada, LLC
Reporting Period: July 1, 2018 - June 30, 2019
Project to Date Period: October 17, 2014 - June 30, 2019

	Reporting Period	Project to Date Period
Real Property		
Land	\$ -	\$ -
Building/Structure	\$ -	\$ -
Building/Structure - CIP	\$ -	\$ -
Subtotal	\$ -	\$ -
Personal Property		
3- year life	\$ -	\$ 124,414
5- year life	\$ 992,343	\$ 1,584,938
7- year life	\$ -	\$ -
10- year life	\$ 39,746,533	\$ 91,663,809
15- year life	\$ -	\$ -
20- year life	\$ -	\$ -
30- year life	\$ -	\$ -
CIP - Life TBD	\$ (31,684,429)	\$ 14,286,117
Other Property	\$ -	\$ -
Expensed Property	\$ -	\$ -
Subtotal	\$ 9,054,447	\$ 107,659,278
Total Capital Investment	<u>\$ 9,054,447</u>	<u>\$ 107,659,278</u>

Exhibit H

Required Property Audit Data

Qualified Project Name:	Gigafactory Project
Participant:	Valeo North America, Inc.
Reporting Period:	July 1, 2018 - June 30, 2019
Project to Date Period:	October 17, 2014 - June 30, 2019

	Reporting Period	Project to Date Period
Real Property		
Land	\$ -	\$ -
Building/Structure	\$ -	\$ -
Building/Structure - CIP	\$ -	\$ -
Subtotal	\$ -	\$ -
Personal Property		
3- year life	\$ -	\$ -
5- year life	\$ -	\$ -
7- year life	\$ -	\$ 8,876,474
10- year life	\$ -	\$ -
15- year life	\$ -	\$ -
20- year life	\$ -	\$ -
30- year life	\$ -	\$ -
CIP - Life TBD	\$ -	\$ -
Other Property	\$ -	\$ -
Expensed Property	\$ -	\$ -
Subtotal	\$ -	\$ 8,876,474
Total Capital Investment	\$ -	\$ 8,876,474

Exhibit I

Combined Required Construction Employee Audit Data

Qualified Project Name: Gigafactory Project
Lead Participant: Tesla, Inc. (FKA: Tesla Motors, Inc.)
Reporting Period: July 1, 2018 - June 30, 2019
Project to Date Period: October 17, 2014 - June 30, 2019

<u>Workforce Composition</u>	Reporting Period	Project to Date Period
Number of Construction Employees (CE)	748	15,860
Number of CEs who are Nevada Residents	573	8,838
Residency as a Percent		56%
Nevada residency requirements verified:		Yes