



Docket No. 14-101714.1

Date Issued: 11-15-2017

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:

THIRTY SEVEN MILLION SIXTY THREE THOUSAND FIVE HUNDRED AND TWENTY TWO AND 0/100 CENTS

\$37,063,522

NOTARY STAMP



  
Paul Anderson, Executive Director

11/15/2017  
Date



## IRREVOCABLE DECLARATION

This IRREVOCABLE DECLARATION (this "Declaration") is made as of November 14, 2017, pursuant to Nevada Revised Statutes ("NRS") 360.955, by Tesla, Inc. (the "Company") as the lead participant in a qualified project under NRS chapters 231 and 360.

This Declaration is made with respect to that certain Certificate of Eligibility approved by the Nevada Governor's Office of Economic Development on November 14, 2017.

The Company hereby declares that the amount of transferable tax credits will be applied to applicable fees and taxes as follows:

<b>Applicable Fee or Tax</b>	<b>Applied Amount</b>
Financial Institutions and Business Tax (NRS 360.945.1(a)(1) - Tax imposed by chapters 363A and 363B of NRS)	\$0
Gaming License Fees (NRS 360.945.1(a)(2) - Gaming license fees imposed by NRS 463.370)	\$37,063,522
Insurance Premium Taxes (NRS 360.945.1(a)(3) - Tax imposed by chapter 680B of NRS)	\$0
<b>Total:</b>	<b>\$37,063,522</b>

This Declaration is made effective as of the date first written above.

TESLA, INC.

By: 

Name: Nelson Wong

Title: Tax Director



**Report of Independent Accountants on Applying  
Agreed-Upon Procedures**

**Tesla, Inc.**

**April 1, 2017 through June 30, 2017**

## Report of Independent Certified Public Accountants

### Board of Directors and Management Tesla, Inc.

We have performed the procedures listed 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”), solely to assist you in determining compliance with the State of Nevada SB1 Incentive Compliance agreement for the period of April 1, 2017 through June 30, 2017. Tesla, Inc.’s management is responsible for the schedules of qualified employees and construction employees and the listing of all capital investments made by each Participant (as defined in the SB1 Incentive Compliance Agreement) in the State of Nevada. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Company and the State of Nevada. Consequently, we make no representation regarding the sufficiency of the procedures described 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)

- We obtained a schedule from each Participant listing all qualified employees of the Project Site for the period of April 1, 2017 through June 30, 2017, except for Valeo North America, Inc. who did not have any qualified employees.
- 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 paystubs or W-2 forms (or equivalent system-generated payroll reports) 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 or a copy of their current (during the period under review) motor vehicle registration; and we agreed qualified employee status to the payroll information obtained above to verify that the qualified employee is employed full-time and scheduled to work for an average of 30 hours per week at the Project site and has been for at least three consecutive months as of quarter-end, 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.
- We recalculated the average wage of qualified employees to verify that the minimum average wage of \$22.00 was met without exception.
- 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.

- We agreed the schedule of qualified employees obtained from each participant to the Required Qualified Employee Audit Data form without exception.
- 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.

#### Required Combined Construction Employee Audit Data (Exhibit I)

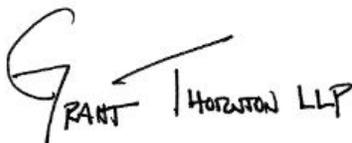
- We obtained a schedule listing all construction employees of the Project Site for the period of April 1, 2017 through June 30, 2017.
- We selected a sample of 25% of the construction employee additions during the period listed as Nevada residents per the summary sheet. For each selected construction employee, we agreed residency status to a current (during the period under review) and valid Nevada driver's license. Our sample selected resulted in the 90% accuracy threshold being met.
- 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.
- 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 E-H)

- 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 April 1, 2017 through June 30, 2017.
- We selected a sample of property additions during the period of 25% of the total book value of property additions during the period.
- We reviewed the supporting documentation obtained for the sampled property additions to determine that the addition meets the definition of capital investments per the Incentive Agreement, and verified determination of depreciable life. Our sample selected resulted in the 90% accuracy threshold being met.
- We footed the listings by asset class/depreciable life without exception.
- 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.
- We recalculated the transferable tax credit determined by the Company based on the total Capital Investment for the period as noted above and traced to the Combined Summary and Transferable Tax Credit form without exception.

