

Redwood Materials, Inc.

2801 Lockheed Way, Carson City, NV 89706

Alexis Georgeson, VP Government Relations and Communications

Date: December 2, 2022

Application Facts:

| | |
|--------------|------------------------|
| Industry | Manufacturing |
| NAICS | 331420 |
| Type of App. | \$1B Investment |
| Location | Storey County |
| RDA | EDAWN, Nancy McCormick |

Company Profile

Redwood Materials, Inc. (Redwood) plans to expand its current northern NV operations to comprise a large scale battery materials facility. Redwood's mission is to build a circular supply chain to power a sustainable world and accelerate the reduction of fossil fuels. This focus is critical to the future of transportation and the electric grid. When the facility comes on line, it will be the first time these critical battery materials, which account for 65% of the cost of a battery, have been manufactured at scale in the U.S. Today's supply chain requires critical materials move 50,000 miles before making their way into a cell, posing enormous environmental, economic, and geopolitical risks. Redwood is creating a closed-loop, domestic supply chain for lithium-ion batteries across collection, refurbishment, recycling, refining, and remanufacturing of sustainable battery materials. The company recovers more than 95% of the metals (including nickel, cobalt, lithium, and copper), from batteries, and uses these to remanufacture anode and cathode components. The company then supplies these components back to U.S. battery cell manufacturers without the metals ever leaving the country. Additionally, the auto industry has been ramping up production of electric vehicles to meet a demand surge, driving up orders for batteries and raw materials that have limited supply. By 2025, Redwood expects to produce enough cathode materials, and copper foil, to support one million electric vehicles annually. Source: Redwood Materials, Inc.

Tax Abatement and Incentive Requirements:

| | <u>Statutory</u> | <u>Company Application</u> | <u>Meeting Requirements</u> |
|----------------------------------|---|---|-----------------------------|
| Job Creation | *Not an abatement requirement, but related to the tax credit cap | 701 | N/A |
| Average Wage | *Not an abatement requirement, but related to the tax credit cap | \$32.03 | N/A |
| Capital Investment | \$1 billion over 10 years | \$1,106,026,532 | Yes |
| Transferrable Tax Credits (TTCs) | *Third Party Annual Audit for TTCS to be approved/awarded, annually, ending June 30, 2025 | 225 Qualified Employees hired by June 30, 2025 | N/A |

Additional Requirements:

| | | | |
|-------------------------------|---|----------------------------------|--------------------------------------|
| Health Insurance | 65% | 75% | Yes |
| Revenues generated outside NV | 51% | 75% | Yes |
| Business License | <input checked="" type="checkbox"/> Current | <input type="checkbox"/> Pending | <input type="checkbox"/> Will comply |

Tax Abatements

| | <u>Contract Terms</u> | <u>Estimated Tax Abatement</u> |
|--------------------------------------|--|--------------------------------|
| Sales Tax Abmt. (Local) | *Up to 100% for 15 yrs | \$21,602,984 |
| Modified Business Tax Abmt. | 75% for 10 yrs | \$2,797,918 |
| Personal and Real Property Tax Abmt. | 75% for 10 years | \$54,113,232 |
| Transferrable Tax Credits (TTCs) | \$9,500 / per 'Qualified Employee' up to June 30, 2025 | \$2,137,500 |
| Total | | \$80,651,634 |

"* This action would abate said local taxes from the prevailing county rate imposed pursuant to NRS chapters 377, 377A and 377B, resulting in an adjusted overall state and local sales and use tax rate of 4.85%."

Other Capital Investment

| <u>Land</u> | <u>BTS / Building Improvements</u> |
|--------------|------------------------------------|
| \$28,736,532 | \$476,513,000 |

Economic Impact Estimates

| | <u>Stabilized Annual</u> | <u>20 Year Cumulative</u> |
|-------------------------|--------------------------|---------------------------|
| Total Jobs Supported | 1,490 | Level |
| Total Payroll Supported | \$89.9 million | Level |
| Total Output Estimate | \$340.2 million | \$5.6 billion |

*Estimate includes jobs, payroll & output by the company assisted as well as the secondary impacts to other local businesses.

Key Fiscal Estimates (20 Year Cumulative)

| | <u>Direct</u> | <u>Indirect</u> | <u>Total</u> |
|--|----------------------|---------------------|----------------------|
| Local Taxes | | | |
| Local Government | \$78,092,932 | \$33,771,867 | \$111,864,799 |
| School District | \$18,586,998 | \$23,088,726 | \$41,675,724 |
| State Taxes | | | |
| State of Nevada | \$27,078,773 | \$20,453,960 | \$47,532,733 |
| Total Estimated Net New Tax Revenue | \$123,758,703 | \$77,314,553 | \$201,073,256 |

IMPORTANT TERMS & INFORMATION

- 50% of all employees engaged in construction on the project site must be Nevada residents
- 50% of all employees engaged at the project must be Nevada residents

IMPORTANT TERMS & INFORMATION CONTINUED

Tax Abatements are reduction or discount of tax liability and companies do not receive any form of payment.

Total Estimated Tax Abatement is a tax reduction estimate. This estimated amount will be discounted from total tax liability.

Estimated New Tax Revenue is amount of tax revenues local and state government will collect after the abatement was given to applying company.

Economic Impact is economic effect or benefits that this company and it's operations will have on the community and state economy measured by total number of jobs, payroll and created output.

November 21, 2022

Michael Brown
Executive Director
Governor's Office of Economic Development
555 E. Washington Ave. Suite 5400, Las Vegas, NV 89101

Dear Director Brown,

EDAWN strongly supports the innovative and pioneering expansion application of Redwood Materials Inc in the Tahoe Reno Industrial Center, for the following abatements under the SB1 provisions related to a \$1B investment: a Sales and Use Tax Abatement, Modified Business Tax Abatement, Personal Property Tax Abatement, Real Property Tax Abatement and Transferable Tax Credits.

These incentives are necessary for Nevada to compete with other locations for this large-scale project which has gained national and international attention and interest. Redwood plans to grow throughout the world, and this presents Nevada with a unique opportunity to retain and grow their presence here, and fend off other states and locations that are aggressively competing for their operations.

Redwood Materials is a breakthrough company which is planning to build a circular supply chain to power growing worldwide demands for battery materials that power electric vehicles and renewable energy battery storage. Redwood's proposal will include key activities that are critical to ensuring independence from sources outside the United States and to ensure availability of sufficient battery materials to meet the growing demand via raw material refining, battery recycling, chemical processing, and critical anode and cathode battery component manufacturing.

These combined capabilities are critical to reducing environmental footprint, cost, reliance on international supply chains, and to ensuring a steady supply of key metal and chemical elements needed to support the growing demand for electric vehicles and batteries. They have an ambitious plan to collect and recycle end-of-life battery stock, refine used batteries to extract the key elements, remanufacture critical components in the U.S., and then partner with multiple manufacturers to provide the materials to produce new lithium-ion battery cells.

Redwood Materials will invest a total of \$1.1B in land, buildings, and equipment. This large-scale operation will create 701 jobs at an average wage of \$32.03 per hour and will help to position Nevada and our NSHE institutions as a center of excellence for emerging battery technology.

Per the comprehensive financial impact analysis, Redwood's construction activity and net revenues to state and local government after abatements and reimbursements will exceed \$183M, and will only grow over time. And most importantly, this one-of-a kind operation will help to further solidify the State of Nevada as the international hub for advanced technology and as a transformational player in the global market for supporting the development and implementation of solutions to enable the continued electrification of transportation.

While in the process of transforming the battery supply chain system, Redwood Materials intends to develop deep partnerships with the state education providers, support sustainability efforts at the State and local level, create STEM based career opportunities for Nevadans, and move the U.S. closer to independence on foreign resources.

EDAWN wholeheartedly supports this application, and we appreciate the opportunity to represent Redwood Materials before the GOED Board.

Sincerely,



Nancy McCormick-Senior Vice President
Business Retention, Expansion and Workforce Development
Economic Development Authority of Northern Nevada

November 22, 2022

Governor's Office of Economic Development
555 E. Washington Ave, # 5400
Las Vegas, NV 89101

Dear Director Brown:

As Founder and CEO of Redwood Materials, I am writing to request your support for our \$1.1 billion investment in a new Nevada-based battery materials campus by approving the abatement of taxes as allowed by NRS 360.900. I was formerly the co-founder and Chief Technology Officer of Tesla for 15 years and was instrumental in building and scaling the Tesla Nevada Gigafactory. Redwood Materials, which was founded in 2017, is now instrumental in securing critical minerals, refining, and remanufacturing them into critical battery materials that can go directly to cell manufacturers in the United States for the first time.

