2018

ECONOMIC DEVELOPMENT FINANCING PROPOSAL

Tahoe Reno Industrial Center Effluent Water Pipeline

Preliminary Draft | For Discussion Purposes Only

Special Note: This Economic Development Financing Proposal has been prepared in a manner consistent with preliminary guidance provided by Governor's Office of Economic Development ("GOED"). Storey County, TRI General Improvement District, its partners and contractors would like to express thanks to GOED and other state and local government representatives, without whom, this proposal could not be have been completed.

Application requirements and project financing estimates have been completed to the best of our knowledge and ability as of the date of this submittal. This having been said, we are mindful that this proposal is part of a process, and we reserve the right to amend or modify this proposal should GOED determine that such revisions are necessary and appropriate to ensure that the state and all interested parties have the information necessary to consider, and potentially approve, this proposal.

This document includes forward-looking statements. While the underlying analyses rely on best available information at the time of submittal, the future remains uncertain and can be influenced by any number of local, regional, national and international factors. These limitations and others cited throughout this application should be carefully considered by all reviewers.

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Section 1: Executive Summary

1.01: GOED Infrastructure Project & Process Overview

1.01(a): Project Overview

The Tahoe Reno Industrial Center ("TRIC" or "TRI Center") is a significant business park located within Storey County in the northern portion of the state of Nevada. The park itself has approximately 12,700 acres of development property within its industrial complex. TRIC is conveniently located approximately nine miles east of the Reno-Sparks area along Interstate-80. TRI Center is accessible by both highway and rail, and the Reno-Tahoe International Airport is a relatively modest drive from the center. The project has been seeded with major investments by a number of firms ranging from some of the most technologically advanced companies in the world to large-scale manufacturing, distribution and online retailers.

TRIC is home to Tesla, Inc.'s Gigafactory 1,[1] which broke ground in June 2014, and Tesla manufactures vehicle products and energy storage products at this facility. TRI Center is also home to Switch, a globally recognized leader in future-proof data center design, superscale cloud, unparalleled telecom gateways and energy sustainability. The Switch campus, also known as The Citadel Campus, is designed for up to 7.2 million square feet of data center space and up to 650 megawatts of power. The 2,000-acre campus is located near the Tesla Gigafactory and is powered by 100-percent renewable energy. In addition to the investments that have already been made, other participants of the project have acquired land and are exploring future development opportunities. Google, a wholly-owned subsidiary of Alphabet, Inc., is a world leader in technology. Google has acquired significant land at TRIC and is studying opportunities to develop its property in the future. Blockchains, LLC, a technology company that recently became the largest landowner at TRIC, intends on developing significant operating facilities within the park to showcase the vast capabilities of blockchain technology. Reno Land is a development company focused primarily on commercial development activity at TRI Center. Finally, Emerald City Empire, LLC is a development company with potential plans for a retail and business park located within TRI Center.

In addition to major anchor tenants noted above, existing and future tenants within TRIC require a stable, predictable and sustainable operating environment. A key element of the required infrastructure includes non-potable water for operations. Large amounts of non-potable water for industrial uses ("Process Water") are needed at TRIC.

To meet the needs of users within TRI Center, the developers have implemented a multi-faceted approach to address overall water demand within the project. Notably, TRIC is located ±13 miles downriver from the Truckee Meadows Water Reclamation Facility ("TMWRF"), which is owned by the City of Reno and the City of Sparks ("the Cities") and provides centralized wastewater treatment for residents of Truckee Meadows. To meet National Pollutant Discharge Elimination System standards, TMWRF must achieve a complex balance between treatment plant processes, effluent reuse, water rights requirements, Truckee River water quality standards and numerous other interrelated, regional water management objectives.

Given the strategic positioning of TRI Center relative to the TMWRF and the needs of TRIC's tenants, the objective of this financing proposal is to develop a ±13-mile effluent water pipeline from TMWRF to TRIC, as well as a number of storage, advanced treatment and transmission components at TRIC. The entire project will be known as the "Effluent Project"; the pipeline from TMWRF to TRIC as the "off-site Effluent Project" and the on-site improvements as the "on-site Effluent Project". Only the off-site Effluent Project will be considered for financing as part of an Economic Development Financing Proposal ("EDFP").[2]

[1] Tesla, Inc. is referred to in this document as "Tesla".
[2] Note, Tesla is identified as the "Qualified Project" pursuant to NRS 360.940 for purposes of this EDFP.

Increased availability of Process Water at TRI Center from the Effluent Project is expected to resolve short and long-term load and capacity issues for TMWRF, improve water quality in the Truckee River and facilitate continued major future economic development benefitting all of northern Nevada, including the neighboring cities.

It is also worth noting that the TRI General Improvement District ("TRIGID") is a general improvement district and political subdivision of the State of Nevada created by Storey County pursuant to Nevada Revised Statutes "NRS" Chapter 318 to provide water and sewer service to TRI Center customers. It currently provides service to 91 industrial and commercial properties and 276 service connections. Like similar government entities providing community services, TRIGID does not make a profit, but it does currently cover its expenses with revenues generated from TRIGID customer usage fees. TRIGID does not, and will not as a result of the Effluent Project, discharge treated effluent water in the Truckee River, significantly enhancing TMWRF's ability to meet total maximum daily loading discharge standards. TRI Center expects that the demand for Process Water will increase substantially as Tesla, Switch, Google, Blockchains and other TRIGID customers complete construction and operate their respective facilities.

TRIGID currently holds water rights for use as Process Water (Truckee River water rights, groundwater rights and effluent from the TRIGID wastewater treatment plant). These sources are sufficient to supply Process Water until the Effluent Project is completed and operational. The addition of TMWRF effluent water to the TRIGID Process Water system will enable future economic development opportunities for northern Nevada by companies requiring Process Water.

TRIGID is expected to operate and maintain, at its expense, the Effluent Project. Neither the Cities nor Storey County shall bear any responsibility for any costs to operate or maintain TRIGID facilities. Compliance with all applicable laws and regulations governing the use of treated effluent and all required reporting of such usage shall be the sole responsibility of TRIGID.

The plan of finance for the off-site improvements involves the issuance of debt, as permitted by Senate Bill 1 ("SB1") of the 2015 Special Session of the Nevada Legislature (NRS 360.981 to NRS 360.992). The request is straightforward. Selected landowners agree to self-assess the cost of the off-site Effluent Project by way of a special assessment district ("SAD") to support approximately $35 million in bonds for the development of the off-site Effluent Project. The SAD bonds will be sourced to infrastructure bonding capacity allocated to the Governor's Office of Economic Development ("GOED") for economic development purposes. The $35 million off-site Effluent Project bond financing is also expected to comply with Storey County's SAD guidelines (as approved at the February 6, 2018 County Commission meeting). In addition to the financing of the off-site Effluent Project, Storey County will create a tax increment area pursuant to Senate Bill 442 ("SB442") of the 2017 Session of the Nevada Legislature that will allow for a cumulative reimbursement up to an amount equivalent to the debt service, including principal and interest, of the off-site Effluent Project SAD financing.

In addition to the off-site Effluent Project, the SAD participants intend to privately finance (either directly or through a third-party) the on-site Effluent Project. The on-site Effluent Project is expected to be segmented into two individual phases. The first phase focuses on common infrastructure shared among the SAD participants, and it will include water transmission and storage infrastructure, including wells and a reservoir. This first phase of the on-site Effluent Project is estimated to cost approximately $30 million. In addition to this phase of the project, selected water users require more advanced water treatment to generate water suitable for use in their operations. This second phase of the on-site Effluent Project is estimated to cost between $35 million and $85 million, depending on the number of participants, the technology employed and the costs associated with a potential third-party operator of these facilities. The combined cost of the total Effluent Project is expected to range from $100 million to $150 million.

The following provides a summary of the total capital requirements for the Effluent Project.

Phase	Description	Estimated Cost	Source of Financing
Off-site Effluent Project	±13-mile pipeline to TRIC	±$35 Million	SAD bonds through GOED's infrastructure bonding capacity
On-site Effluent Project: Phase 1	Common infrastructure shared among SAD participants (water transmission and storage infrastructure, including wells and reservoir)	±$30 Million	Private financing sourced to SAD participants or third-party (responsibility of SAD participants)
On-site Effluent Project: Phase 2	Advanced water treatment facilities to the meet the specifications of selected SAD participants	±$35 Million to ±$85 Million	Private financing sourced to selected SAD participants or third-party (responsibility of selected SAD participants)
Total Effluent Project		±$100 Million to ±$150 Million	

1.01(b): EDFP Process

The EDFP Process is outlined in sections 19-29 of SB1 of the 2015 Special Session of the Nevada Legislature and amended by SB442 of the 2017 Regular Session of the Nevada Legislature.