We were not engaged to and did not conduct an examination or a review, the objective of which is the expression of opinion or limited assurance in determining the compliance with the State of Nevada SB1 Incentive Compliance agreement. Accordingly, we do not express such an opinion or limited assurance. 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 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.



Reno, Nevada  
November 14, 2017

## Exhibit A

### Combined Summary and Transferable Tax Credit

<b>Qualified Project Name:</b> <b>Lead Participant:</b> <b>Reporting Period:</b> <b>Project to Date Period:</b>	<b>Gigafactory Project</b> <b>Tesla, Inc. (FKA: Tesla Motors, Inc.)</b> <b>April 1, 2017 - June 30, 2017</b> <b>October 17, 2014 - June 30, 2017</b>
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	Reporting Period	Project to Date Period
Number of New Qualified Employees (NQE)	655	1,400
Number of NQEs who are Nevada Residents	647	1,350
Residency as a Percent		96%
Average Wage of Qualified Employees		\$ 42.13
Nevada residency requirements verified:	Yes	Yes
Qualified Employees requirements verified:	Yes	Yes
Total Capital Investment	\$ 846,465,079	\$ 2,661,683,516
Number of Qualified Employees (NQE)	655	1,400
Dollar Credit per NQE	\$ 12,500	\$ 12,500
Qualified Employee Tax Credit	\$ 8,187,500	\$ 17,500,000
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%	\$ 846,465,079	\$ 1,661,683,516
Percent Credit (2.8% over \$1 Billion)	2.8%	2.8%
Capital Investment Tax Credit at 2.8%	\$ 23,701,022	\$ 46,527,138
Total Transferable Tax Credit	\$ 31,888,522	\$ 114,027,138

## Exhibit B

### Required Qualified Employee Audit Data

Qualified Project Name: Gigafactory Project  
Participant: Tesla, Inc. (FKA: Tesla Motors, Inc.)  
Reporting Period: April 1, 2017 - June 30, 2017  
Project to Date Period: October 17, 2014 - June 30, 2017

<u>Workforce Composition</u>	Reporting Period	Project to Date Period
Number of New Qualified Employees (NQE)	357	925
Number of NQEs who are Nevada Residents	353	884
Residency as a Percent		96%
Average Wage of Qualified Employees		\$ 43.54

## Exhibit C

### Required Qualified Employee Audit Data

Qualified Project Name: Gigafactory Project  
Participant: Panasonic Energy Corporation of North America  
Reporting Period: April 1, 2017 - June 30, 2017  
Project to Date Period: October 17, 2014 - June 30, 2017

<u>Workforce Composition</u>	Reporting Period	Project to Date Period
Number of New Qualified Employees (NQE)	254	431
Number of NQEs who are Nevada Residents	258	430
Residency as a Percent		100%
Average Wage of Qualified Employees		\$ 37.60

## Exhibit D

### Required Qualified Employee Audit Data

Qualified Project Name: Gigafactory Project  
Participant: H&T Nevada, LLC  
Reporting Period: April 1, 2017 - June 30, 2017  
Project to Date Period: October 17, 2014 - June 30, 2017

<u>Workforce Composition</u>	Reporting Period	Project to Date Period
Number of New Qualified Employees (NQE)	44	44
Number of NQEs who are Nevada Residents	36	36
Residency as a Percent		82%
Average Wage of Qualified Employees		\$ 36.74

## Exhibit E

### Required Property Audit Data

Qualified Project Name:	Gigafactory Project
Participant:	Tesla, Inc. (FKA: Tesla Motors, Inc.)
Reporting Period:	April 1, 2017 - June 30, 2017
Project to Date Period:	October 17, 2014 - June 30, 2017

	Reporting Period	Project to Date Period
<b>Real Property</b>		
Land	\$ -	\$ 41,989,595
Building/Structure	\$ -	\$ 288,142,748
Building/Structure - CIP	\$ 338,342,389	\$ 912,337,372
Subtotal	\$ 338,342,389	\$ 1,242,469,715
<b>Personal Property</b>		
3- year life	\$ 285,250	\$ 875,769
5- year life	\$ -	\$ 14,384
7- year life	\$ -	\$ -
10- year life	\$ -	\$ -
15- year life	\$ 7,707,770	\$ 48,253,513
20- year life	\$ -	\$ -
30- year life	\$ -	\$ -
CIP - Life TBD	\$ 175,170,993	\$ 337,142,385
Other Property	\$ 11,556	\$ 266,491
Expensed Property	\$ 3,825,927	\$ 11,479,304
Subtotal	\$ 187,001,496	\$ 398,031,846
<b>Total Capital Investment</b>	\$ 525,343,885	\$ 1,640,501,561