Redwood Materials is developing a fully closed-loop, domestic supply chain for lithium-ion battery materials. Batteries will be collected from electric vehicles through partnerships already established with manufacturers including Volkswagen, Audi, Toyota, and Ford, from utility-scale energy storage systems, and consumer devices directly from the public. The battery materials will be processed, refined, and remanufactured into cathode active materials and anode copper foil at the 173-acre facility in the Tahoe-Reno Industrial Center. Currently, cathode active materials and anode copper foil, the two most important components of a lithium-ion battery and single most expensive part of an electric vehicle, are produced and sourced almost entirely from Asia. Because of the long complex supply chain behind the necessary minerals, cathode active materials and anode copper foil represent more than 65% of the cost of a battery and today, all the battery cell manufacturers in the country are feeding their factories from these products produced overseas. The United States government has listed the minerals needed for cathodes to be critical to the country's economy and national security. By offering the first large-scale domestic sources of these battery materials that can go directly to U.S. battery manufacturers, Redwood Materials will be making Nevada a significant supplier of critical minerals for the nation.

Panasonic will be the first partner to source both Redwood's anode copper foil from this facility for the Gigafactory, marking the first-time batteries will be recycled, remanufactured, and then returned to the same factory in a fully closed loop. The proximity of the facility to our partners at Panasonic ensures the continuous, closed-loop recycling of much needed materials, guaranteeing a long tenure in Nevada for all partnering businesses and continued employment for our Nevada residents.

However, Redwood's partnerships extend to many major companies on the east coast too and demand for such a facility is competitive. When fully operational at maximum build out, Redwood would plan to ramp up both Cathode Active Material and Anode Copper Foil production to 100 GWh, or enough to produce more than a million electric vehicles annually, and supply 2.5 Gigafactories with these domestic components. Electric vehicles account for 5% of total new car sales, but the current administration's goals are to have EVs account for 50% of sales in 2030. This will be extremely difficult unless companies like Redwood help by closing the loop and shortening the supply chain for the critical

battery materials. Our goal is to drive down the costs, supply chain risk and the environmental impact of electric vehicles and clean energy products.

To create this large scale, domestic, closed-loop supply chain, Redwood Materials would plan to invest \$1.1 billion over the decade, building the first US-based Battery Materials Campus in the Tahoe-Reno Industrial Center located in Storey County, should this tax abatement package be approved. Redwood Materials currently employs nearly 600 people in Nevada, and this planned expansion and investment in the Tahoe-Reno Industrial Center will create more local jobs in the state with compensation packages that include medical benefits and an average wage of \$32/hour.

Redwood Materials' new facility would demonstrate a larger investment in the Nevada workforce, the economy, and our state's leadership in sustainability and climate change technology, making it worthy of the State's support and the approval of our application. I urge you to approve our application for tax abatements and help Nevada be a leader in building a sustainable future.

Sincerely,



JB Straubel
Founder & CEO

REDWOOD
MATERIALS





STOREY COUNTY COMMISSIONERS' OFFICE

Storey County Courthouse
26 South "B" Street
P.O. Box 176 Virginia City, Nevada 89440
Phone: 775.847.0968 - Fax: 775.847.0949
commissioners@storeycounty.org

Jay Carmona, Chair
Clay Mitchell, Vice-Chair
Lance Gilman, Commissioner

Austin Osborne, County Manager

November 23, 2022

Governor's Office of Economic Development
555 E. Washington Ave, # 5400
Las Vegas, Nevada 89101

Re: Letter of Support for Redwood Materials

Director Brown:

Please accept this letter to the Governor's Office of Economic Development (GOED) stating Storey County's support for Redwood Materials located at the Tahoe-Reno Industrial Center (TRI-Center), Storey County, Nevada.

Redwood Materials is focused on developing a fully closed-loop, domestic supply chain for lithium-ion battery materials. Earlier this year, Redwood Materials broke ground on a 173-acre facility at TRI-Center which they hope will be the location for their cathode active materials and anode copper foil production, the two most important components of a lithium-ion battery. Today, these components are produced and sourced almost entirely out of the country, facilitating them in the United States will reduce foreign dependency on key materials supporting global growth in electric vehicle manufacturing.

The company is working to address this gap by offering one of the first large-scale domestic sources of battery materials that can go directly to U.S. battery manufacturers building battery cells for automobiles, electronics, and other applications.

When fully operational, Redwood Materials plans to ramp up both Cathode Active Material and Anode Copper Foil production to 100 GWh, or enough to produce more than a million electric vehicles annually, and supply auto manufactures and others with domestic components.

To create this large-scale, domestic, closed-loop supply chain, Redwood Materials plans to invest \$1 billion to build the first U.S.-based Battery Materials Campus in Storey County. Redwood Materials currently employs nearly 500 people in Nevada, and this planned expansion and investment in TRI-Center will create more local jobs in the state with compensation packages that include stated medical benefits and an average wage of \$32/hour.

The proximity of the facility to Redwood's partners ensures the continuous, closed-loop recycling of much needed materials, guaranteeing a long tenure for all partnering businesses and continued employment for our Nevada residents. Redwood's partnerships extend to many major companies on the east coast too, and demand for such a facility is competitive. To build this first-of-its kind sustainable project in Storey County, Redwood applied to GOED for economic incentives that may assist it in its endeavors to build and expand this facility.

Redwood Materials' investment in Storey County may set the stage for Nevada to become a global leader in innovative battery technology. In addition, this project will help to grow and diversify the Nevada economy and create high wage job opportunities for the state. Storey County looks forward to continued growth and its ongoing partnership with this company.

Please feel free to reach us for any additional questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Austin Osborne", written over a horizontal line.

Austin Osborne
Storey County Manager

C.c.: Storey County Commissioners

Redwood Materials
2801 Lockheed Way
Carson City, Nevada 89706

November 25, 2022

Michael Brown
Executive Director
Nevada Governor's Office of Economic Development
555 E. Washington Avenue
Suite 5400
Las Vegas, NV 89101

RE: LETTER DESIGNATING CONFIDENTIAL ITEMS IN LEAD PARTICIPANT APPLICATION

Dear Director Brown,

Enclosed with this letter is the application to the State of Nevada Governor's Office of Economic Development ("GOED"), as required under Senate Bill No. 1 enacted during the 29th Special Session in 2015 ("SB 1"), for certain incentives related to Redwood Materials, Inc. proposed facility to be located in Storey County, Nevada (the "Project"). The purpose of this letter is to request that certain items of information as part of that application be deemed "a trade secret or other confidential proprietary information" pursuant to SB 1., Redwood Materials, deems the following information confidential:

1. The copy of its health insurance benefit plan provided to the Office.
2. Description of Nevada Facility and the Nevada Facility's Location
3. The detailed schedule of operational employment labor and wages designated "Schedule D - Employment Schedule".
4. The detailed schedule of capital investment designated "Schedule F – Capital Investment Schedule".

Thank you for your consideration. If you have any questions or require any further information, please do not hesitate to contact me.

Sincerely,



Alexis Georgeson
Vice President, Government Relations & Communications
Redwood Materials, Inc

REQUEST FOR CONFIDENTIALITY DETERMINATION

Pursuant to Senate Bill No. 1 - 29th (2015) Special Session of the Nevada Legislature, and upon request of the Lead Participant to this application, the Executive Director of the Office has determined the "Redwood Employee Benefits Plan", included with this application, is confidential proprietary information of the business, is not a public record, and shall be redacted in its entirety from the copy of this application that is disclosed to the public.



Michael Brown
Executive Director




Date

REQUEST FOR CONFIDENTIALITY DETERMINATION

Pursuant to Senate Bill No. 1 - 29th (2015) Special Session of the Nevada Legislature, and upon request of the Lead Participant to this application, the Executive Director of the Office has determined the "Redwood Detailed Description of Nevada Facility and the Nevada Facility's Locations - Schedule C", included with this application, is confidential proprietary information of the business, is not a public record, and shall be redacted in its entirety from the copy of this application that is disclosed to the public.



Michael Brown
Executive Director



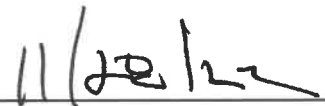
Date

REQUEST FOR CONFIDENTIALITY DETERMINATION

Pursuant to Senate Bill No. 1 - 29th (2015) Special Session of the Nevada Legislature, and upon request of the Lead Participant to this application, the Executive Director of the Office has determined the "Redwood Detailed Schedule of Operational Employment Labor and Wages – Schedule D", included with this application, is confidential proprietary information of the business, is not a public record, and shall be redacted in its entirety from the copy of this application that is disclosed to the public.



Michael Brown
Executive Director



Date

REQUEST FOR CONFIDENTIALITY DETERMINATION

Pursuant to Senate Bill No. 1 - 29th (2015) Special Session of the Nevada Legislature, and upon request of the Lead Participant to this application, the Executive Director of the Office has determined the "Redwood Detailed Schedule of Capital Investment – Schedule F", included with this application, is confidential proprietary information of the business, is not a public record, and shall be redacted in its entirety from the copy of this application that is disclosed to the public.



Michael Brown
Executive Director



Date

ECONOMIC DEVELOPMENT

Application pursuant to NRS 360.880

Company is an / a: (check one)

Company Name: Redwood Materials, Inc.
 Date of Application: April 7, 2022

- New Business in Nevada
 Expansion of Existing Nevada company

Section 1 - Type of Incentives

Please check all that the company is applying for on this application:

- Sales & Use Tax Abatement (15 yrs) Real Property Tax Abatement (Part 10 yrs) WINN (Workforce Training)
 Modified Business Tax Abatement (Part 10 yrs)
 Personal Property Tax Abatement (Part 10 yrs) Transferable Tax Credits²

² The transferable tax credit program requires a minimum investment of \$1.0 billion over a ten year period.