1.01(c): EDFP date received

GOED received an initial EDFP on June 30, 2017 ("Initial EDFP"). Since then, selected project and financing elements have been modified and this EDFP reflects the most recent project structure. Assuming the process moves forward as planned, Storey County is expected to consider (and possibly approve) the EDFP on August 6, 2018 and direct staff to submit to GOED in advance of a possible August 14, 2018 special meeting of the GOED board of directors for review (and possible approval). Note, a draft of the EDFP document (subject to Storey County's review and feedback) is expected to be provided in advance for review by GOED staff.

1.01(d): EDFP date completed

This EDFP will be deemed complete if, and when, approved by the Governor's Office of Economic Development.

1.01(e): State Treasurer's determination of debt capacity

To be determined by GOED and State Treasurer.

1.01(f): Review period start date

The review period of the Initial EDFP began in mid-2017. Additional review is expected to begin upon receipt of the revised EDFP draft.

1.01(g): Review period expiration date

Intentionally left blank.

1.02: Legal Authority

1.02(a): GOED Authority

The Governor's Office of Economic Development is granted authority to approve an EDFP pursuant to SB1 of the 2015 Special Session of the Nevada Legislature.[3] The State Board of Finance is granted authority issue bonds for certain infrastructure projects.

1.02(b): Constitutional Authority

Article 9, Section 3 of the Constitution of the State of Nevada permits the state to contract public debts, given those debts are authorized by law for some purpose to be distinctly specified.

1.02(c): Applicable Nevada Revised Statutes

NRS 271, NRS 278C (as amended by SB442), NRS 349, NRS 350, NRS 360.

1.03: EDFP Applicant

1.03(a): EDFP Applicant

1.03(a)(i): Project Team

The infrastructure project team consists of Storey County, TRIGID, Farr West Engineering, Tesla, Switch, Google, Blockchains, Reno Land, and Emerald City Empire, LLC.

Storey County

Created in 1861, Storey County is a political subdivision of the State of Nevada. Located in the northwest portion of the state, Storey County is home to the TRI Center.

TRIGID

TRIGID has owned and operated the community water and sewer systems at TRI Center since 2001. Pursuant to state law, TRIGID is governed by a Board of Trustees who are elected or appointed. TRIGID has no debt, since all water and sewer infrastructure has been built and dedicated by TRI.

Farr West Engineering

District engineering and project management for TRIGID are performed by Farr West Engineering. Farr West currently performs similar work for a number of small water and sewer purveyors in Northern Nevada, including Storey County, Yerington, Carlin, Canyon GID, Kingsbury GID, Lovewood, Hawthorne, Silver Springs Water Company and Lyon County. Farr West was chosen to perform site selection and design of Reno's Valley Road Lift, the largest in the city, as well as manage the city's 2014 Sewer Rehabilitation Project.

[3] See NRS 360.981 to NRS 360.992.

Tesla

Tesla has constructed its Gigafactory 1 in the TRI Center. Currently utilizing around 5,500,000 square feet of operational space, this project with a footprint of 1.9 million square feet, making it one of the largest buildings in the world.

Switch

Switch owns and operates data centers around the world, including those at TRI Center. The build-out of its footprint at its data center campus at TRI Center is expected to include over 7,000,000 square feet of building space, requiring significant amounts of Process Water for cooling purposes.

Google

Google is a world-leading technology company and more. Google has acquired land within TRI Center with the intention of developing facilities to support its mission and operations; the facilities require significant amounts of Process Water for cooling and other purposes.

Blockchains

Blockchains, LLC is a technology firm at the forefront of one of the most revolutionary innovations since the advent of the internet, blockchain distributed ledger technology. The development of Blockchain LLC's corporate campus and other hi-tech facilities that the company plans to develop at the park, along with the necessary supporting infrastructure, will require Process Water for operations.

Reno Land

Reno Land Inc. is a residential and commercial development firm with land holdings in Storey County that is focused on the northern Nevada community. The company's plans require Process Water for future use.

Emerald City Empire

Emerald City Empire, LLC owns property located within the "town center" in TRI Center and is considering plans to develop commercial uses to support the wide ranges of uses in the park.

1.03(a)(ii): Project Lead

Storey County is the lead applicant for the EDFP. TRIGID will lead the project team for construction of the off-site Effluent Project, with Farr West Engineering acting as project manager.

1.03(b): Authorizing Support from Storey County Commission

The project plan of finance and EDFP will be considered for approval by the County Commission on August 7, 2018.

1.03(c): Storey County Commission

The Storey County Commission is comprised of three elected officials. The County Commission members serve a 4-year term and are elected by voters residing in the entire county. The commission serves as the county's local governing body creating and monitoring the county's budget, tax rates, and ordinances.

1.03(d): Financial Statements of EDFP Applicant

Storey County's Comprehensive Annual Financial Statement for 2017 is included in Exhibit A. However, pursuant to NRS 360.990(3)(A)(4) only the uncommitted portion of the County's General Fund balance is available for repayment on the bonds and will only be used if the other sources of repayment are insufficient.

1.03(e): Statement of financing need

Pending. To be provided.

1.04: Infrastructure General Parameters

1.04(a): Infrastructure Project acreage

The infrastructure project consists of a ± 13-mile pipeline with an 11,600 square foot area for a pump station, which will contain a 1,200 square foot building

1.04(b): Types of service area land uses approved at time of EDFP submittal

Parcels in the Project Area are zoned for industrial and commercial use.

1.04(c): Additional land uses planned not already zoned

Additional land uses are planned in TRI Center, but not yet zoned for industrial or commercial uses.

1.04(d): Leasable improved space by land use type served by Infrastructure

The infrastructure will serve the TRI Center as shown in Exhibit B attached.

1.05(e): Total improved space served by Infrastructure

The infrastructure will serve the TRI Center as shown in Exhibit B attached.

Section 2: The Qualified Project

2.01: GOED Board Determination of Qualified Project

2.01(a): Notice

Notice of qualified project status is included in Exhibit C attached.

2.01(b): State Incentive Summary

The State Incentives are outlined in Exhibit C attached.

2.01(c): State Economic Impact Report

The State economic impact report is included in Exhibit D attached.

2.01(d): State Certificates of Eligibility

The State certificates of eligibility are included in Exhibit C attached.

2.02: Tesla as Lead Participant

2.02(a): Company History

Tesla designs, develops, manufactures and sells high-performance fully electric vehicles, and energy generation and storage systems, and also installs and maintains such systems and sells solar electricity. Tesla is the world's only vertically integrated sustainable energy company, offering end-to-end clean energy products, including generation, storage and consumption. Tesla has established and continues to grow a global network of stores, vehicle service centers and Supercharger stations to accelerate the widespread adoption of Tesla's products, and Tesla continues to develop self-driving capability in order to improve vehicle safety. Tesla's sustainable energy products, engineering expertise, intense focus to accelerate the world's transition to sustainable energy, and business model differentiate Tesla from other companies.

Tesla currently produces and sells three fully electric vehicles, the Model S sedan, the Model X sport utility vehicle ("SUV") and the Model 3 sedan. All of Tesla's vehicles offer high performance and functionality as well as attractive styling.

Tesla commenced deliveries of Model S in June 2012 and has continued to improve Model S by introducing performance, all-wheel drive dual motor, and autopilot options, as well as free over-the-air software updates. Tesla commenced deliveries of Model X in September 2015. Model X offers seating for up to seven people, all-wheel drive, and Tesla's autopilot functionality. Tesla commenced deliveries of Model 3, a lower priced sedan designed for the mass market, in July 2017 and continues to ramp its production.

Tesla also intends to bring additional vehicles to market in the future, including trucks and an all-new sports car. The production of fully electric vehicles that meets consumers' range and performance expectations requires substantial design, engineering, and integration work on almost every system of Tesla's vehicles. Tesla's design and vehicle engineering capabilities, combined with the technical advancements of Tesla's powertrain system, have enabled Tesla

to design and develop electric vehicles that Tesla believes overcome the design, styling, and performance issues that have historically limited broad adoption of electric vehicles.

