

**STATE OF NEVADA
GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT
BOARD MEETING MINUTES
Thursday, March 2, 2023**

The meeting of the Board of Economic Development was called to order by Governor Joe Lombardo at the Grant Sawyer Building, Governor's Conference Room, 555 E. Washington Avenue, Room 5100, Las Vegas, Nevada, 89101 and the Governor's Office of Economic Development Conference Room, 808 W. Nye Lane, Carson City, NV, 89703.

VOTING BOARD MEMBERS PRESENT

Governor Joe Lombardo, State of Nevada
Lieutenant Governor Stavros Anthony, State of Nevada
Secretary of State Francisco Aguilar, State of Nevada
Mr. James A. Barrett, Jr., President & Founder, The JABarrett Company
Mr. Josh Reid, Director of National Resources, Fennemore Law
Mr. Raymond Specht, Founder & CEO, Specht Leadership Consulting
Ms. Sasha Stephenson, President, SSS Public Affairs
Mr. Tyre Gray, President, Nevada Mining Association

NON-VOTING BOARD MEMBERS PRESENT

Mr. Chris Sewell, Director Department of Employment, Training and Rehabilitation
Mr. Dale Erquiaga, Acting Chancellor, and Chief Executive Officer, Nevada System of Higher Education
Mr. Terry Reynolds, Director of Business and Industry

VOTING BOARD MEMBERS ABSENT

Dr. Weldon Havins, Director, Medical Jurisprudence and Ophthalmology, Touro University Nevada

STAFF MEMBERS PRESENT

Brianna Wade, Fiscal Manager, GOED
Bob Potts, Northern Deputy Director, GOED
Carli Smith, Digital Media Manager, GOED
Chelsea Walburg-Estep, Director of Business Development, GOED
David Newton, Special Counsel to the Colorado River Commission and GOED
Hayley Owens, Research Manager, GOED
Gregory Bortolin, Director of Communications, GOED
James Humm, Director of Public Policy and Government Affairs
Jeanette Holguin, Business Development Coordinator, GOED
Jessica Murillo, Accounting and Administrative Assistant, GOED
Jessica Sanders, CDBG Program Administrator, GOED

Kim Spurgeon, Incentive Program Manager, GOED
Kristie Holliday, Operations Coordinator, GOED
Kristopher Sanchez, Southern Deputy Director, GOED
Michele Lynn, Director of Administration, GOED
Michelle Sibley, Director of Human Resources, Diversity and Inclusion, GOED
Melanie Sheldon, Senior Director of Business Development, South, GOED
Sarah Lilly-Clark, CDBG Program Specialist, GOED
Stacey Bostwick, Director of Workforce Development, GOED
Susan Skaggs, Executive Assistant, GOED
Suzette Manzares, Administrative Assistant, GOED
Thomas J. Burns, Executive Director, GOED

GUESTS PRESENT

Amanda Brazeau, NV Rowe Law
April Corbin Girus, Nevada Current
Austin Osborne, Storey County
Ben Margiott, KRNV
Bob Fulkerson, Guest
Brian Gordon, Applied Analysis
Brittany West, City of North Las Vegas
Brooke Brumfield, Fior Partners
Byron Teach, FOX 5
Cecilia Heston, Nevada Secretary of State
Chris Reilly, Tesla
Christine Guerci, Guerci Law
Cindy Kendall, DETR
Cole Mortensen, NDOT
Courtney Smith, DETR
Dan Morgan, The Builders
Drew Franklin, RR Partners
Elyse Monroy-Marsala, Guest
Erik Jimenez, Nevada Treasurer's Office
Gabriel Di Chiara, Nevada Secretary of State
Greg Ferraro, The Ferraro Group
Helen Foley, Foley Public Affairs
Hugh Jackson, Nevada Current
Jason Hidalgo, Reno Gazette-Journal
James Louis Starr, Guest
Jo Lynn Smith, Nevada Department of Taxation
Joe Campos, Block Chains
John Parel, DETR