Section 2 - Corporate Information

| | | | |
|--|--|---------------------------------------|---------------------|
| COMPANY NAME (Legal name under which business will be transacted in Nevada) <u>Redwood Materials, Inc</u> | | FEDERAL TAX ID # <u>82-1226508</u> | |
| CORPORATE ADDRESS TO RECEIVE DOCUMENTS <u>2801 Lockheed Way</u> | CITY / TOWN <u>Carson City</u> | STATE / PROVINCE <u>NV</u> | ZIP <u>89706</u> |
| TELEPHONE NUMBER | WEBSITE <u>www.redwoodmaterials.com</u> | | |
| COMPANY CONTACT NAME <u>Alexis Georgeson</u> | COMPANY CONTACT TITLE <u>VP Government Relations & Communications</u> | | |
| E-MAIL ADDRESS <u>alexis@redwoodmaterials.com</u> | PREFERRED PHONE NUMBER <u>415-686-1512</u> | | |

Has your company ever applied and been approved for incentives available by the Governor's Office of Economic Development? Yes No

If Yes, list the program awarded, date of approval, and status of the accounts (attach separate sheet if necessary):

Sales and Use Tax Abatement, Modified Business Tax Abatement and Personal Property Tax Abatement; All approved as of December 7, 2018. Sales and Use Tax Abatement, Modified Business Tax Abatement and Personal Property Tax Abatement; All approved as of April 8, 2021.

Section 3 - Nevada Facility

Type of Facility:

- Headquarters Service Provider
 Technology Distribution / Warehouse / Logistic
 Back Office Operations Manufacturing
 Research & Development / Intellectual Property Other: _____

| | |
|---|---|
| PERCENT OF COMPANY'S MARKET OUTSIDE OF NEVADA <u>75%</u> | EXPECTED DATE OF NEW / EXPANDED OPERATIONS (MONTH / YEAR) <u>Facility is in construction - Expected first production 12/22</u> |
| NAICS CODE / SIC <u>331420</u> | INDUSTRY TYPE <u>materials</u> |

DESCRIPTION OF COMPANY'S NEVADA OPERATIONS (COMPANY DECK IS ACCEPTABLE)

Producing new technology materials from post-consumer and post-industrial electronics.

| | | | |
|--|--------------------------------|-------------------------|---------------------|
| PROPOSED / ACTUAL NEVADA ADDRESS (Must be within designated project site) <u>1201 Battery Blvd.</u> | CITY / TOWN <u>McCarran</u> | COUNTY <u>Storey</u> | ZIP <u>89437</u> |
|--|--------------------------------|-------------------------|---------------------|

WHAT OTHER STATES / REGIONS / CITIES ARE BEING, WERE CONSIDERED FOR YOUR COMPANY'S RELOCATION / EXPANSION / STARTUP?

Various locations across the US and Europe

Section 4 - Site Selection Factors

Please rate the following in order of importance to the company's business (1 = very low; 5 = very high):

| | | |
|---|---|--|
| Availability of qualified workforce: <u>5</u> | Utility infrastructure: <u>5</u> | State and local tax structure: <u>3</u> |
| Labor costs: <u>4</u> | Utility costs: <u>5</u> | State and local incentives: <u>5</u> |
| Real estate availability: <u>3</u> | Transportation infrastructure: <u>3</u> | Business permitting & regulatory structure: <u>5</u> |
| Real estate costs: <u>3</u> | Transportation costs: <u>3</u> | Access to higher education resources: <u>4</u> |

OTHER FACTORS & RATINGS (N.A. IF INCLUDED IN PARTICIPANT LETTER)

Section 5 - Real Estate & Construction (Fill in either New Operations/Startup or Expansion, *not both*.)

| NEW OPERATIONS / STARTUP | EXPANSIONS |
|---|---|
| <p>Part 1. ARE YOU CURRENTLY / PLANNING ON LEASING SPACE IN NV?</p> <p><i>If No, skip to Part 2. If Yes, continue below:</i></p> <p>What year(s)? _____</p> <p>How much space (sq. ft.)? _____</p> <p>Do you plan on making building tenant improvements? _____</p> <p><i>If No, skip to Part 2. If Yes *, continue below:</i></p> <p>When to make improvements (month, year)? _____</p> <hr/> <p>Part 2. ARE YOU CURRENTLY / PLANNING ON BUYING OR BUILDING AN OWNER-OCCUPIED FACILITY IN NV?</p> <p><i>If Yes *:</i></p> <p>Purchase date, if buying (month, year): _____</p> <p>When to break ground, if building (month, year)? _____</p> <p>Estimated completion date, if building (month, year): _____</p> <p>How much space (sq. ft.)? _____</p> | <p>Part 1. ARE YOU CURRENTLY LEASING SPACE IN NV? Yes</p> <p><i>If No, skip to Part 2. If Yes, continue below:</i></p> <p>What year(s)? 2022</p> <p>How much space (sq. ft.)? 815,215</p> <p>Annual lease cost at current space: \$6.4M</p> <p>Due to expansion, will you lease additional space? Yes</p> <p><i>If No, skip to Part 3. If Yes, continue below:</i></p> <p>Expanding at the current facility or a new facility? New</p> <p>What year(s)? _____</p> <p>How much expanded space (sq. ft.)? _____</p> <p>Annual lease cost of expanded space: _____</p> <p>Do you plan on making building tenant improvements? _____</p> <p><i>If No, skip to Part 3. If Yes *, continue below:</i></p> <p>When to make improvements (month, year)? _____</p> <hr/> <p>Part 2. ARE YOU CURRENTLY OPERATING AT AN OWNER-OCCUPIED BUILDING IN NV? Yes</p> <p><i>If No, skip to Part 3. If Yes, continue below:</i></p> <p>How much space (sq. ft.)? _____</p> <p>Current assessed value of real property? \$7,677,341.00</p> <p>Due to expansion, will you be making building improvements? Yes</p> <p><i>If No, skip to Part 3. If Yes *, continue below:</i></p> <p>When to make improvements (month, year)? Jul-2022</p> <hr/> <p>Part 3. DO YOU PLAN ON BUILDING OR BUYING A NEW FACILITY IN NV? Yes</p> <p><i>If Yes *, continue below:</i></p> <p>Purchase date, if buying (month, year): _____</p> <p>When to break ground, if building (month, year)? Dec-2021</p> <p>Estimated completion date, if building (month, year): Dec-2025</p> <p>How much space (sq. ft.)? 1.5M sq. ft</p> |
| <p>* Please complete Section 6 - Capital Investment for New Operations / Startup. (Can be replaced by a completed Capital Investment form.)</p> | <p>* Please complete Section 6 - Capital Investment for Expansions below.</p> |

Section 6 - Capital Investment (Fill in either New Operations/Startup or Expansion, *not both*.)

| NEW OPERATIONS / STARTUP | EXPANSIONS |
|---|--|
| <p>HOW MUCH CAPITAL INVESTMENT IS PLANNED? (Breakout below):</p> <p>Land: _____</p> <p>Building Purchase (if buying): _____</p> <p>Building Hard Costs (if building / making improvements): _____</p> <p>Equipment Cost: _____</p> <p>Total: _____</p> | <p>HOW MUCH CAPITAL INVESTMENT IS PLANNED? (Breakout below): NA</p> <p>Land: \$28,736,532</p> <p>Building Purchase (if buying): _____</p> <p>Building Hard Costs (if building / making improvements): \$476,513,000</p> <p>Equipment Cost: \$600,777,000</p> <p>Total: \$1,106,026,532</p> <p>Is the equipment purchase for replacement of existing equipment? No</p> <p>Current assessed value of personal property in NV: _____</p> <p>(Must attach the most recent assessment from the County Assessor's Office.)</p> |

Section 7a - Operations Employment (Fill in either New Operations/Startup or Expansion, *not both*.)

| NEW OPERATIONS / STARTUP | EXPANSIONS |
|---|---|
| How many qualified employees* are intended to be hired by the end of the allowable 10-year period?: _____ Average hourly wage of these employees (2016): _____ | How many qualified employees* are intended to be hired by the end of the allowable 10-year period?: <u>701</u> Average hourly wage of these <u>new</u> employees: <u>\$32.03</u> How many full-time employees prior to expansion?: <u>400</u> Average hourly wage of these employees: _____ Total number of employees after expansion: <u>1,101</u> |

* A qualified employee must be employed at the site of a qualified project, scheduled to work an average minimum of 30 hours per week, is offered coverage under a plan of health insurance provided by his or her employer, is eligible for health care coverage, and whose position is a "primary job" as set forth in NAC 360.474.