Tesla sells the vehicles through Tesla's own sales and service network which Tesla is continuing to grow globally. The benefits Tesla receives from distribution ownership enables Tesla to improve the overall customer experience, the speed of product development and the capital efficiency of Tesla's business. Tesla is also continuing to build the network of Superchargers and Destination Chargers in North America, Europe and Asia to provide both fast charging that enables convenient long-distance travel as well as other convenient charging options.

In addition, Tesla is leveraging the technological expertise in batteries, power electronics, and integrated systems to manufacture and sell energy storage products. In late 2016, Tesla began production and deliveries of the latest generation energy storage products, Powerwall 2 and Powerpack 2. Powerwall 2 is a 14 kilowatt hour (kWh) home battery with an integrated inverter. Powerpack 2 is an infinitely scalable energy storage system for commercial, industrial and utility applications, comprised of 210 kWh (AC) battery packs and 50 kVa (at 480V) inverters.

Similar to Tesla's electric vehicles, the energy storage products have been developed to receive over-the-air firmware and software updates that enable additional features over time.

Finally, Tesla sells and leases solar systems (with or without accompanying energy storage systems) to residential and commercial customers and sells renewable energy to residential and commercial customers at prices that are typically below utility rates. Since 2006, Tesla has installed solar energy systems for hundreds of thousands of customers. Tesla's long-term lease and power purchase agreements with Tesla's customers generate recurring payments and create a portfolio of high-quality receivables that Tesla leverages to further reduce the cost of making the switch to solar energy. The electricity produced by Tesla's solar installations represents a very small fraction of total U.S. electricity generation. With tens of millions of single-family homes and businesses in Tesla's primary service territories, and many more in other locations, Tesla has a large opportunity to expand and grow this business.

Tesla manufactures the vehicle products primarily at the facilities in Fremont, California, Lathrop, California, Tilburg, Netherlands and at Gigafactory 1 near Reno, Nevada. Tesla manufactures the energy storage products at Gigafactory 1 and the solar products at the factories in Fremont, California and Buffalo, New York (Gigafactory 2).

2.02(b): Executive Team

Elon Musk has served as our Chief Executive Officer since October 2008 and as Chairman of our Board since April 2004. Mr. Musk has also served as Chief Executive Officer, Chief Technology Officer and Chairman of Space Exploration Technologies Corporation, a company which is developing and launching advanced rockets for satellite, and eventually human, transportation ("SpaceX"), since May 2002, and served as Chairman of the Board of SolarCity Corporation, a solar installation company ("SolarCity"), from July 2006 until its acquisition by us in November 2016. Mr. Musk is also a founder of The Boring Company, an infrastructure company, and Neuralink Corp, a company focused on developing brain-machine interfaces. Prior to SpaceX, Mr. Musk co-founded PayPal, an electronic payment system, which was acquired by eBay in October 2002, and Zip2 Corporation, a provider of Internet enterprise software and services, which was acquired by Compaq in March 1999. Mr. Musk holds a B.A. in physics from the University of Pennsylvania and a B.S. in business from the Wharton School of the University of Pennsylvania.

Jeffrey B. Straubel has served as our Chief Technology Officer since May 2005 and previously served as our Principal Engineer, Drive Systems from March 2004 to May 2005. Prior to joining us, Mr. Straubel was the Chief Technical Officer and co-founder of Volacom Inc., an aerospace firm which designed a specialized high-altitude electric aircraft platform, from 2002 to 2004. Mr. Straubel holds a B.S. in energy systems engineering from Stanford University and a M.S. in engineering, with an emphasis on power electronics, microprocessor control and energy conversion, from Stanford University.

Deepak Ahuja has served as our Chief Financial Officer since March 2017, and also previously served as our Chief Financial Officer from July 2008 to November 2015. Prior to joining us in July 2008, Mr. Ahuja served in various positions at Ford Motor Company from August 1993 to July 2008, most recently as the Vehicle Line Controller of Small Cars Product Development from July 2006 to July 2008, and as Chief Financial Officer for Ford of Southern Africa from February 2003 to June 2006. Mr. Ahuja also served as the Chief Financial Officer for Auto Alliance International, a joint venture between Ford and Mazda, from September 2000 to February 2003. Mr. Ahuja also served as a director of FireEye, Inc. from September 2015 to September 2017. Mr. Ahuja holds an M.S.I.A. (which was subsequently redesignated as an M.B.A.) from Carnegie Mellon University, a M.S. in materials engineering from Northwestern University and a Bachelor's degree in ceramic engineering from Banaras Hindu University in India.

2.02(c): Capital Investment Plan

Tesla and partners have invested and plan to invest for a total of at least $5.0 billion dollars in building and equipment for the Gigafactory 1 project.

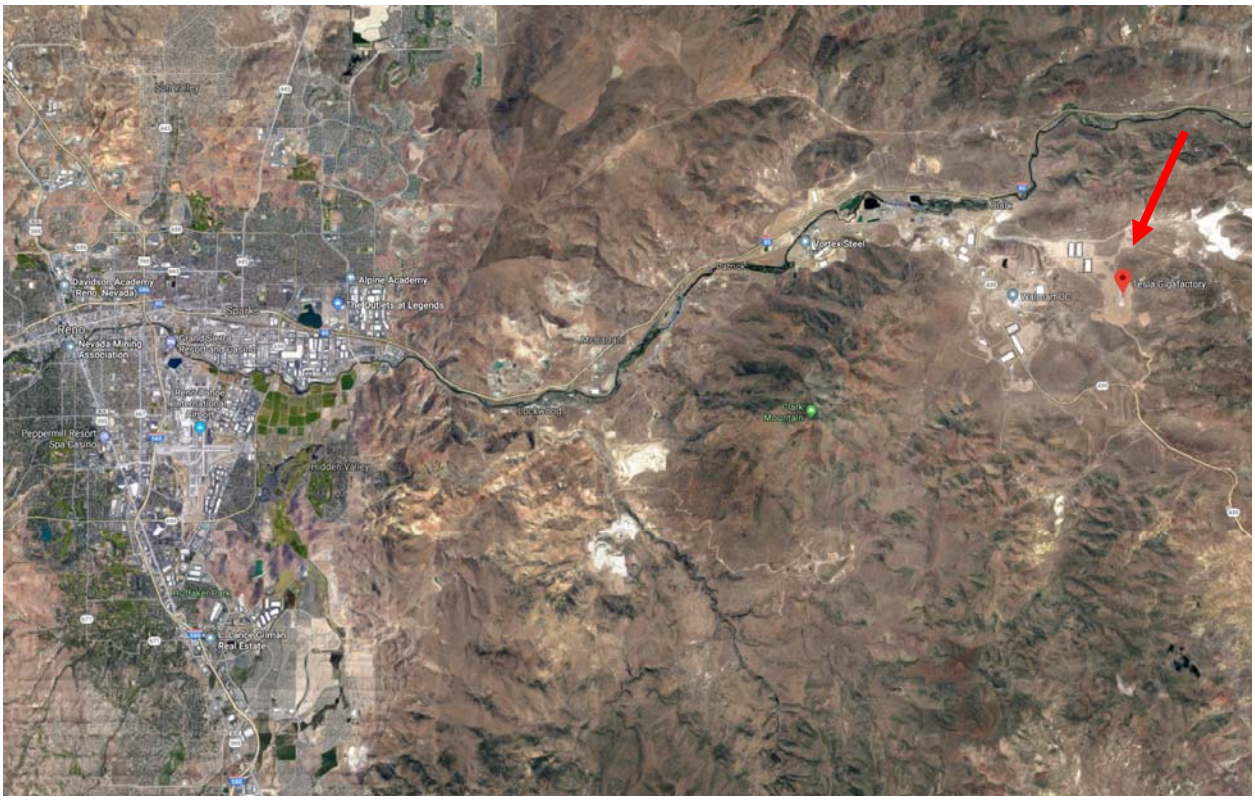
2.02(d): Project Financing Plan

Tesla and partners have used non-municipal financing for the Gigafactory 1 project.

2.03: Project Description

2.03(a): Site Location

Tesla's Gigafactory 1 is located on Electric Avenue in the TRI Center, more specifically parcels 005-091-17; 005-091-18; 005-091-29; 005-091-42; 005-091-44; 005-091-45; 005-091-47; 005-091-49; 005-091-52; 005-011-21; 005-011-22; 005-011-24; 005-011-26; 005-111-48. The following map depict the general location of the site.