## Exhibit F

### Required Property Audit Data

<b>Qualified Project Name:</b>	<b>Gigafactory Project</b>
<b>Participant:</b>	<b>Panasonic Energy Corporation of North America</b>
<b>Reporting Period:</b>	<b>April 1, 2017 - June 30, 2017</b>
<b>Project to Date Period:</b>	<b>October 17, 2014 - June 30, 2017</b>

	Reporting Period	Project to Date Period
<b>Real Property</b>		
Land	\$ -	\$ -
Building/Structure	\$ -	\$ -
Building/Structure - CIP	\$ -	\$ -
Subtotal	\$ -	\$ -
<b>Personal Property</b>		
3- year life	\$ 4,837,071	\$ 8,064,168
5- year life	\$ -	\$ -
7- year life	\$ 147,956,860	\$ 147,956,860
10- year life	\$ -	\$ -
15- year life	\$ 34,628,805	\$ 34,628,805
20- year life	\$ -	\$ -
30- year life	\$ -	\$ -
CIP - Life TBD	\$ 68,018,281	\$ 763,861,933
Other Property	\$ -	\$ -
Expensed Property	\$ 184,785	\$ 1,174,797
Subtotal	\$ 255,625,802	\$ 955,686,563
<b>Total Capital Investment</b>	<b>\$ 255,625,802</b>	<b>\$ 955,686,563</b>

## Exhibit G

### Required Property Audit Data

Qualified Project Name: Gigafactory Project  
Participant: H&T Nevada, LLC  
Reporting Period: April 1, 2017 - June 30, 2017  
Project to Date Period: October 17, 2014 - June 30, 2017

	Reporting Period	Project to Date Period
<b>Real Property</b>		
Land	\$ -	\$ -
Building/Structure	\$ -	\$ -
Building/Structure - CIP	\$ -	\$ -
Subtotal	\$ -	\$ -
<b>Personal Property</b>		
3- year life	\$ 79,712	\$ 79,712
5- year life	\$ -	\$ -
7- year life	\$ -	\$ -
10- year life	\$ 10,430,890	\$ 10,430,890
15- year life	\$ -	\$ -
20- year life	\$ -	\$ -
30- year life	\$ -	\$ -
CIP - Life TBD	\$ 46,108,316	\$ 46,108,316
Other Property	\$ -	\$ -
Expensed Property	\$ -	\$ -
Subtotal	\$ 56,618,918	\$ 56,618,918
<b>Total Capital Investment</b>	<u>\$ 56,618,918</u>	<u>\$ 56,618,918</u>

## Exhibit H

### Required Property Audit Data

Qualified Project Name: Gigafactory Project  
Participant: Valeo North America, Inc.  
Reporting Period: April 1, 2017 - June 30, 2017  
Project to Date Period: October 17, 2014 - June 30, 2017

	Reporting Period	Project to Date Period
<b>Real Property</b>		
Land	\$ -	\$ -
Building/Structure	\$ -	\$ -
Building/Structure - CIP	\$ -	\$ -
Subtotal	\$ -	\$ -
<b>Personal Property</b>		
3- year life	\$ -	\$ -
5- year life	\$ -	\$ -
7- year life	\$ 8,876,474	\$ 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	\$ 8,876,474
<b>Total Capital Investment</b>	<u>\$ 8,876,474</u>	<u>\$ 8,876,474</u>

# Exhibit I

## Combined Required Construction Employee Audit Data

Qualified Project Name: Gigafactory Project  
Lead Participant: Tesla, Inc. (FKA: Tesla Motors, Inc.)  
Reporting Period: April 1, 2017 - June 30, 2017  
Project to Date Period: October 17, 2014 - June 30, 2017

<u>Workforce Composition</u>	Reporting Period	Project to Date Period
Number of Construction Employees (CE)	2,939	11,394
Number of CEs who are Nevada Residents	1,139	6,093
Residency as a Percent		53%
Nevada residency requirements verified:		Yes