OTHER COMPENSATION (Check all that are projected to apply):

- | | |
|---|--|
| <input checked="" type="checkbox"/> Overtime | <input checked="" type="checkbox"/> Merit increases |
| <input checked="" type="checkbox"/> PTO / Sick / Vacation | <input type="checkbox"/> COLA adjustments |
| <input type="checkbox"/> Bonus | <input type="checkbox"/> Tuition assistance |
| <input checked="" type="checkbox"/> Retirement Plan / Profit Sharing / 401(k) | <input checked="" type="checkbox"/> Other: <u>company equity</u> |

BRIEF DESCRIPTION OF ADDITIONAL COMPENSATION PROGRAMS AND ELIGIBILITY REQUIREMENTS (Attach a separate sheet if necessary):

Section 7b - Construction Employment

| GENERAL CONTRACTOR | SUBCONTRACTORS & OTHERS |
|---|---|
| How many employees are intended to be hired by the end of the allowable 10-year period?: <u>2,800</u> Average hourly wage of these employees: <u>\$26.00</u> | How many employees are intended to be hired by the end of the allowable 10-year period?: _____ Average hourly wage of these employees: _____ |

* Each Construction Employer engaged in the construction at the Qualified project must offer a plan of health insurance to each construction employee employed at the Qualified project.

OTHER COMPENSATION (Check all that are projected to apply):

- | | |
|---|---|
| <input checked="" type="checkbox"/> Overtime | <input checked="" type="checkbox"/> Merit increases |
| <input checked="" type="checkbox"/> PTO / Sick / Vacation | <input type="checkbox"/> COLA adjustments |
| <input type="checkbox"/> Bonus | <input type="checkbox"/> Tuition assistance |
| <input checked="" type="checkbox"/> Retirement Plan / Profit Sharing / 401(k) | <input type="checkbox"/> Other: _____ |

BRIEF DESCRIPTION OF ADDITIONAL COMPENSATION PROGRAMS AND ELIGIBILITY REQUIREMENTS (Attach a separate sheet if necessary):

Prevailing Wage will be required of all contractors and sub-contractors

Section 8a - Operations Employee Health Insurance Benefit Program

| | |
|---|--|
| Is health insurance for employees and an option for dependents offered? | Yes (copy of benefit plan must be attached) |
| Package includes (check all that are projected to apply): | |
| <input checked="" type="checkbox"/> Medical | <input checked="" type="checkbox"/> Vision |
| <input checked="" type="checkbox"/> Dental | Other: _____ |
| Qualified after (check one): | |
| <input checked="" type="checkbox"/> Upon employment | <input type="checkbox"/> Three months after hire date |
| <input type="checkbox"/> Six months after hire date | Other: _____ |
| COST OF HEALTH INSURANCE FOR COMPANY (annual amount per employee): Medical benefits range from \$4,617 - \$16,399 per employee | PERCENTAGE OF HEALTH INSURANCE COVERAGE: By Company: <u>75%</u> By Employee: <u>25%</u> |

Section 8b - Construction Employee Health Insurance Benefit Program

Is health insurance for employees and an option for dependents offered?: **Yes**

Package includes (check all that are projected to apply):

Medical Vision Dental Other: CONSISTENT WITH PREVAILING WAGE JC

Qualified after (check one): **CONSISTENT WITH PREVAILING WAGE JOBS**

Upon employment Three months after hire date Six months after hire date Other: Will vary by contractor

COST OF HEALTH INSURANCE FOR COMPANY (annual amount per employee):

Will vary by contractor, but will be consistent with prevailing wage jobs

PERCENTAGE OF HEALTH INSURANCE COVERAGE:

By Company: _____ By Employee: _____

Section 9 - Certification

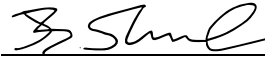
I, the undersigned, hereby grant to the Governor's Office of Economic Development access to all pertinent and relevant records and documents of the aforementioned Lead Participant. I understand this requirement is necessary to qualify and to monitor for compliance of all statutory and regulatory provisions pertaining to this application.

If this application is approved, the Lead Participant will monitor and update the material information related to Participants, job creation and capital investment as needed to ensure the Lead Participant remains eligible for the incentives granted.

Being the Lead Participant, I do hereby declare that the facts herein stated are true and that all licensing and permitting requirements will be met prior to the commencement of operations:

Jeffrey B. Straubel

Name of person authorized for signature



Signature

CEO

Title

April 2, 2022

Date

Nevada Governor's Office of Economic Development

555 E. Washington Ave., Ste 5400 • Las Vegas, Nevada 89101 • 702.486.2700 • (Fax) 702.486.2701 • www.diversifynevada.com

Other Participants

Lead Participant: Redwood Materials, Inc.

County: Storey

Directions: Provide information on other Participants in the Project. A Participant means a business which operates within the geographic boundaries of a project site and which contributes to or participates in the Project. A Project is undertaken by a business or group of businesses located within the same project site and engaged in a common purpose or business endeavor.

Co-Participant #1 Information

| | | | |
|--|------------------------|------------------|------------------|
| COMPANY NAME (Legal name under which business will be transacted in Nevada) NO FURTHER PROJECT PARTICIPANTS AT THIS TIME | | | FEDERAL TAX ID # |
| CORPORATE MAILING ADDRESS | CITY / TOWN | STATE / PROVINCE | ZIP |
| NEVADA ADDRESS (Must be within designated project site) | CITY / TOWN | STATE / PROVINCE | ZIP |
| TELEPHONE NUMBER | WEBSITE | | |
| COMPANY CONTACT NAME | COMPANY CONTACT TITLE | | |
| E-MAIL ADDRESS | PREFERRED PHONE NUMBER | | |

Has your company ever applied and been approved for incentives available by the Governor's Office of Economic Development? Yes No

If Yes, list the program awarded, date of approval, and status of the accounts (attach separate sheet if necessary):

Co-Participant #2 Information

| | | | |
|---|------------------------|------------------|------------------|
| COMPANY NAME (Legal name under which business will be transacted in Nevada) | | | FEDERAL TAX ID # |
| CORPORATE MAILING ADDRESS | CITY / TOWN | STATE / PROVINCE | ZIP |
| NEVADA ADDRESS (Must be within designated project site) | CITY / TOWN | STATE / PROVINCE | ZIP |
| TELEPHONE NUMBER | WEBSITE | | |
| COMPANY CONTACT NAME | COMPANY CONTACT TITLE | | |
| E-MAIL ADDRESS | PREFERRED PHONE NUMBER | | |

Has your company ever applied and been approved for incentives available by the Governor's Office of Economic Development? Yes No

If Yes, list the program awarded, date of approval, and status of the accounts (attach separate sheet if necessary):

Co-Participant #3 Information

| | | | |
|---|------------------------|------------------|------------------|
| COMPANY NAME (Legal name under which business will be transacted in Nevada) | | | FEDERAL TAX ID # |
| CORPORATE MAILING ADDRESS | CITY / TOWN | STATE / PROVINCE | ZIP |
| NEVADA ADDRESS (Must be within designated project site) | CITY / TOWN | STATE / PROVINCE | ZIP |
| TELEPHONE NUMBER | WEBSITE | | |
| COMPANY CONTACT NAME | COMPANY CONTACT TITLE | | |
| E-MAIL ADDRESS | PREFERRED PHONE NUMBER | | |

Has your company ever applied and been approved for incentives available by the Governor's Office of Economic Development? Yes No

If Yes, list the program awarded, date of approval, and status of the accounts (attach separate sheet if necessary):

EXPAND AS NECESSARY FOR OTHER CO-PARTICIPANTS

Description of the Nevada Facility

Lead Participant: Redwood Materials, Inc.

County: Storey

Directions: A detailed description of the Nevada facility, including a description of the common purpose or business endeavor in which the participants in the project proposed or are engaged. With pre-approval from the Office, an alternative facility description will be considered provided it includes the necessary information.

The cathode active materials and battery copper foil production will be divided into initial project followed by three main phases, each of which will feature several key milestones. Redwood Materials has outlined key project milestones.

The first copper foil project is expected to be online in late 2022, initial production from Phase 2 in late 2023, and Phase 3 and 4 in 2024 and 2025. Together, all phases will produce around 36,000 metric tons of shippable copper foil per year.

The fully ramped up cathode materials is planned at 100,000 metric tons annually. The front end process will start in late 2022, followed by significant construction projects in 2023 and 2024. The cathode materials production will increase in phases reaching full capacity in 2025/2026.

Additional recycling operations at McCarran starts in 2023.

Additional detail submitted as confidential proprietary information of Redwood Materials, Inc.

EXPAND AS NECESSARY OR CAN BE REPLACED BY SEPARATE DOCUMENT

**Redwood Detailed Description of Nevada
Facility
and the Nevada Facility's Locations -
Schedule C**

The Office has determined the detailed Description of Nevada Facility and the Nevada Facility's Locations schedule as described in this application constitutes confidential proprietary information of Redwood Materials, Inc. and is not a public record.

**Redwood Detailed Schedule of
Operational
Employment Labor and Wages –
Schedule D**

**The Office has determined the detailed Operational
Employment Labor and Wages schedule as described in this
application constitutes confidential proprietary information of
Redwood Materials, Inc. and is not a public record.**

Redwood Detailed Schedule of Capital Investment – Schedule F

The Office has determined the detailed Capital Investment schedule as described in this application constitutes confidential proprietary information of Redwood Materials, Inc. and is not a public record.