2.03(b): Facility Plan

Tesla manufactures vehicle products and energy storage products at the Gigafactory.

2.03(c): Other Participants

Tesla has strategic supplier relationships with a presence at the Gigafactory.

Section 3: Proposed Infrastructure Project

3.01: Market Research & Plan

3.01(a): Current and projected area market demand and supply

Future demand will largely be driven by the needs of the participants of the SAD. The participants have agreed to a self-assessment for the development of the off-site Effluent Project in anticipation of their future water needs.

3.01(b): Current inventory of industrial parks and park space in the market area

The current TRI Center contains ±12,700 acres of development property, ±2,000 of which are currently developed.

3.01(c): Projected demand at project for leasable/improved square footage at completion

The SAD participants will dictate demand and have confirmed future need for Process Water for their planned investments.

3.01(d): Estimated absorption rate and term

The SAD participants will dictate demand and have confirmed future need for Process Water for their planned investments.

3.01(e): Marketing Plan

Not applicable.

3.01(f): Marketing Budget

Not applicable.

3.02: Traffic Analysis

The scope of the proposed infrastructure project, or the off-site Effluent Project, does not include any transportation-related projects.

3.03: Infrastructure Project Information

3.03(a): Master Plan

3.03(a)(i): Description of Project

The off-site Effluent Project will consist of a pipeline, one pump station and associated facilities, constructed between TMWRF and TRI Center, allowing transmission of treated effluent from TMWRF to TRI Center for approved reuse applications.

At a minimum, the on-site Effluent Project will consist of an increase in storage capacity at the on-site reservoir, two induction wells and several groundwater wells, and two booster stations and transmission lines to pump effluent to two storage tanks. The on-site Effluent Project will also consist of an advanced water treatment facility to meet the water quality needs of the users.

3.03(a)(ii): Description of Infrastructure Installation Plans

An 18" diameter pipe (or larger) will be installed at the existing TMWRF discharge manifold, from which reclaimed water can be pumped by TMWRF's existing pump station at approximately 138 psi. There is a 120 to 130-foot elevation drop from TMWRF to TRI Center. East of Mustang in the Truckee River corridor, the pipeline will climb a slope via a pump station to reach land owned by TRI. From there it will run downhill to TRI Center. The off-site Effluent Project will be designed to transport 4,000 acre feet or more of treated effluent water annually.

TRIGID has limited storage. Due to the cost of constructing a new storage reservoir within TRI Center, TRIGID intends only to enlarge, line and fence its existing reclaimed water reservoir to provide at least 1,500 acre feet of storage. This means reclaimed water from TMWRF will have to be supplied year-round for TRIGID customer use, but flows can be adjusted in order to meet Truckee River return flow requirements. In order to distribute pipeline reclaimed water within TRI Center, TRIGID will have to construct additional pipelines, pump stations and storage tanks, in addition to improvements to its reservoir.

3.03(b): EDFP Financed Improvements

No on-site Effluent Project improvements are under consideration for this EDFP. Only the off-site Effluent Project costs are proposed for financing through the SAD or reimbursement via a tax increment area ("TIA") to selected property owners within TRI Center.

3.03(c): Development Management Entity

Farr West Engineering will be the development management entity under the supervision of TRIGID.

3.03(d): Asset Management Entity

TRIGID, the current owner and manager of all water and sewer assets at TRI Center, will be the asset management entity.

3.03(e): Property Management Entity

TRIGID will be responsible for property/asset management.

3.03(f): EDFP Infrastructure Projects

3.03(f)(i): Non-EDFP Improvement Projects (No Funding Requested)

On-site storage, advanced water treatment and transmission projects to distribute Process Water to TRIGID customers are considered for this project, but do not seek EDFP funding.

3.03(f)(ii): Sources, Pro Forma, and Budget Overview

The off-site Effluent Project will use TMWTF as the source of treated effluent for Process Water for use in various manufacturing and cooling processes. The following provides a summary of the sources and uses for the off-site Effluent Project. It is important to note, these sources and uses are preliminary in nature and subject to material review and revision. More formal uses are expected to be outlined in a proposed financing agreement between Storey County and the SAD participants in advance of any bond issuance.

USES

Cost Component	Est. Cost
Site Preparation and Water Pipeline Development	$20,422,260
Pump Station and Supporting Infrastructure	$1,334,150
Technical Services (Surveying, Engineering, Management)	$2,828,333
Reimbursement Agreement with Storey County to Fund County Costs (Bond Counsel, Financial Advisor, Appraiser)	$175,000
Reimbursed Costs of Professional Services for TMWRF, NDOT and Other Contracts	$200,000
Reimbursed Costs of EDFP Application Preparation, Research and Other Professional Services	$200,000
Land Acquisition/Easements and Construction Contingency[4]	$6,031,766
Total Uses	$31,191,509

SOURCES[5]

Funding Component	Est. Yield
Gross Proceeds	$35,000,000
Debt Service Reserve Fund	($2,808,491)
Debt Issuance/Transaction Costs	($1,000,000)
Total Sources	$31,191,509

In addition to the off-site Effluent Project, the on-site Effluent Project (excluding advanced water treatment) is expected to cost approximately $30.0 million. The cost of the advanced water treatment component of the project is expected range from $35.0 million to $85.0 million, depending on the scope of the facilities. The overall project cost is expected to range from $100.0 million to $150.0 million when completed.

3.03(f)(iii): Planned Service Capacity

The off-site Effluent Project shall provide a minimum of 4,000 acre-feet of treated effluent per year.

3.03(g): Natural Resources Project

The Effluent Project qualifies a Natural Resources Project as defined in SB1 and SB442.

[4] The construction contingency has been aggregated and applies to the all individual cost components of the project.
[5] For modeling purposes, a benchmark amount of $35.0 million in gross proceeds has been assumed. This does not consider a potential premium or discount structure. The model also assumes a 20-year term and a 5.0 percent interest rate, along with an estimated one-year debt service reserve fund. Market conditions at the time of issuance will dictate the final structure, term, rates and other provisions. Note, a 20- to 25-year term is being targeted. The included estimates are considered conservative relative to what will ultimately be achieved in the market. Debt issuance/transaction costs have been estimated and are intended to cover underwriter discounts, any state-related fees and other costs of issuance that may be incurred.

3.03(h): Maximum Service area and Capacity SOW

The entire Process Water system is to serve the TRI Center is designed for a maximum capacity of 10,000 acre-feet of water per year, serving properties requiring Process Water in TRI Center.

3.04: Infrastructure Project Maps, Plans, and Schedules

3.04(a): Infrastructure facility plans

3.04(a)(i): Interim Elements

No interim elements are included in this project.

3.04(a)(ii): Permanent Elements

See Exhibit E attached.

3.04(a)(iii): Established District Documentation

The SAD and TIA is defined in Section 4.02(a); The TIA is expected to be formed after GOED and IFC[6] financing approval.

3.04(a)(iv): Final District Creation Documentation

The SAD and TIA is defined in Section 4.02(a); The TIA is expected to be formed after GOED and IFC financing approval.

3.04(b): Assessment Plans

The SAD and TIA is defined in Section 4.02(a); The TIA is expected to be formed after GOED and IFC financing approval. The TIA is contemplated to reimburse property owners for costs advanced and associated with the off-site Effluent Project.

3.04(c): Review of Interests Required

3.04(c)(i): Water Rights

TRIGID currently holds water rights for use as Process Water including Truckee River water rights, groundwater rights, and effluent from the TRIGID wastewater treatment plant. The Truckee Meadows Water Authority ("TWMA") holds water rights for the treated effluent to be delivered by the off-site Effluent Project.

3.04(c)(ii): Title Reports

Title reports for affected parcels will be available in the quarter following the financing decision, prior to construction.

[6] IFC is the Interim Finance Committee of the Nevada Legislature.

3.04(c)(iii): Easements

Easements on the affected parcels will be secured by the end of the quarter following the financing decision, prior to construction.

3.04(d): Project Area Lands in the Service Area

Only those parcels in the TRI Center will be included in the Service Area.

3.04(e): Infrastructure Plots

See Exhibit E attached.

3.04(f): Infrastructure Service Area Boundaries

The service area boundaries are those of the TRI Center, which are shown in Exhibit B attached.

3.04(g): Zoning for the Service Area

Parcels in the Project Area are zoned for industrial and commercial use.

