

April 30, 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 (Q1 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

Tesla Gigafactory Quarterly Activity Report
(Q1 2015)

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

- State Activity
 - Tesla and GOED are close to finalizing the incentive agreement authorized by SB1 and AB1. Anticipate execution in mid-Q2 2015.
 - Tesla will prepare a refund claim to the State after the incentive agreement is 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 has begun 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 are close to finalizing the Governmental Services Agreement (GSA) developed in connection with the creation of Storey County Economic Diversification District No. 1. Anticipate execution in mid-Q2 2015.
 - Storey County has adopted the Building Permit Fee Ordinance contemplated by SB1, which will go into effect upon execution of the GSA in mid-Q2 2015.
 - Tesla and Storey County anticipate execution of the Reimbursement Agreement developed in connection with the creation of Storey County Economic Diversification District No. 1 in mid-Q2 2015.
 - Tesla will prepare 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. Anticipate execution in mid-Q2 2015.

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 Q1 2015 was 320, for a Project-to-Date (PTD) total of 744.
- 70% of the Q1 construction employees were residents of Nevada, for a PTD total of 76%.

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

- Tesla began hiring Gigafactory operational workforce in Q1 2015. 12 Qualified Employees (QE) were hired during the quarter. All QEs are Tesla employees. The total Q1 wages paid to these QEs was \$314,131.

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:

- Tesla reported a small adjustment to its Q4 2014 investment of \$64.3 million. The new total is \$62.6 million. Adjustments are considered normal since these are currently unaudited results.
- In Q1 of 2015 Tesla reports an investment of \$80.6 million, for a PTD investment of \$143.2 million.
- Through Q1 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.