Julie Frost, DETR
Kristine Absher, Foley Public Affairs
Lucia Starbuck, Guest
Marissa Schwartz, Fior Partners
Michael Nakamoto, Legislative Counsel Bureau
Morgan Barlow, Legislative Counsel Bureau
Nancy McCormick, EDAWN
Nic Steele, Access CDFI
Rachel Peterson, Nevada Department of Taxation
Regan Comis, RR Partners
Sheldon Mudd, NNRDA
Shelli Long, NV Department of Taxation
Steve Sebelius, Guest
Susanna Powers, Legislative Counsel Bureau
Taylor R. Avery, Las Vegas Review Journal
Terri Sheridan, City of North Las Vegas
Timothy Perez, Guest
Tom Clark, Tom Clark Solutions
Zach Conine, Nevada Treasurer's Office

1. CALL TO ORDER, ROLL CALL, AND ESTABLISH QUORUM

Governor Joe Lombardo, State of Nevada called the meeting to order. Ms. Jeanette Holguin, Business Development Coordinator & ESB Program Manager, GOED called roll, and quorum was established.

2. PUBLIC COMMENT

Mr. Bob Fulkerson, Nevada resident, indicated his disapproval of Agenda Item 3, noting his belief that local governments are asleep at the wheel and woefully underprepared to repeat the litany of pain the state has experienced since 2014. Mr. Fulkerson expressed concern regarding skyrocketing rent, locals forced from their homes, unmet childcare and healthcare needs, additional demand for transit, more cars on roadways, more kids flooding overcrowded and underfunded schools, as well as a billion-dollar price tag in new infrastructure costs that will be a burden to taxpayers.

3. \$3.5B INVESTMENT ABATEMENT APPLICATION FOR BOARD APPROVAL:

A. TESLA, INC.

- **\$3.5B INVESTMENT SALES & USE TAX ABATEMENT**
- **\$3.5B INVESTMENT MODIFIED BUSINESS TAX ABATEMENT**
- **\$3.5B INVESTMENT PERSONAL PROPERTY TAX ABATEMENT**
- **\$3.5B INVESTMENT REAL PROPERTY TAX ABATEMENT**

Mr. Thomas J. Burns, Executive Director, GOED introduced Tesla, Inc. (Tesla). Tesla is proposing to invest over \$3.6 billion more to grow Gigafactory Nevada and adding an electric semi-truck and battery manufacturing facility at the Tahoe Reno Industrial Center (TRIC): a 100 GWh 4680 cell factory (with capacity to produce enough batteries for 1.5 million light duty vehicles annually), as well as the first high-volume Tesla Semi factory. The Tesla Semi is a fully electric combination truck, with 500 miles of range and energy consumption of less than 2 KWh per mile.

The new project will add 3,000 new team members, at an average hourly wage of \$33.49. Net new tax revenues are estimated at \$766 million state and local taxes over the next 20 years.

Mr. Rohan Patel, Senior Global Director of Public Policy and Business Development, Tesla, indicated his gratitude, to the Board, for the approval of the initial Tesla Nevada project back in 2014 and noted, since that time, Tesla has exceeded its commitments to the State of Nevada in wages, capital investment, and job creation. Mr. Patel noted this would not have been possible without the people of Nevada, their hard work ethic, the policies of the state, and the willingness of the state to bet on a company that had not done as much back in 2014. Mr. Patel advised he works for Tesla specifically because of the company's commitment to transitioning away from technologies that create public-health and climate-related problems.

Mr. Chris Reilly, Director of Business Development and Policy, Tesla, indicated today's proposal has been internally discussed for a significant period of time and noted the pride Tesla takes in seeing that Nevada's top 10 industry exports now include lithium batteries, electric motors, drive units, and energy storage products.

Mr. Reilly highlighted Tesla's continued investment in K-12 and higher education as well as education assistance for its employees and Tesla's commitment to investing in additional workforce housing units, upon which it will report annually. Mr. Reilly further discussed Tesla's 4,000 team members who are commuting via van pool and shuttle network and indicated that Tesla will be piloting new versions of carpool incentives. Mr. Reilly advised a childcare provider has already committed to starting a new facility, at the industrial park, that will operate seven days a week and will be custom-tailored to the shift schedules of Gigafactory Nevada employees at discounted rates. The childcare center will be approximately 1.5 miles away from the factory itself and is a completely independent, third-party operated facility funded by Tesla and intended for about 200 families. The facility will have parking for Tesla employees, who can then take a shuttle from the center to the factory and back at the end of the day.