3.04(h): FEMA Flood Zoning

The property is not located in a FEMA Flood Zone.

3.04(i): Proof of Property Control

The legal rights to construct, operate, and repair the Effluent Project will be acquired by obtaining easements after the financing decision, see 3.04(c)(iii) above.

3.04(j): Phase 1 and 2 reports

3.04(j)(i): Phase 1 Reports

Phase 1 reports will be performed in the quarter following the financing decision, if needed.

3.04(j)(ii): Phase 2 Reports

Phase 2 reports will be performed in the quarter following the financing decision, if needed.

3.04(k): Environmental Review and Site Assessment

Preliminary review and assessment have been performed by TRIGID engineers and officers by on-site inspections of each parcel. No issues have been found. If further review and assessments are needed, they will be performed during the quarter following the financing decision.

3.04(l): Typical Infrastructure Excluded

No infrastructure that is typically a part of this type of project will be excluded.

3.04(m): Non-Included Infrastructure

Not applicable.

3.04(n): Non-Included Infrastructure and Absorption

Not applicable.

3.05: Updated Infrastructure Facility Budgets

3.05(a): Cost Estimates

See *Section 3.03(f)(ii): Sources, Pro Forma, and Budget Overview* for a summary of the costs.

3.05(b): Pre-Approval and Post-Approval Costs, Other Fees

See *Section 3.03(f)(ii): Sources, Pro Forma, and Budget Overview* for a summary of the costs.

3.06: Updated Infrastructure Facilities Development and Construction Maps, Plans, and Schedules

3.06(a): Utility Layout Map

See Exhibit E attached.

3.06(b): Quantity and Size Takeoffs Schedule and Budget

See *Section 3.03(f)(ii): Sources, Pro Forma, and Budget Overview* for a summary of the costs.

3.06(c): Equivalent Development Units

Not applicable.

3.06(d): Pre-Approval and Post Approval Costs, Other Fees

See *Section 3.03(f)(ii): Sources, Pro Forma, and Budget Overview* for a summary of the costs.

3.07: Project Readiness

3.07(a): Zoning and Permitting Milestones and Schedule

All permits will be obtained in the quarter following the financing decision. Zoning requirements have been satisfied.

3.07(b): Contractor's Contract Status

No contract currently exists, however TRIGID currently retains Farr West Engineering to perform all engineering and construction project management functions.

3.07(c): Remaining Requirements

3.07(c)(i): Design

Farr West Engineering currently has 30% completed engineering plans for the Effluent Project. Fully completed plans for the off-site Effluent Project will be provided after the financing decision.

3.07(c)(ii): Other Contracts

Not applicable.

3.07(c)(iii): GOED Administration

Per SB1 of the 2015 Special Session of the Nevada Legislature, GOED will administer the development funds that result from an approved EDFP. TRIGID and Farr West Engineering will work with GOED to report and account for all funds used.

3.07(d): Post-Construction and Ongoing Operations

TRIGID will operate and maintain all infrastructure related to the Effluent Project.

3.08: Master Infrastructure Plans and Cost Estimates

3.08(a): Water

Not applicable.

3.08(b): Wastewater

Master infrastructure plans and cost estimates are included in *Section 3.03(f)(ii): Sources, Pro Forma, and Budget Overview* for a summary of the costs.

3.08(c): Rail Port

Not applicable.

3.08(d): Fire EMS

Not applicable.

3.08(e): Storm Drainage

Not applicable.

3.08(f): Scopes of Work, Budgets, Cashflow, and Construction Timing

See *Section 3.03(f)(ii): Sources, Pro Forma, and Budget Overview* for a summary of the costs. Timing of expenditures are contained in Section 5.01(b).

3.08(g): Elements of Complementary Infrastructure

Not applicable.

3.08(h): Development Entitlements

The Development Agreement dated February 1, 2000 between TRI and Storey County is the development entitlement for construction and operation of water and sewer systems for TRI Center. No additional development entitlements are necessary except building permits.

3.08(i): Confirmation of Entitlement Readiness

See 3.08(h).

Section 4: Proposed Infrastructure Project Financing

4.01: Overview of Project Financing

4.01(a)(i): Project Financing

The SAD financing component of the project is expected to comply with any underwriter and regulatory requirements of the State Board of Finance, State Treasurer and Storey County, including certain value-to-lien (coverage) ratios. Storey County has retained an appraiser to appraise the value of the property to be included within the SAD (the list of parcels is included in Section 4.02(a) below). It is expected that the appraised value of each parcel will be required to be at least three and one-half (3.5) times the amount of the proposed assessment against the parcel ("3.5x coverage"). The aggregate proposed assessment across all properties will be approximately $35 million (the cost of the off-site Effluent Project). In addition, the allocation of the $35 million assessment may be based on water right ownership, expected water consumption and/or some other reasonable basis determined by an assessment engineer, which has also been retained by Storey County. To the extent values fall short of the required 3.5x coverage, additional collateral, guarantees or credit enhancements may be required.

A debt service reserve fund equal to one year's debt service (principal and interest) will be funded from bond proceeds (subject to market conditions). Currently, the bond term is expected to span twenty (20) to twenty-five (25) years. It is possible the bonds will consider a premium or discount structure and require funds for debt issuance costs as well. A more formal plan/model for financing will follow as the process moves forward.[7]

The off-site Effluent Project is to be financed as previously described in Section 1. Concurrently, a TIA will be created pursuant to SB442 that will provide an opportunity for a maximum reimbursement of the off-site Effluent Project costs (and equivalent carrying costs).

4.01(a)(ii): Statement by the governing body of the creation of one or more districts or areas

To be provided by Storey County in conjunction with the creation of a special assessment district as provided for in SB442. Upon approval of the SAD and EDFP, Storey County will consider the TIA contemplated herein.

4.01(a)(iii): Project infrastructure elements

General

The off-site Effluent Project will consist of a pipeline, one pump station and associated facilities, constructed between TMWRF and TRI Center, allowing transmission of treated effluent from TMWRF to TRI Center for approved reuse applications. The Cities will reserve and supply treated effluent in the minimum quantities identified in Subsection 3.03(f)(iii) above.

[7] For modeling purposes, a benchmark amount of $35.0 million in gross proceeds has been assumed. This does not consider a potential premium or discount structure. The model also assumes a 20-year term and a 5.0 percent interest rate, along with an estimated one-year debt service reserve fund. Market conditions at the time of issuance will dictate the final structure, term, rates and other provisions. The included estimates are considered conservative relative to what will ultimately be achieved in the market. The underwriter discount has been modeled at 1.0 percent of the gross proceeds and "other costs" have been assumed.

Alignment

A portion of the off-site Effluent Project from TMWRF is in Washoe County (0.44 miles). The remainder is in Storey County (12.5 miles). The proposed alignment is down the Truckee River corridor until it reaches land owned by TRI. See Subsection 4.01 (c)(iii) for cost detail.

4.01(a)(iv): Infrastructure financed by public financing

The cost of the off-site Effluent Project is to be financed via an SAD, which is secured by the revenues and real property within the SAD. Concurrently, the creation of a TIA is intended to reimburse property owners a maximum amount equivalent to the off-site Effluent Project (plus equivalent carrying costs), but the developers have sized this request up to $35 million. It is important to note, the potential tax increment that would inure to the property owners is not intended for bonding purposes, as such there is no risk on the part of the state or county for default or non-payment.

Bond financing as part of the SAD will be used for the construction of the off-site Effluent Project. Both the off-site and on-site Effluent Project are necessary to make the project operational. The on-site Effluent Project is expected to be financed through third-party private financing. Only the amount of bonds necessary to fund the off-site Effluent Project, pay for the costs of issuance, fund a one-year debt service reserve, and address any State-imposed requirements will be issued pursuant to the SAD. Only the cost of the off-site Effluent Project is being considered for bond financing through the State of Nevada.

All costs not covered by bond financing will be paid by TRI Center and the SAD participants in the overall project.

4.01(a)(v): Infrastructure financed by Public Private Partnership ("P3")

See 4.01(a)(iv), above. The private portion of the project financing, though not technically through a traditional P3, will be borne by the private sector developer.

4.01(a)(vi): Infrastructure financed by other financing means

None.

4.01(b)(i): Infrastructure components planned

See 4.01(a)(iii) above.

4.01(b)(ii): Changes to infrastructure component plans

None at this time.

4.01(c)(i): Project elements

See 4.01(a)(iii) above.