Evaluation of Health Plans Offered by Companies

Company Name: Redwood Materials, Inc. County: Storey

Total Number of Full-Time Employees: 701
 Average Hourly Wage per Employee \$32.03
 Average Annual Wage per Employee (implied) \$66,619.12

| COST OF HEALTH INSURANCE | |
|---------------------------------------|------------|
| Annual Health Insurance Premium Cost: | \$9,400.00 |
| Percentage of Premium Covered by: | |
| Company | 7,050.00 |
| Employee | 2,350.00 |

HEALTH INSURANCE PLANS:

| Base Health Insurance Plan*: | |
|------------------------------------|----------|
| Deductible - per employee | \$ 2,500 |
| Coinsurance | 20.0% |
| Out-of-Pocket Maximum per employee | \$ 6,350 |

| Additional Health Insurance Plan*: | |
|------------------------------------|---------|
| Deductible - per employee | \$ - |
| Coinsurance | 0% / 0% |
| Out-of-Pocket Maximum per employee | \$ - |

| Additional Health Insurance Plan*: | |
|------------------------------------|---------|
| Deductible - per employee | \$ - |
| Coinsurance | 0% / 0% |
| Out-of-Pocket Maximum per employee | \$ - |

*Note: *Please list only "In Network" for deductible and out of the pocket amounts.*

Generalized Criteria for Essential Health Benefits (EHB)

[following requirements outlined in the Affordable Care Act and US Code, including 42 USC Section 18022]

| | | |
|--|---------|-----|
| Covered employee's premium not to exceed 9.5% of annual wage | 4.70% | MMQ |
| Annual Out-of-Pocket Maximum not to exceed \$9,100 (2023) | \$6,350 | MMQ |

- Minimum essential health benefits covered (Company offers PPO):
- (A) Ambulatory patient services
 - (B) Emergency services
 - (C) Hospitalization
 - (D) Maternity and newborn care
 - (E) Mental health/substance use disorder/behavioral health treatment
 - (F) Prescription drugs
 - (G) Rehabilitative and habilitative services and devices
 - (H) Laboratory services
 - (I) Preventive and wellness services and chronic disease management
 - (J) Pediatric services, including oral and vision care
- No Annual Limits on Essential Health Benefits

I, the undersigned, hereby declare to the Governor's Office of Economic Development that the facts herein stated are true, and that I have attached a qualified plan with information highlighting where our plan reflects meeting the 65% minimum threshold for the employee paid portion of the plan for GOED to independently confirm the same.

Jeffrey B. Straubel
 Name of person authorized for signature
 CEO
 Title


 Signature
 April 2, 2022
 Date

5(D) Company Information

Company Name: Redwood Materials, Inc.

County: Storey

Section I - Company Interest List

Directions: Please provide a detailed list of owners and/or members of the company. *The Governor's Office of Economic Development strives to maintain the highest standards of integrity, and it is vital that the public be confident of our commitment. Accordingly, any conflict or appearance of a conflict must be avoided. To maintain our integrity and credibility, the applicant is required to provide a detailed list of owners, members, equity holders and Board members of the company.*

| (a) Name | (b) Title |
|-----------------|--------------|
| JB Straubel | CEO |
| Kevin Kassekert | COO |
| Jason Thompson | CFO |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |

Section 2 - Company Affiliates and/or Subsidiaries

Are there any subsidiary or affiliate companies sharing tax liability with the applicant company? No Yes

If Yes, continue below:

Directions: In order to include affiliates/subsidiaries, under the exemption letter, they must be added to the Contract. Per standard practice GOED requires a corporate schematic to understand the exact relationships between the companies. Please populate the below table to show the exact relationships between the companies and include:

1. The names as they would read on the tax exemption letter.
2. Which entity(ies) will do the hiring?
3. Which entity(ies) will be purchasing the equipment?

| Name of Subsidiary or Affiliate Entity, Role and Legal Control Relationship |
|---|
| Redwood Materials Recycling NV, LLC |
| Redwood Battery Materials NV, LLC |
| Redwood Battery Materials Holding, LLC |
| Redwood Materials EPC, LLC |
| |

Please include any additional details below:

ENTITY INFORMATION

| | |
|--------------------------|--------------------------------|
| REDWOOD MATERIALS, INC. | Entity Name: |
| E0368602018-9 | Entity Number: |
| Foreign Corporation (80) | Entity Type: |
| Active | Entity Status: |
| 08/03/2018 | Formation Date: |
| NV20181554977 | NV Business ID: |
| Perpetual | Termination Date: |
| 8/31/2023 | Annual Report Due Date: |
| Delaware | Domicile Name: |
| | Jurisdiction: |



Economic Impact of Redwood Materials on the State of Nevada

December 2022

Prepared By:



APPLIED ECONOMICS

TABLE OF CONTENTS

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Disclaimer: The information and observations contained in this report are based on our present knowledge of the components of development, and of the current physical, socioeconomic and fiscal conditions of the affected areas. Estimates made in this analysis are based on hypothetical assumptions, current tax policies, and the current economic structure of the region. However, even if the assumptions outlined in this report were to occur, there will usually be differences between the estimates and the actual results because events and circumstances frequently do not occur as expected. This analysis is based on the best available information and is intended to aid the State of Nevada in quantifying the impacts of Redwood Materials the local economy. In no way will Applied Economics LLC be held responsible or have any liability or be subject to damages from this analysis. This report may be used only for the purposes that it was intended.

INTRODUCTION

The Nevada Governor's Office of Economic Development contracted Applied Economics to perform a third-party economic analysis of Redwood Materials, Inc and their planned expansion in Storey County, to quantify the impacts of their operations on the state. Redwood Materials has an existing location in Carson City that will continue to operate and is not included in the impacts presented here. This analysis is intended to provide a framework for understanding the economic and revenue impacts of the company's proposed facilities, relative to the benefits of the Single Site \$1 billion dollar investment program (N.R.S. 360.880).

Redwood Materials is anticipated to make a major new capital investment and generate a significant number of new jobs that could provide economic benefits to the region. The expansion would involve the construction of a recycling, refining and manufacturing facility for electric vehicle batteries and battery materials and would be the first facility of this type in the United States. This battery recycling facility could create a circular supply chain for lithium-ion batteries in Northern Nevada that could ultimately reduce the cost of electric vehicle batteries, reduce the dependence on imported materials used in battery manufacturing, and enhance the environmental sustainability of electric vehicles. All the jobs created by the company would be net new jobs thereby growing the economy both locally and regionally. The expansion of this company in Storey County could not only create a large number of new direct jobs in an innovative new industry, but also support significant additional economic activity, jobs and payroll at related local supplier and consumer businesses at related local businesses within the electric vehicle ecosystem.

PROJECT SUMMARY

Based on the assumptions provided by the company, Table 1 details the anticipated labor and capital investment by Redwood Materials over the next 20 years. The company is expected to create a total of 701 new jobs within the next eight years including production workers, installation and maintenance workers, laborers, operations managers and supervisors. The average wage is estimated at \$32.03 per hour in 2022 dollars. The facility would be built in phases beginning with 100 jobs in 2022 and ramping up to 701 jobs by 2029. This analysis assumes that the company will make a \$406 million investment in construction for a 1.5 million square foot facility, and a \$671 million investment in equipment (including installation costs). The economic impact results show the construction and operation impacts of Redwood Materials on the state over the next 20 years.

**TABLE 1
PROJECT DESCRIPTION**

| Year | Jobs | Payroll | Capital Investment | | | | Electricity Cost |
|--------------|------------|----------------------|----------------------|---------------------|----------------------|------------------------|----------------------|
| | | | Construction | Land | Equipment | Equipment Installation | |
| 2022 | 100 | \$6,670,602 | \$21,202,000 | \$23,457,000 | \$33,536,000 | \$5,317,000 | \$92,000 |
| 2023 | 150 | \$9,990,906 | \$70,630,000 | \$0 | \$86,075,000 | \$9,367,000 | \$1,415,000 |
| 2024 | 225 | \$14,991,350 | \$94,221,000 | \$0 | \$144,184,000 | \$14,976,000 | \$2,992,000 |
| 2025 | 350 | \$23,322,104 | \$156,221,000 | \$0 | \$241,795,000 | \$28,046,000 | \$12,440,000 |
| 2026 | 450 | \$29,962,712 | \$63,697,000 | \$0 | \$95,187,000 | \$12,836,000 | \$24,855,000 |
| 2027 | 550 | \$36,653,302 | \$0 | \$0 | \$0 | \$0 | \$25,566,000 |
| 2028 | 650 | \$43,293,910 | \$0 | \$0 | \$0 | \$0 | \$25,566,000 |
| 2029 | 701 | \$46,704,216 | \$0 | \$0 | \$0 | \$0 | \$25,566,000 |
| 2030 | 701 | \$46,704,216 | \$0 | \$0 | \$0 | \$0 | \$25,566,000 |
| 2031 | 701 | \$46,704,216 | \$0 | \$0 | \$0 | \$0 | \$25,566,000 |
| 2032 | 701 | \$46,704,216 | \$0 | \$0 | \$0 | \$0 | \$25,566,000 |
| 2033 | 701 | \$46,704,216 | \$0 | \$0 | \$0 | \$0 | \$25,566,000 |
| 2034 | 701 | \$46,704,216 | \$0 | \$0 | \$0 | \$0 | \$25,566,000 |
| 2035 | 701 | \$46,704,216 | \$0 | \$0 | \$0 | \$0 | \$25,566,000 |
| 2036 | 701 | \$46,704,216 | \$0 | \$0 | \$0 | \$0 | \$25,566,000 |
| 2037 | 701 | \$46,704,216 | \$0 | \$0 | \$0 | \$0 | \$25,566,000 |
| 2038 | 701 | \$46,704,216 | \$0 | \$0 | \$0 | \$0 | \$25,566,000 |
| 2039 | 701 | \$46,704,216 | \$0 | \$0 | \$0 | \$0 | \$25,566,000 |
| 2040 | 701 | \$46,704,216 | \$0 | \$0 | \$0 | \$0 | \$25,566,000 |
| 2041 | 701 | \$46,704,216 | \$0 | \$0 | \$0 | \$0 | \$25,566,000 |
| Total | 701 | \$772,039,694 | \$405,971,000 | \$23,457,000 | \$600,777,000 | \$70,542,000 | \$425,284,000 |