Mr. Reilly next described the Workforce Innovation for a New Nevada (WINN) program started in 2015, which enabled Nevadans to take classes in relevant industries to prepare for jobs. Mr. Reilly explained that 500 team members had signed up, which inspired Tesla, who is now opening courses at University of Reno (UNR), Truckee Meadows Community College (TMCC), and Western Nevada College (WNC) that will have a direct path to career advancement.

Mr. Cole Mortensen, Deputy Director, Nevada Department of Transport (NDOT) discussed I-80, noting there is a plan in place to implement a project that will cost roughly \$450 million. Mr. Mortensen explained that the challenge for NDOT is to prioritize funding while keeping statewide needs in mind.

Secretary of State Cisco Aguilar asked about the capacity of I-80.

Mr. Mortensen explained that he will need to follow up with the exact numbers and explained that the current challenges include growth in Fernley and the fact that I-80 is freight corridor for the nation and, as such, the trucks often cause congestion. Mr. Mortensen noted that during peak hours, I-80 is right at capacity, if not over. Mr. Mortensen advised one of the biggest challenges NDOT faces through that corridor is public safety, noting the difficulty of getting emergency management on-scene when needed as the footprint and the width of the corridor itself doesn't often lend itself to quick responses from emergency service providers. NDOT anticipates beginning the environmental process in the summer and the fact that the Truckee River is considered a cultural resource, may decrease challenges from a right-of-way acquisition standpoint. The National Environmental Policy Act (NEPA) process determines the outcome and the project itself and so once the environmental process is complete, NDOT will have a better idea of the project outcome, as well as potential costs. NDOT can then begin developing a plan to implement the project. Mr. Mortensen further indicated that once the environmental process is complete, NDOT may then have the opportunity to go after some discretionary grant funding to help implement the project. Currently, the project is broken down into four phases, each of which will be delivered every two to three years at a cost of somewhere between \$60 million and \$120 million per phase. Mr. Mortensen cautioned, however, that with the current unprecedented inflation, numbers may grow larger depending on the time it takes to deliver the project.

Secretary of State Aguilar noted that the City of Sparks has been pushing an alternative route and asked where NDOT is in that process.

Mr. Mortensen explained that he has not been involved in that particular project and therefore cannot report where that project currently stands. In hopes of prioritizing where NDOT is investing its resources a region-wide approach, will be taken, to evaluate the requirements of the state and how best to spend state and federal funds to meet those needs. Mr. Mortensen advised that NDOT was able to determine that a large portion of the individuals working at TRIC used the I-80 which prioritized the Spaghetti Bowl project.

Secretary of State Aguilar inquired about the additional workforce, that would be on the Tesla site, and how much NDOT would realistically be able to offer in alternate transportation modes to get traffic flow to the site in an efficient manner.

Mr. Mortensen noted that he does not have an answer to that particular question as it is outside of his scope of work.

Mr. Reilly advised Tesla realizes the impact discussed by NDOT and as such, will continue to add shuttles and van pools and will be opening new routes and employee schedules. Mr. Reilly explained that Tesla currently staggers its schedules to try and optimize for these types of issues and will further stagger those schedules with the opening of the new factories.

Governor Joe Lombardo asked about Tesla's construction timeline.

Mr. Reilly noted that Tesla is currently in the design phases, looking to potentially break ground in the late summer of 2023 with a tentative completion date within 18 to 24 months.

Governor Lombardo asked for confirmation that NDOT is looking at approximately a two-year environmental process, after which progress on the corridor can begin.

Mr. Mortensen noted a project like this would likely take about 18 months to design, but that NDOT has alternate delivery methods to help expedite the timeline. Mr. Mortensen reiterated that once the environmental process is complete, NDOT will have a better idea of what phasing will look like so as to better understand the financial impact on the state.