4.01(c)(ii): Service area

The service area for the Effluent Project will be TRI Center, located within Storey County, which is the service area of TRIGID. As noted, a small portion of the off-site Effluent Project will be within Washoe County, but that is not a part of the service area. Ancillary benefits, beyond those realized by the primary customers within the TRI Center, will inure to TMWRF and the Cities of Reno and Sparks.

4.01(c)(iii): Costs

See *Section 3.03(f)(ii): Sources, Pro Forma, and Budget Overview* for a summary of the costs.

4.01(c)(iv): Planned allocation/coverage of costs

See 4.01(a)(iv) above.

4.01(c)(v): Changes in risk

None identified.

4.01(c)(v)(1): Impact of risk of P3 termination

Not applicable.

4.01(c)(v)(2): Assumption/assignment of responsibility for water and waiver of P3 assuming responsibility

Not applicable.

4.02: Special Assessment District (NRS 271)

4.02(a): Overview

An SAD is intended to cover the cost of the off-site Effluent Project. The proposed SAD will include selected properties in TRI Center. The following provides a list of parcels to be included in the SAD as well as the TIA; the list identifies the assessor parcel number ("APN"), the legal owner, the ultimate owner (e.g., parent company), the estimated acreage and identifies if the parcel is included in TIA. For parcels identified by the Storey County Assessor's Office as having some "improvements" on site have been excluded from the TIA. Also note, the parcel list is subject to deletions at some point in the future, but prior to the finalization of the SAD creation.

Parcel No.	Owner - Legal Name	Owner - Parent Company	Approx. Acreage	Status	SAD	TIA
005-111-12	Eagle Valley Acquisition LLC	Blockchains	6.58	Vacant	YES	YES
005-111-51	Eagle Valley Acquisition LLC	Blockchains	22.62	Vacant	YES	YES
005-111-58	Eagle Valley Acquisition LLC	Blockchains	17.64	Vacant	YES	YES
005-111-66	Eagle Valley Acquisition LLC	Blockchains	42.25	Vacant	YES	YES
005-111-67	Eagle Valley Acquisition LLC	Blockchains	214.60	Vacant	YES	YES
005-011-75	Peru Shelf Acquisition	Blockchains	257.65	Vacant	YES	YES
005-011-88	Peru Shelf Acquisition	Blockchains	165.61	Vacant	YES	YES
005-011-94	Peru Shelf Acquisition	Blockchains	90.32	Vacant	YES	YES
005-011-81	TRIC Acquisition LLC	Blockchains	178.53	Vacant	YES	YES
005-011-84	TRIC Acquisition LLC	Blockchains	36.57	Vacant	YES	YES
005-011-58	Silver Slate LLC	Google	662.00	Vacant	YES	YES
005-011-65	Comstock TRIC Associates LLC	Reno Land	491.09	Vacant	YES	YES
005-011-66	Comstock TRIC Associates LLC	Reno Land	8.00	Vacant	YES	YES
005-011-70	Comstock TRIC Associates LLC	Reno Land	189.00	Vacant	YES	YES
005-011-45	Supernap Reno LLC	Switch	71.45	Vacant	YES	YES
005-011-46	Supernap Reno LLC	Switch	117.36	Vacant	YES	YES
005-011-48	Supernap Reno LLC	Switch	314.54	Improvements	YES	NO
005-011-49	Supernap Reno LLC	Switch	134.04	Vacant	YES	YES
005-011-50	Supernap Reno LLC	Switch	61.56	Vacant	YES	YES
005-011-85	Supernap Reno LLC	Switch	8.87	Vacant	YES	YES
005-011-89	Supernap Reno LLC	Switch	278.27	Vacant	YES	YES
005-071-08	Supernap Reno LLC	Switch	2.83	Vacant	YES	YES
005-071-12	Supernap Reno LLC	Switch	18.86	Vacant	YES	YES
005-071-57	Supernap Reno LLC	Switch	162.56	Vacant	YES	YES
005-081-07	Supernap Reno LLC	Switch	44.57	Vacant	YES	YES
005-081-11	Supernap Reno LLC	Switch	1.72	Vacant	YES	YES
005-081-10	Tahoe-Reno Industrial Cntr LLC	Switch	205.76	Vacant	YES	YES
005-011-21	Tesla Motors Inc	Tesla	5.16	Vacant	YES	YES
005-091-29	Tesla Motors Inc	Tesla	65.90	Vacant	YES	YES
005-091-42	Tesla Motors Inc	Tesla	35.00	Vacant	YES	YES
005-091-44	Tesla Motors Inc	Tesla	42.67	Vacant	YES	YES
005-091-45	Tesla Motors Inc	Tesla	15.98	Improvements	YES	NO
005-091-47	Tesla Motors Inc	Tesla	81.34	Vacant	YES	YES
005-091-49	Tesla Motors Inc	Tesla	35.22	Vacant	YES	YES
005-091-52	Tesla Motors Inc	Tesla	118.22	Vacant	YES	YES
005-111-48	Tesla Motors Inc	Tesla	12.18	Vacant	YES	YES
005-051-29	1200 USA Parkway	Emerald City Empire	18.40	Vacant	YES	YES
005-051-30	Emerald City Empire LLC	Emerald City Empire	1.08	Vacant	YES	YES
005-051-53	Emerald City Empire LLC	Emerald City Empire	16.73	Vacant	YES	YES
005-051-57	Emerald City Empire LLC	Emerald City Empire	5.08	Vacant	YES	YES
005-101-36	Emerald City Empire LLC	Emerald City Empire	60.22	Vacant	YES	YES
005-101-39	Emerald City Empire LLC	Emerald City Empire	2.21	Vacant	YES	YES
005-101-40	Emerald City Empire LLC	Emerald City Empire	9.66	Vacant	YES	YES
Total			4,329.90			

Based on the SAD guidelines, a 3.5x value-to-lien ratio per parcel is targeted. Pending the results of the property appraisals, the list of parcels included or excluded may vary.

4.02(b): Determination of the governing body that tax proceeds will be sufficient

Since the off-site Effluent Project is not considering revenue bonds associated with the TIA, this element is not applicable.

4.02(c): Infrastructure Projects Included

The off-site Effluent Project is contemplated within the SAD.

4.02(d): Areas Served

The area to be served by the improvements is described in 4.02(a) above.

4.02(e): State Repayment and P3 funding

SAD bond repayments will be made by selected property owners and secured by the underlying real estate.

4.02(f): Undertaking Allocations

As previously noted, the funding of the undertaking is proposed to include proceeds of bonds issued through the State. The proceeds of the bonds would fund both only the off-site Effluent Project.

4.02(g): District Area

The special assessment district area will encompass selected parcels within TRI Center as noted in 4.02(a) above.

4.02(h): District Funding Analysis

The SAD will be funded (debt serviced) based on a 100-percent self-assessed group of participants. No additional analysis or speculation with respect to timing and/or participants is required.

4.02(i): Assessment Engineer's Report

Pending. To be completed.

4.02(j): Municipal Bond Analysis

The following provides a simplified bond amortization for reference (modeling purposes); a more formal bond structure and estimates will be prepared as the process moves forward. This analysis assumes $35.0 million in borrowings, a

20-year term, a 5.0-percent interest rate and an annual payment structure.[8] Terms are expected to adjust; these have been incorporated as placeholders to demonstrate order-of-magnitude estimates.

Year	Debt Service Payment	Interest Payment	Principal Payment	Outstanding Balance
Beginning Balance				$35,000,000
Year 1	$2,808,491	$1,750,000	$1,058,491	$33,941,509
Year 2	$2,808,491	$1,697,075	$1,111,415	$32,830,094
Year 3	$2,808,491	$1,641,505	$1,166,986	$31,663,109
Year 4	$2,808,491	$1,583,155	$1,225,335	$30,437,773
Year 5	$2,808,491	$1,521,889	$1,286,602	$29,151,172
Year 6	$2,808,491	$1,457,559	$1,350,932	$27,800,240
Year 7	$2,808,491	$1,390,012	$1,418,479	$26,381,761
Year 8	$2,808,491	$1,319,088	$1,489,403	$24,892,358
Year 9	$2,808,491	$1,244,618	$1,563,873	$23,328,486
Year 10	$2,808,491	$1,166,424	$1,642,066	$21,686,420
Year 11	$2,808,491	$1,084,321	$1,724,170	$19,962,250
Year 12	$2,808,491	$998,113	$1,810,378	$18,151,872
Year 13	$2,808,491	$907,594	$1,900,897	$16,250,975
Year 14	$2,808,491	$812,549	$1,995,942	$14,255,033
Year 15	$2,808,491	$712,752	$2,095,739	$12,159,294
Year 16	$2,808,491	$607,965	$2,200,526	$9,958,768
Year 17	$2,808,491	$497,938	$2,310,552	$7,648,216
Year 18	$2,808,491	$382,411	$2,426,080	$5,222,137
Year 19	$2,808,491	$261,107	$2,547,384	$2,674,753
Year 20	$2,808,491	$133,738	$2,674,753	$0
Total		$21,169,811	$35,000,000	

4.02(k): County Ordinance

Pending. To be completed following GOED's consideration of the EDFP.