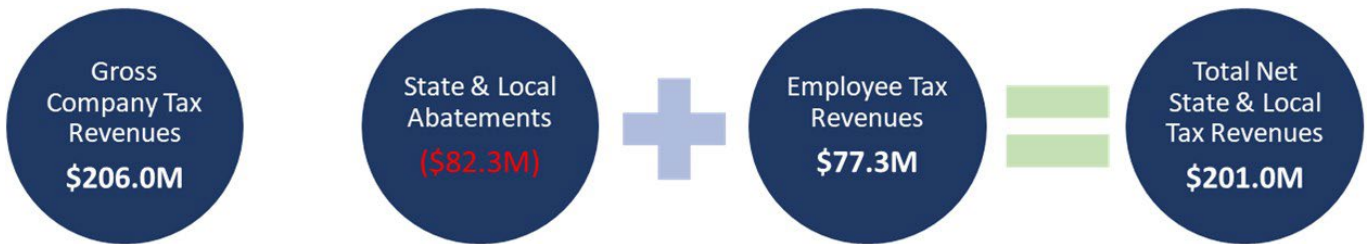
Economic Impacts

- **Construction Impacts.** Construction jobs are not permanent and should therefore be viewed as a “person-year” equivalent. An estimated 2,800 direct construction jobs and close to 2,000 additional indirect and induced jobs could be created in the Washoe/Storey County region, and throughout the state, between 2022 and 2026 because of the new construction activity associated with the building and site improvements for the recycling facility. This level of construction activity could result in a one-time economic impact of \$846.2 million to the state. These construction impacts are in addition to the operation impacts detailed below.
- **Operation Impacts.** All total, Redwood Materials could create an annual economic impact estimated at \$340.2 million at stabilized (or full operational) annual levels, or \$5.6 billion over the next 20 years. The company’s operation could directly and indirectly support an estimated 1,490 total jobs (based on 701 direct jobs) and \$89.9 million in annual labor income over the 20-year period.
- **Overall Stabilized Impacts.** Based on the construction and operation impacts combined, Redwood Materials could generate a total economic impact of \$6.5 billion over 20 years.
- **Jobs and Income.** The facility is expected to employ 701 people with an estimated annual payroll of \$46.7 million (in current dollars) by 2029. Through the multiplier effect, an additional 789 jobs and \$43.1 million in annual payroll could be supported at other local businesses, based on the assumed level of supplier demand that could be met within the state. The additional jobs and payroll at other local businesses stem from direct and indirect impacts of supplier demand created by the recycling facility and consumer demand created by its employees. An estimated 93% of these indirect and induced jobs could be captured in the Washoe/Storey County region, based on the IMPLAN multiplier data.
- **Supported Population.** The 701 direct jobs and an estimated 789 indirect and induced jobs associated with Redwood Materials operations could support a population (including families) of about 2,700 people. Approximately 85% of the workforce could potentially live in Washoe and Storey counties based on expected commuting patterns.

State and Local Tax Impacts

- **Company Tax Impacts.** Assuming a capital investment of \$1.1 billion in land, buildings and equipment, the company could generate an estimated \$6.3 million in gross average annual property tax revenues, \$3.2 million in gross average annual sales taxes, \$200,000 in average annual business license taxes on utilities, and \$500,000 in gross average annual modified business taxes over 20 years. All total, the company could generate an estimated \$206.0 million in gross state and local revenues the next 20 years.

- **Value of Abatements and Reimbursements.** The proposed package of abatements and reimbursements could total \$82.3 million. The incentives include a 10 year, 75% real and personal property tax abatement; a reduction in local sales and use taxes on equipment purchases and construction materials for 15 years to a total state and local tax rate of 4.85%; and a 75% abatement of modified business taxes for 10 years. The company could also qualify for transferrable tax credits (TTC) for qualifying jobs created before June 2025. After abatements and credits, Redwood Materials could generate \$123.8 million in net revenues to state and local governments over 20 years.
- **Employee Tax Impacts.** In addition to company taxes, Redwood Materials employees, and indirect and induced employees could generate property and sales tax revenues through employee spending and property ownership. Employee revenues are estimated at an annual average of \$3.9 million per year, or \$77.3 million over 20 years, based on the level of economic impacts and the estimated number of direct, indirect and induced employees that could be supported by Redwood Materials in Washoe and Storey counties.



Redwood Materials Summary of Key Findings

| Jobs and Income Created | Jobs | Annual Labor Income | Average Hourly Wage |
|---|--------------------------|-----------------------------------|--------------------------------|
| Direct | 701 | \$46.7 million | \$32.03 |
| Indirect | 789 | \$43.1 million | \$26.30 |
| Total | 1,490 | \$89.9 million | \$28.99 |
| Operational Output Impact | Stabilized Annual | 10 Year Total | 20 Year Total |
| Direct | \$200.5 million | \$1.3 billion | \$3.3 billion |
| Indirect | \$139.7 million | \$0.9 billion | \$2.3 billion |
| Total | \$340.2 million | \$2.2 billion | \$5.6 billion |
| Construction Impact | Total | Annual Average² | |
| Direct Jobs | 2,848 | 570 | |
| Indirect Jobs | 1,992 | 398 | |
| Total | 4,840 | 968 | |
| One-Time Economic Impact | \$0.8 billion | \$0.2 billion | |
| Capital Investment | Total | | |
| Direct Construction | \$406.0 million | | |
| Equipment ¹ | \$671.3 million | | |
| Total | \$1.1 billion | | |
| Tax Revenue Impact and Value of Incentives | Annual Average | 10 Year Total | 20 Year Total |
| Gross Revenue before Incentives | | | |
| State of Nevada | \$1.7 million | \$26.3 million | \$34.7 million |
| Local Government and Schools | \$8.6 million | \$117.6 million | \$171.4 million |
| Total | \$10.3 million | \$143.9 million | \$206.0 million |
| Employee Revenue | | | |
| State of Nevada | \$1.0 million | \$8.1 million | \$20.5 million |
| Local Government and Schools | \$2.8 million | \$22.5 million | \$56.9 million |
| Total | \$3.9 million | \$30.5 million | \$77.3 million |
| Value of Incentives - SB1 | | | |
| State of Nevada | na | \$7.6 million | \$7.6 million |
| Local Government and Schools | na | \$74.7 million | \$74.7 million |
| Total | na | \$82.3 million | \$82.3 million |

¹ Equipment investment includes installation cost.

² Annual average during initial construction period in 2022 and 2026.

ECONOMIC IMPACTS

The economic benefits resulting from the attraction of Redwood Materials to Storey County can be measured in terms of both the one-time construction impacts and on-going operation impacts. These impacts include direct, indirect and induced jobs, labor income and output that could be generated by the project. Indirect and induced impacts are the result of the multiplier effect and capture supported supplier and consumer businesses and employees in the Washoe/Storey region, and statewide, that could benefit from this new battery recycling and remanufacturing facility.

Construction Impacts

The facility required for this project could result in direct construction and equipment installation expenditures estimated at \$476.5 million over the first five years, excluding land acquisition. The multiplier effect of this spending could result in a total increase in economic activity of \$846.2 million over five years, including \$754.7 million in direct, indirect and induced impacts in Washoe and Storey Counties, and an additional \$20.9 million in indirect and induced impacts throughout the rest of the state. The estimated 4,840 direct, indirect and induced jobs created statewide by the construction activity could result in \$383.4 million in total labor income over the five-year period, including an estimated \$275.6 million in direct labor income. Labor costs for the project were provided by Redwood Materials and incorporate prevailing wage rates for Northern Nevada.