Mr. Austin Osborne, Storey County Manager, described Storey County's 2014 investment in Tesla's Gigafactory 1, and acknowledged that although there were growing pains along the way, the project ultimately delivered countless positive benefits to the region, most notably the fact that Tesla has pulled Washoe, Storey, Reno, and Sparks out of the 2008 recession. Mr. Osborne indicated that \$6 million of capital improvements are planned over ten years in Storey County, with \$150 million of those taking place over the next five years. Mr. Osborne explained that the contract made with Tesla in 2014 has enabled Storey County to rehabilitate and modernize its infrastructure, respond to life-safety needs and its citizens, and provide other services to its people. Mr. Osborne expressed the utmost confidence in Storey County's ability to meet the challenges involved with building a second Gigafactory and asked that the GOED Board consider the direct and indirect economic contributions, to northern Nevada, from the Tesla investment in 2014 in making its decision this time.

Secretary of State Aguilar questioned Storey's population growth since the building of the first Gigafactory in Storey County.

Mr. Osborne noted that population growth has been minimal, but that Storey County has planned for population growth going forward through zoning, master planning, and code development for planned unit developments. However, there are not currently any housing projects in the pipeline.

Mr. Bob Potts, Deputy Director, GOED discussed the fiscal impacts of the investment, noting that GOED has worked with an independent consulting firm Applied Economics, to review the project and discuss the economic and fiscal impact. The abatements are estimated to be approximately \$330 million, which would include 100 percent of the real property tax, personal property tax, and modified business tax for ten years and a reduction of sales tax to the 5.35

percent level. Mr. Potts explained that the state's portion, the local school support tax, and the local tri-county tax are not being abated.

Secretary of State Aguilar questioned if the tax abatements trigger a prevailing-wage clause.

Mr. Reilly indicated Tesla will be working on the construction with a myriad of developers and subcontractors. Mr. Reilly is not aware that the prevailing wage trigger parameters but will abide by whatever is required.

Deputy Director Potts concurred and indicated the need to defer to the Deputy Attorney General (DAG) for the answer to this question and indicated that he will report back to the Board once he has received the answer.

Mr. Ray Specht, GOED Board Member, asked Tesla's estimated abatement amounts were determined, the abatement return on investment, and the consequences of a company not meeting its commitments to the state.

Ms. Melanie Sheldon, Senior Director of Business Development, GOED, explained that all abatements in Nevada are statutory and as such, the GOED team is bound by statute to always present the Board with a package that meets the letter of the law. There are stricter audit provisions around a project of this magnitude and thus, the company will be audited on a yearly basis to ensure that targets are being met by a third-party, independent provider. The results will be provided to both GOED and the Legislative Council Bureau, for review, and released to the general public. Ms. Sheldon explained that if the company was to not meet its commitments to the state within the ten-year timeframe, it would be subject to full recapture provisions plus the interest rate of the day.

Mr. Jay Barrett, GOED Board Member, reiterated that the investment of K-12 and higher education is above the requirement of receiving the abatements and asked about Tesla's commitment to this investment as well as the general estimate of the time period and dollar amount involved.

Mr. Patel discussed this commitment to education as a tool to retain and attract employees and to help to future generations. An example of this is the robotics team at Cimarron Memorial School, who competed in China and won the competition.

Mr. Reilly explained that in 2014, Tesla made a commitment to invest \$37.5 million into K-12 education between 2018 and 2023. Mr. Reilly described that Cimarron Memorial students were learning Programmable Logic Controllers (PLC) skillsets, critical to manufacturing, but that these same students were not being pointed to a career path directly out of high school. Mr. Reilly explained that Tesla recognized this as an opportunity, and as a result, began recruiting students and then hiring graduates of these programs and similar. As a result of the education investment, Tesla is now seeing students in these robotics clubs choosing to start their careers while continuing in their education. Tesla remains committed to this multimillion-dollar

investment along with its commitment to hire a minimum of 50 graduating students each year through the manufacturing development program.

Ms. Sasha Stephenson, GOED Board Member, commended Tesla for the quality of healthcare it is offering to its employees as well as for all of the over-delivery initiatives that came out of the 2014 commitment. Ms. Stephenson asked for confirmation that Tesla is committed to staying in Nevada should these abatements be approved today.

Mr. Patel indicated the company's commitment to the state and its people.

Mr. Reilly discussed healthcare, noting that the statutory requirement is 65 percent whereas Tesla is at over 90 percent. Mr. Reilly explained that Tesla invests about \$9,100 in healthcare benefits per employee, which is equivalent to \$5.20 per hour on top of wages.