4.03: Tax Increment Area ("TIA") (NRS 278C)

4.03(a): Overview

The proposed TIA will include selected vacant properties in the SAD that have the potential to benefit from the Effluent Project. The vacant property owners are expected to be limited to Tesla, Switch, Google, Blockchains, Reno Land and Emerald City Empire. See Section 4.02(a) for a list of the parcels included in the TIA.

4.03(b): Determination of the governing body that tax proceeds will be sufficient

Since the TIA revenues are not to be used for bond repayments, no determination of sufficiency is necessary.

4.03(c): Infrastructure Projects Included

The TIA revenues will only be utilized to reimburse an amount equivalent to the aggregate cost of the off-site Effluent Project of $35 million, which includes principal and interest.

[8] While a 20-year term is modeled in the accompanying schedule, the proposed transaction contemplates a 20- to 25-year bond term, subject to market conditions at the time of issuance.

4.03(d): Areas Served

The area to be served by the improvements is described in 4.03(a) above.

4.03(e): Undertaking Allocations

As previously noted, the funding of the undertaking is proposed to include proceeds of bonds issued through the State via an SAD. No bonds are to be collateralized or secured by the tax increment revenues.

4.03(g): Tax Increment Funding Analysis

TIA revenues are not utilized to fund the improvements, so no funding analysis is contemplated.

4.03(h): Municipal Bond Analysis

No bonds will be issued that are secured by TIA revenues.

4.03(f): Tax Increment Area

The revenues permitted to be captured for use for reimbursement of the off-site Effluent Project will be generated by future development within the TIA. Revenue increment to be captured by the TIA include real and personal property taxes, sales and use tax, and modified business tax. The TIA is defined in Section 4.02(a).

4.03(i): County Ordinance

The ordinance establishing the TIA will be adopted by Storey County and will be provided once the TIA is formally created.

4.04: Bond Issuance

4.04(a): Summary of Project Bond Financing Profile

4.04(a)(i): Bond principal amount requested

The principal amount being requested is $35 million through an SAD. The net amount that will be impacted by the cost of issuance, the funding of a debt service reserve and any other structural requirements or features of the debt. Importantly, the ultimate bonding capacity, terms and structure will be subject to market conditions at the time of issuance. TIA revenues are not securing the bonds.

4.04(a)(ii): Tax-exempt or taxable bonds being sought

To the degree permitted by Federal Tax Code, the intent is to maximize the use of tax-exempt bonds. Tax opinions will be rendered by bond counsel at the time the bonds are issued.

4.04(a)(iii): Term

The contemplated term of the bonds will be less than 30 years. As noted, the term of the SAD bonds for this project will comply with this restriction. A term of 20 to 25 years is assumed, subject to market conditions.

4.04(a)(iv): Interest Rate

The interest rate for this analysis assumes a tax-exempt benchmark for AA rated general obligation debt plus an additional margin to hedge against future market movement. For modeling purposes, a 5.0 percent interest rate is assumed, which will adjust based on market conditions at the time of issuance.

4.04(a)(v): Security

The bonds issued by Storey County will be secured by the following sources: 1) assessment payments by the property owners, 2) a reserve fund, 3) available funds within the assessment district cash flow and 4) the uncommitted portion of Storey County's general fund. The Bonds will be purchased by the State Bond Bank.

4.04(a)(vi): Project total financing costs

Costs of project financing are expected to include underwriter's discount, legal fees, financial advisory fees, and other typical costs of issuance. See section 3.03(f)(ii) for costs assumed in computing both the funds available for construction and the associated debt service costs. The applicant also recognizes that since these bonds would be issued through the State of Nevada, additional requirements may be imposed by the State Treasurer's Office in advance of issuance.

4.05: Bond Repayment Methods

4.05(a): Overview of Bond Payment Methods

4.05(a)(i): Special Assessment District

The SAD will be repaid through assessments on selected properties noted in Section 4.02(a).

4.05(a)(ii): Reserves

The bonding structure assumes a one-year debt service reserve fund.

4.05(a)(iii): Tax Increment Area

TIA revenues are not to be bonded against.

4.05(a)(iv): Collateral Property

Assessments levied on the properties within the SAD will be collateral for the bonds. Foreclosure proceedings will commence to service any due and outstanding assessments in the event of delinquencies.

4.05(a)(v): Local Government

Given the anticipated assessment payments, the reserve fund and other resources available within the assessment district cash flow, it is not expected that the uncommitted portion of the general fund balance would be used to repay the bonds.

4.05(a)(vi): State Securities Law

This issuance is expected to be compliant with the requirements of SB1 of the 2015 Special Legislative Session and SB442 in all respects, and will fully comply with all Constitutional and statutory requirements and limits that pertain to the issuance of bonds through the State Bond Bank. There is not expected to be an impact upon the State's general fund.

4.05(b): Financing Amount

4.05(b)(i): Terms

4.05(b)(i)(1): Principal Amount

The SAD bond modeling assumes a principal amount of approximately $35.0 million.

4.05(b)(i)(2): Term for natural resources project

As the project is a treated effluent pipeline, it qualifies as a natural resource project. As noted herein, the term is expected to be no more than 30 years. The SAD bonds are targeting a term of 20 to 25 years, subject to market conditions. For modeling purposes in this EDFP, a 20-year term is assumed.

4.05(b)(i)(3): Term for non-natural resources project

Not applicable.

4.05(b)(i)(4): Review of Nevada Constitutional Requirements regarding Bond Payments

This applies to general obligations of the State, other than bonds issued through the State Bond Bank and, thus, does not present a concern for the issuance of bonds for the off-site Effluent Project.

4.05(b)(ii): Projected Interest Rate

The interest rate assumed on the SAD bonds is approximately 5.0 percent. The actual interest rate will be determined at the time of issuance of the bonds; the current estimate assumes capacity for future rate increases in advance of issuance. The interest rate on the assessments will be no higher than 1.0 percent over the highest rate on the bonds.

4.05(b)(iii): Projected Issuance Costs

The costs of issuance assumed in the SAD bonding model include an underwriter's discount of approximately 1.0 percent and other costs (legal, financial advisors, and other customary costs).

4.05(b)(iv): Payment Amount per Acre

Not applicable.

4.05(b)(v): Prepayment Penalty

The bonds may include a prepayment penalty based on market conditions at the time of issuance.

4.05(b)(vi): Tax Exemption Opinion

Bond counsel will issue a tax opinion prior to the issuance of the bonds. These are public purpose bonds to extend a pipeline from a currently operating wastewater treatment plant (TMWRF). The bonding models have assumed a tax-exempt financing for this project, as it is a natural resource project being issued through the State of Nevada Bond Bank.

4.05(b)(vii): Issuance Fees

Only customary fees as may be assessed by the State Treasurer's Office for the use of the State Bond Bank.

4.05(b)(viii): Refinancing and Bond Paydowns

Bond refinancing and prepayments will be allowed, subject to market conditions at the time of issuance.

4.05(c): Plans to Treat Potential Cost Overruns

Project cost overruns, if any, will be the responsibility of TRI Center and the SAD participants.

4.05(d): Subordinate Financing

No additional financing is contemplated at this time. If additional debt is issued in the future, it is expected that it would be subordinate to the bonds issued for this project.

4.05(e): Statement Regarding Subordination

There are no plans for the issuance of additional debt at this time. The issuance may include an additional bonds test that may affect any future borrowings against this credit.

4.05(f): Credit Enhancements

Since these are expected to be State obligations issued through the State Bond Bank, and since there is expected to be adequate security, no credit enhancements are being contemplated.