TABLE 2
CONSTRUCTION IMPACT OF REDWOOD MATERIALS
WASHOE AND STOREY COUNTIES AND THE STATE OF NEVADA
(Thousands of Dollars)

| Year | Direct - Washoe Storey Region | | | | Indirect/Induced - Washoe Storey Region | | | Indirect/Induced - Rest of State | | | Statewide Total | | |
|--------------|-------------------------------|------------------------|--------------|------------------|---|--------------|------------------|----------------------------------|-----------|----------------|------------------|--------------|------------------|
| | Construction Expenditures | Equipment Installation | Jobs | Labor Income | Output | Jobs | Labor Income | Output | Jobs | Labor Income | Output | Jobs | Labor Income |
| 2022 | \$21,202 | \$5,317 | 155 | \$14,974 | \$19,232 | 107 | \$5,798 | \$1,154 | 3 | \$140 | \$46,905 | 265 | \$20,912 |
| 2023 | \$70,630 | \$9,367 | 485 | \$46,908 | \$58,852 | 327 | \$17,730 | \$3,533 | 9 | \$485 | \$142,382 | 821 | \$65,123 |
| 2024 | \$94,221 | \$14,976 | 656 | \$63,460 | \$80,059 | 445 | \$24,122 | \$4,806 | 12 | \$641 | \$194,062 | 1,113 | \$88,223 |
| 2025 | \$156,221 | \$28,046 | 1,099 | \$106,365 | \$134,751 | 750 | \$40,606 | \$8,088 | 20 | \$1,055 | \$327,105 | 1,869 | \$148,026 |
| 2026 | \$63,697 | \$12,836 | 453 | \$43,868 | \$55,818 | 311 | \$16,822 | \$3,350 | 8 | \$427 | \$135,701 | 772 | \$61,117 |
| 2027 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 |
| 2028 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 |
| 2029 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 |
| 2030 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 |
| 2031 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 |
| 2032 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 |
| 2033 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 |
| 2034 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 |
| 2035 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 |
| 2036 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 |
| 2037 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 |
| 2038 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 |
| 2039 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 |
| 2040 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 |
| 2041 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 | \$0 | 0 | \$0 |
| Total | \$405,971 | \$70,542 | 2,848 | \$275,575 | \$348,713 | 1,940 | \$105,078 | \$20,930 | 52 | \$2,748 | \$846,156 | 4,840 | \$383,401 |

Operation Impacts

There would also be on-going economic impacts from the operations of Redwood Materials over the next 20 years including direct employment and payroll, and the corresponding level of indirect and induced impacts that could be supported by this project.

The new battery recycling facility is anticipated to launch with 100 jobs and \$6.7 million in annual payroll in 2022. The company could add 601 jobs over the next eight years up to a stabilized level of 701 jobs and \$46.7 million in payroll by 2029 (Table 3). Through local supplier purchases and employee spending, Redwood Materials could create an estimated annual economic impact of \$340.2 million at full operational levels. The company could indirectly support an estimated 789 additional jobs and \$43.1 million in annual labor income at other related businesses in the Washoe/Storey region and throughout the state on an on-going basis.

TABLE 3
ANNUAL OPERATION IMPACT OF REDWOOD MATERIALS
ON WASHOE AND STOREY COUNTIES AND THE STATE OF NEVADA
(Thousands of Dollars)

| Year | Direct - Washoe Storey Region | | | Indirect/Induced - Washoe Storey Region | | | Indirect/Induced - Rest of State | | | Statewide Total | | |
|--------------|-------------------------------|------------|------------------|---|------------|------------------|----------------------------------|-----------|-----------------|--------------------|--------------|--------------------|
| | Output | Jobs | Labor Income | Output | Jobs | Labor Income | Output | Jobs | Labor Income | Output | Jobs | Labor Income |
| 2022 | \$28,598 | 100 | \$6,671 | \$18,741 | 104 | \$5,892 | \$1,190 | 8 | \$263 | \$48,529 | 213 | \$12,826 |
| 2023 | \$42,896 | 150 | \$9,991 | \$28,111 | 156 | \$8,838 | \$1,786 | 13 | \$394 | \$72,793 | 319 | \$19,224 |
| 2024 | \$64,345 | 225 | \$14,991 | \$42,166 | 234 | \$13,258 | \$2,679 | 19 | \$591 | \$109,189 | 479 | \$28,840 |
| 2025 | \$100,092 | 350 | \$23,322 | \$65,592 | 365 | \$20,623 | \$4,167 | 30 | \$920 | \$169,850 | 744 | \$44,865 |
| 2026 | \$128,689 | 450 | \$29,963 | \$84,333 | 469 | \$26,515 | \$5,357 | 38 | \$1,183 | \$218,379 | 957 | \$57,661 |
| 2027 | \$157,287 | 550 | \$36,653 | \$103,073 | 573 | \$32,408 | \$6,548 | 46 | \$1,446 | \$266,907 | 1,170 | \$70,507 |
| 2028 | \$185,884 | 650 | \$43,294 | \$121,814 | 677 | \$38,300 | \$7,738 | 55 | \$1,709 | \$315,436 | 1,382 | \$83,303 |
| 2029 | \$200,469 | 701 | \$46,704 | \$131,371 | 731 | \$41,305 | \$8,345 | 58 | \$1,843 | \$340,186 | 1,490 | \$89,852 |
| 2030 | \$200,469 | 701 | \$46,704 | \$131,371 | 731 | \$41,305 | \$8,345 | 58 | \$1,843 | \$340,186 | 1,490 | \$89,852 |
| 2031 | \$200,469 | 701 | \$46,704 | \$131,371 | 731 | \$41,305 | \$8,345 | 58 | \$1,843 | \$340,186 | 1,490 | \$89,852 |
| 2032 | \$200,469 | 701 | \$46,704 | \$131,371 | 731 | \$41,305 | \$8,345 | 58 | \$1,843 | \$340,186 | 1,490 | \$89,852 |
| 2033 | \$200,469 | 701 | \$46,704 | \$131,371 | 731 | \$41,305 | \$8,345 | 58 | \$1,843 | \$340,186 | 1,490 | \$89,852 |
| 2034 | \$200,469 | 701 | \$46,704 | \$131,371 | 731 | \$41,305 | \$8,345 | 58 | \$1,843 | \$340,186 | 1,490 | \$89,852 |
| 2035 | \$200,469 | 701 | \$46,704 | \$131,371 | 731 | \$41,305 | \$8,345 | 58 | \$1,843 | \$340,186 | 1,490 | \$89,852 |
| 2036 | \$200,469 | 701 | \$46,704 | \$131,371 | 731 | \$41,305 | \$8,345 | 58 | \$1,843 | \$340,186 | 1,490 | \$89,852 |
| 2037 | \$200,469 | 701 | \$46,704 | \$131,371 | 731 | \$41,305 | \$8,345 | 58 | \$1,843 | \$340,186 | 1,490 | \$89,852 |
| 2038 | \$200,469 | 701 | \$46,704 | \$131,371 | 731 | \$41,305 | \$8,345 | 58 | \$1,843 | \$340,186 | 1,490 | \$89,852 |
| 2039 | \$200,469 | 701 | \$46,704 | \$131,371 | 731 | \$41,305 | \$8,345 | 58 | \$1,843 | \$340,186 | 1,490 | \$89,852 |
| 2040 | \$200,469 | 701 | \$46,704 | \$131,371 | 731 | \$41,305 | \$8,345 | 58 | \$1,843 | \$340,186 | 1,490 | \$89,852 |
| 2041 | \$200,469 | 701 | \$46,704 | \$131,371 | 731 | \$41,305 | \$8,345 | 58 | \$1,843 | \$340,186 | 1,490 | \$89,852 |
| Total | \$3,313,887 | 701 | \$772,040 | \$2,171,656 | 731 | \$682,800 | \$137,953 | 58 | \$30,462 | \$5,623,496 | 1,490 | \$1,485,301 |

The multiplier effect of Redwood Materials' expansion in Storey County could result in a total economic impact of \$5.6 billion over the next 20 years, based on direct employment of 701 jobs and an estimated annual payroll of \$46.7 million by 2029. Should the number of jobs or the amount of payroll increase, the economic impacts would increase proportionally.

The new jobs generated directly and indirectly by Redwood Materials' battery recycling facility could support a local population estimated at 2,700 people, with about 85% of those workers expected to live in Washoe or Storey counties. This includes families of direct employees, as well as families of employees at related supplier and consumer businesses supported through the multiplier effect. This analysis assumes that about 85% of the employees could work and live in the region, and the remaining employees would live elsewhere in Northern Nevada.

The secondary or indirect impacts described here are called multiplier effects. Multiplier effects are a way of representing the larger economic effects on the state's economy. The multiplier effects translate into an increase in output (loosely defined as labor cost, plus cost of inputs plus profits) into a corresponding increase in jobs and labor income. In essence, the multiplier effect represents the recycling of local spending. This recycling process creates new business opportunities.

The multipliers used in this analysis are from IMPLAN, a national vendor of economic impact software. Industry specific multipliers for industrial construction, copper rolling and drawing, miscellaneous electrical equipment manufacturing and materials recovery facilities were used in the analysis. The multipliers are specific to the current economic base of Washoe and Storey counties and the state of Nevada. Local multipliers for copper rolling and drawing and miscellaneous electric equipment manufacturing did not exist in the IMPLAN model for the region and had to be created using national per employee ratios of output, proprietor income and employee compensation. Redwood Materials estimates that their recycling operations will be comprised of 10% copper rolling and drawing, 42% miscellaneous electrical equipment manufacturing, and 48% materials recovery activities. Multipliers for these three industries were applied accordingly. The company does not anticipate a significant increase in local suppliers over time, and therefore the multipliers for the region and the state were held constant over the 20-year period.