Mr. Tyre Gray, GOED Board Member, inquired of the 2014 abatement package is unaffected by today's proposal, noting that this is an entirely separate project from the one in 2014.

Director Burns confirmed that Mr. Gray was correct, noting that the terms of the 2014 abatement package would expire in accordance with what was originally agreed to in that period.

Mr. Reilly noted that it is Tesla's intention to continue on the existing plan and that Tesla has been working with GOED to ensure that everything is done to the letter of the law. Mr. Reilly assured the Board that there is no component of Transferrable Tax Credits (TTCs) in today's application, and that the local school support tax is an investment that Tesla will be making as part of the new project. Mr. Reilly noted that Tesla and its third-party auditor will hold the company accountable in ensuring that everything is appropriately tracked between these two projects.

Director Burns noted that Senior DAG, David Newton, had responded to the secretary's earlier question, noting that the prevailing-wage portion is not triggered by the abatement and would be under the auspices of Tesla.

Deputy Director Potts circled back to Mr. Specht's question regarding return on investment and advised that, based on the analysis, the expected return on investment from a fiscal perspective is \$2.32 to \$1 during the abatement period, and on the economic impact side of things, the expected return is \$115 to \$1.

A MOTION WAS MADE BY RAY SPECHT TO APPROVE THE \$3.5B INVESTMENT ABATEMENT APPLICATION. LIETENANT GOVERNOR STAVROS ANTHONY SECONDED THE MOTION. THE MOTION PASSED UNANIMOUSLY.

4. BOARD MEMBER COMMENTS

Director Burns introduced Mr. Heather Wessling Grosz SVP/Business Development, Economic Development Authority of Western Nevada (EDWAN) noting that EDAWN has been an amazing partner throughout this process.

Ms. Wessling Grosz indicated her belief that EDAWN will be a strong community conduit for Tesla's and the community's goals, and that this project will create an ecosystem of success for all involved. Ms. Wessling Grosz commended Tesla.

Mr. Terry Reynolds, Executive Director, Nevada Department of Business and Industry (B&I) commended Tesla for their adherence to all that the company promised back in 2014, noting that Tesla exceeded everything they initially indicated. Mr. Reynolds stated his belief that the previous project was positive for business and industry in the state as well as for the relationship between Tesla and the community and that this project will be positive on all those levels, as well.

Secretary of State Aguilar commended the technology Tesla is bringing to Nevada and expressed his hope that the benefits Storey County is receiving will prove to be equally beneficial to northern Nevada in its entirety. Secretary Aguilar further indicated his hope that Tesla will consider the prevailing wage for individuals.

Mr. Josh Reid, GOED Board Member, thanked GOED staff for all the hard work they have done in putting this project together.

5. GOVERNOR LOMBARDO COMMENTS

Governor Lombardo thanked the participants at the meeting for their participation and partnership and expressed hope that this will be the model moving forward for the continued diversification of the state's economy. The governor further noted the importance of not losing sight of Secretary Aguilar's comments regarding reference, transportation, education, and affordable housing.

6. PUBLIC COMMENT

Mr. Fulkerson opined that the public has been shut out of these proceedings and not provided with enough time to look at this package prior to the Board convening and voting in a pro forma way. Mr. Fulkerson called the process a sham and noted his disgust with providing taxpayer dollars to billionaires who do not need it. Mr. Fulkerson further expressed his belief that through this vote, the Board expressed a lack of concern regarding infrastructure costs and the pain that will be brought upon town members as a result of new population coming in with no thought on how to provide for this new population. Mr. Fulkerson closed by congratulating

Elon Musk for getting the tax dollars of Nevadans that he does not need and opining that Mr. Musk would make railroad and mining barons blush.

Ms. Brooke Brumfield advised that she is a local mother who is grateful for today's proceedings as she has a five-year-old who would like to sign up for robotics camp and without Tesla's vision and the state's engagement with the company, this would not be locally possible.

7. ADJOURNMENT

A MOTION WAS MADE BY LIETENANT GOVERNOR ANTHONY TO ADJOURN THE MEETING AND SECONDED BY MS. STEPHENSON. THE MOTION PASSED UNANIMOUSLY.