Section 5: Infrastructure Project Financial Analysis

5.01: Development Budget

5.01(a): Sources & Uses of Funds

Sources and uses of funds are outlined in the tables included in Section 3.03(f)(ii).

5.01(b): Pro Forma Development Phase Cash Flow

5.01(b)(i-vii): Pro Forma Model

The following provides estimated cash flows and timing for the development of the off-site Effluent Pipeline.

Month	Site Preparation and Pipeline Development	Pump Stations and Supporting Infrastructure	Technical Services	Reimburse Professional Services/Costs	Land Acquisition and Contingency	Total Expenditures	Account Balance
Month 0							$31,741,509
Month 1	$1,134,570	$111,179	$157,130	$575,000	$365,654	$2,343,532	$29,397,977
Month 2	$1,134,570	$111,179	$157,130		$365,654	$1,768,532	$27,629,445
Month 3	$1,134,570	$111,179	$157,130		$365,654	$1,768,532	$25,860,912
Month 4	$1,134,570	$111,179	$157,130		$365,654	$1,768,532	$24,092,380
Month 5	$1,134,570	$111,179	$157,130		$365,654	$1,768,532	$22,323,847
Month 6	$1,134,570	$111,179	$157,130		$365,654	$1,768,532	$20,555,315
Month 7	$1,134,570	$111,179	$157,130		$365,654	$1,768,532	$18,786,782
Month 8	$1,134,570	$111,179	$157,130		$365,654	$1,768,532	$17,018,250
Month 9	$1,134,570	$111,179	$157,130		$365,654	$1,768,532	$15,249,717
Month 10	$1,134,570	$111,179	$157,130		$365,654	$1,768,532	$13,481,185
Month 11	$1,134,570	$111,179	$157,130		$365,654	$1,768,532	$11,712,652
Month 12	$1,134,570	$111,179	$157,130		$365,654	$1,768,532	$9,944,120
Month 13	$1,134,570		$157,130		$365,654	$1,657,353	$8,286,767
Month 14	$1,134,570		$157,130		$365,654	$1,657,353	$6,629,413
Month 15	$1,134,570		$157,130		$365,654	$1,657,353	$4,972,060
Month 16	$1,134,570		$157,130		$365,654	$1,657,353	$3,314,707
Month 17	$1,134,570		$157,130		$365,654	$1,657,353	$1,657,353
Month 18	$1,134,570		$157,130		$365,654	$1,657,353	$0
Total	$20,422,260	$1,334,150	$2,828,333	$575,000	$6,581,766	$31,741,509	

5.01(b)(viii): Key Ratios and Measures

5.01(b)(viii)(1): Estimated Payments

Estimated payments for the SAD bonds (as currently modeled) are fixed annually at approximately $2.8 million (principal and interest).

5.01(b)(viii)(2): Debt Coverage Ratio

With SAD bonds there is typically not a debt service coverage ratio. A value-to-lien ratio is more typically used. It is expected that each parcel will have an appraised value of at least 3.5 times the amount of its assessment. In addition to the 3.5:1 ratio, a reserve fund equal to one year of debt service and other available resources within the assessment district cash flows provide additional security for repayment.

5.01(b)(viii)(3): Loan to Value

The anticipated value-to-loan is approximately 3.5 times per parcel.

5.01(b)(viii)(4): Mitigation Plan for Low Value-Lien Ratios

Not applicable at this time; pending results of the appraisal.

5.01(b)(xi): Supporting Cash Flow Statements

See the summary bonding amortization schedule at Section 4.02(j).

5.01(b)(x): Prepayment and Yield Maintenance

Prepayment is expected to be permitted, subject to market conditions at the time of issuance.

5.01(c): Reserves

A pre-funded debt service reserve of one-year of debt service has been assumed in the bonding model.

5.01(d): Revenue Plan

5.01(d)(i): Pledged Revenues

The assessments to be pledged for the repayment of SAD debt will be the SAD payments from property owners. TIA revenues are not pledged for debt repayment.

5.01(d)(ii): Uncommitted Balance of the General Fund of the Local Government

As noted in 5.01(d)(i), above, local governments issuing securities through the State as permitted by SB1 of the 2015 Special Legislative Session and SB442 are required to make their uncommitted balances of their general fund available to the State in the event cash flows are insufficient to meet debt service requirements as they come due. The term "uncommitted balance" has been defined by the Department of Taxation, and issuers through the State are required to comply with this definition and the requirements of SB1.

5.01(d)(iii): Contingency Plan Regarding State Securities Law

As required, the issuer will be required to make the "uncommitted balances" of its general fund available to address any shortfalls in cash flow. Beyond the pledged revenues and the commitment of the "uncommitted balances", there are no other contingencies in place. NRS 350A.153 may provide an avenue of additional contingency, if so elected by the State and the issuer.

5.01(d)(iv): Payment by Local Governments Not Secured by Their Taxing Power

There will be no underlying general obligation pledge to levy a property tax on the part of the issuer.

5.01(d)(v): Proposed Transfer and Accounting of Bond Proceeds to GOED

The project is expected to commence in early-2019, with system operation expected to commence in late-2020. Construction draws against bond proceeds will be performed in a manner agreed to by all parties in a financing agreement.

5.01(e): Costs

5.01(e)(i-vi): Project Costs

Cost of the off-site Effluent Project are contained in Section 3.03(f)(ii).

5.01(e)(vii): Cost Overrun Plans

Cost overruns, if any, will be the responsibility of TRI Center and the SAD participants.

5.01(f): Debt Repayment

See the summary bonding amortization schedule at Section 4.02(j).

Section 6: Economic Development Financing Agreement

6.01: Contracting Overview

6.01(a): Project Developer

6.01(a)(i): Profile

TRIGID is a general improvement district and political subdivision of the State of Nevada created by Storey County pursuant to NRS Chapter 318 to provide water and sewer service to TRI Center customers, which currently include 91 industrial and commercial properties and 276 service connections.

6.01(a)(ii): Ability to do Business in Nevada

TRIGID was created by Storey County pursuant to NRS 318.

6.01(a)(iii): Development Agreement between Applicant and Project Manager

To be provided during the quarter after the financing decision.

6.01(b): Project Manager

6.01(b)(i): Profile

Farr West Engineering is a 50-employee civil, environmental, and electrical engineering firm located in Reno, Nevada. Farr West has provided municipal and utility engineering services to the City of Reno, including the City's 2014 sanitary sewer rehabilitation project and the Valley Road Lift Station. It also serves as the engineer of record and project manager for TRIGID, creating the master plan for the non-potable water system.

6.01(b)(ii): Ability to do Business in Nevada

Farr West Engineering is registered with the Nevada Secretary of State, business ID NV20011242988. It also employs multiple Professional Engineers and Professional Land Surveyors licensed who are licensed in the State of Nevada. Farr West has operated in Nevada for over 15 years.

6.01(b)(iii): Development Agreement between Applicant and Project Manager

To be provided during the quarter after the financing decision.

6.01(b)(iv): State Protection

To be provided with development agreement in 6.01(b)(iii).

6.02: Financing Agreement

To be completed in advance of the bond issuance.

6.03: Infrastructure Agreement

May not be applicable.

6.04: Reimbursement Agreement

Completed and on file with Storey County.

6.05: Qualified Project Security Agreement

May not be applicable.

6.06: Development Agreement

May not be applicable.

6.07: State Release

May not be applicable.

6.08: Management and Operations Agreement

May not be applicable.

6.09: Interlocal Agreements

To be completed prior to bond issuance.

6.10: Development and Construction Insurance Plan

May not be applicable.

6.11: Prevailing Wage Applicability Opinion

May not be applicable.

Exhibits

Exhibit A: Storey County Comprehensive Annual Financial Statement, 2016

(see http://www.appliedanalysis.com/edfp/2018/docs/Exhibit_A.pdf)

Exhibit B: TRI Center Master Plan

(see http://www.appliedanalysis.com/edfp/2018/docs/Exhibit_B.pdf)

Exhibit C: GOED Notice of Qualified Project Status and Certificates

(see http://www.appliedanalysis.com/edfp/2018/docs/Exhibit_C.pdf)

Exhibit D: State Economic Impact Study of the Qualified Project

(see http://www.appliedanalysis.com/edfp/2018/docs/Exhibit_D.pdf)

Exhibit E: 30% Engineering Plans

(see http://www.appliedanalysis.com/edfp/2018/docs/Exhibit_E.pdf)