The average output multiplier for the state is 1.70 and the average jobs multiplier is 2.13. This means that for every \$1 million of output created by Redwood Materials, an additional \$700,000 in economic activity is generated in the state's economy based on the current economic structure, and for every one direct job created by the company, an additional 1.13 indirect jobs are supported in Nevada.

TAX REVENUE IMPACTS

In addition to supporting jobs, income and output at related businesses in the area through multiplier effects, Redwood Materials’ new battery recycling facility could generate state and local tax revenues to Storey County, Washoe County and the State of Nevada. All total, the company could generate an estimated \$201.0 million in new company and employee tax revenues in Nevada, net of abatements and reimbursements, over the next 20 years.

Company Tax Revenues

Local sales taxes generated by the company on equipment purchases and construction materials would be abated for the first 15 years down to a rate of 2.85%. State sales taxes would remain at a 2% rate. Real and personal property taxes and modified business taxes would be abated by 75% for ten years based on the Single Site \$1 billion investment incentive program. Over 20 years, the company could generate an estimated \$27.1 million in state taxes and \$96.7 million in local taxes for a total of \$123.8 million, net of incentives (Table 4).

TABLE 4
DIRECT TAX REVENUE IMPACT OF REDWOOD MATERIALS NET OF SB1 INCENTIVES

| Year | School District | Storey County | | | Fire District | State | | | Total Company Revenues |
|--------------|---------------------------|---------------------------|------------------------|--------------------|---------------------------|------------------------|---------------------------|--------------------|------------------------|
| | Property Tax ¹ | Property Tax ¹ | Sales Tax ² | Bsns License Fees | Property Tax ¹ | Sales Tax ² | Property Tax ¹ | MBT ³ | |
| 2022 | \$30,417 | \$62,941 | \$1,318,330 | \$920 | \$18,514 | \$925,144 | \$5,779 | \$19,862 | \$2,381,908 |
| 2023 | \$160,189 | \$331,479 | \$3,660,911 | \$14,150 | \$97,507 | \$2,569,060 | \$30,437 | \$30,087 | \$6,893,819 |
| 2024 | \$331,107 | \$685,158 | \$5,720,423 | \$29,920 | \$201,543 | \$4,014,332 | \$62,913 | \$45,492 | \$11,090,888 |
| 2025 | \$613,114 | \$1,268,715 | \$9,562,537 | \$124,400 | \$373,200 | \$6,710,552 | \$116,496 | \$71,155 | \$18,840,169 |
| 2026 | \$702,295 | \$1,453,257 | \$3,802,048 | \$248,550 | \$427,484 | \$2,668,104 | \$133,442 | \$91,603 | \$9,526,782 |
| 2027 | \$654,092 | \$1,353,511 | \$0 | \$255,660 | \$398,143 | \$0 | \$124,283 | \$112,224 | \$2,897,912 |
| 2028 | \$603,047 | \$1,247,882 | \$0 | \$255,660 | \$367,072 | \$0 | \$114,584 | \$132,672 | \$2,720,916 |
| 2029 | \$558,919 | \$1,156,569 | \$0 | \$255,660 | \$340,211 | \$0 | \$106,199 | \$143,182 | \$2,560,740 |
| 2030 | \$522,236 | \$1,080,661 | \$0 | \$255,660 | \$317,883 | \$0 | \$99,229 | \$143,182 | \$2,418,850 |
| 2031 | \$487,911 | \$1,009,632 | \$0 | \$255,660 | \$296,989 | \$0 | \$92,707 | \$143,182 | \$2,286,080 |
| 2032 | \$1,829,663 | \$3,786,117 | \$0 | \$255,660 | \$1,113,708 | \$0 | \$347,650 | \$572,727 | \$7,905,526 |
| 2033 | \$1,717,032 | \$3,553,050 | \$0 | \$255,660 | \$1,045,150 | \$0 | \$326,250 | \$572,727 | \$7,469,869 |
| 2034 | \$1,612,933 | \$3,337,637 | \$0 | \$255,660 | \$981,785 | \$0 | \$306,470 | \$572,727 | \$7,067,211 |
| 2035 | \$1,514,766 | \$3,134,501 | \$0 | \$255,660 | \$922,031 | \$0 | \$287,817 | \$572,727 | \$6,687,502 |
| 2036 | \$1,417,042 | \$2,932,281 | \$0 | \$255,660 | \$862,547 | \$0 | \$269,249 | \$572,727 | \$6,309,506 |
| 2037 | \$1,319,193 | \$2,729,802 | \$0 | \$255,660 | \$802,987 | \$0 | \$250,657 | \$572,727 | \$5,931,026 |
| 2038 | \$1,228,797 | \$2,542,747 | \$0 | \$255,660 | \$747,964 | \$0 | \$233,481 | \$572,727 | \$5,581,375 |
| 2039 | \$1,143,570 | \$2,366,386 | \$0 | \$255,660 | \$696,086 | \$0 | \$217,287 | \$572,727 | \$5,251,716 |
| 2040 | \$1,079,488 | \$2,233,781 | \$0 | \$255,660 | \$657,080 | \$0 | \$205,111 | \$572,727 | \$5,003,846 |
| 2041 | \$1,061,188 | \$2,195,912 | \$0 | \$255,660 | \$645,940 | \$0 | \$201,634 | \$572,727 | \$4,933,060 |
| Total | \$18,586,998 | \$38,462,018 | \$24,064,249 | \$4,252,840 | \$11,313,825 | \$16,887,192 | \$3,531,675 | \$6,659,906 | \$123,758,701 |

Note: All figures are in constant 2022 dollars.

¹ Property tax calculation assumes 75% abatement of real and personal property for 10 years.

² Sales tax calculation assumes a 15 year abatement of local sales and use taxes on capital equipment and construction materials to 2.85% including 0.25% to the Tri-County Railway and 2.6% to schools. ³ MBT calculation assumes a 75% abatement for 10 years.

Property taxes are abated at a rate of 75% for the first 10 years, but the company could generate an estimated \$71.9 million in real and personal property taxes net of abatements, based on the capital investment assumptions used in this analysis.¹

¹ Personal property is depreciated using a 15-year schedule. Taxable real property value is estimated at 70% of construction cost plus land value estimated at \$90,000 per acre based on comparable properties.

There could be \$41.0 million in net state and local sales taxes in the first five years. State sales taxes are not abated, and local sales taxes include a 2.85% tax that would go to the schools and the Tri-County Railway Commission. Company tax and fee impacts include an estimated \$4.3 million in county business license fees on utilities (which would be paid by the utility provider) assuming a 1% tax rate in Storey County. State MBT would be abated at a rate of 75% for the first ten years, and could result in \$6.7 million in revenues net of abatements. The MBT taxes in Table 4 include a deduction for employer paid health insurance at \$7,050 per employee per year, based on information provided by Redwood Materials.

Employee Tax Revenues

Along with the direct taxes paid by the company, there could also be taxes generated by employees. Using the results from the economic impact analysis on direct, indirect and induced employees and labor income, it is possible to estimate employee-driven tax impacts. In total, the employees associated with this project and living in the Washoe/Storey region could generate an estimated \$77.3 million in state and local revenues over the next 20 years.

Employee property tax revenues were based on average residential assessed value per capita in Washoe County, times the annual supported population, times a total property tax rate of 3.65%. Employee property taxes are estimated at about \$0.8 million per year to the school district, \$1.0 million to the county, \$0.2 million to other special districts, and \$0.1 million to the state at full employment (Table 5). All total the company could support an estimated \$35.2 million in employee property tax revenues over 20 years.

**TABLE 5
EMPLOYEE LOCAL AND STATE TAX REVENUE IMPACTS**

| Year | Washoe County School Districts | | Washoe County | | Special Districts | | State | | Total Employee Revenues |
|--------------|--------------------------------|--------------------|---------------------|---------------------|--------------------|--------------------|--------------------|--------------------|-------------------------|
| | Property | | Property | | Property | | Property | | |
| | Tax | Sales Tax | Tax | Sales Tax | Tax | Sales Tax | Tax | MBT | |
| 2022 | \$113,235 | \$86,068 | \$138,418 | \$121,323 | \$31,776 | \$79,520 | \$20,715 | \$76,336 | \$667,392 |
| 2023 | \$169,852 | \$129,000 | \$207,627 | \$181,840 | \$47,664 | \$119,187 | \$31,073 | \$114,505 | \$1,000,747 |
| 2024 | \$254,778 | \$193,534 | \$311,440 | \$272,809 | \$71,497 | \$178,811 | \$46,609 | \$171,757 | \$1,501,235 |
| 2025 | \$396,321 | \$301,068 | \$484,462 | \$424,390 | \$111,217 | \$278,164 | \$72,503 | \$267,178 | \$2,335,304 |
| 2026 | \$509,556 | \$386,931 | \$622,880 | \$545,424 | \$142,993 | \$357,498 | \$93,219 | \$343,514 | \$3,002,015 |
| 2027 | \$622,790 | \$473,137 | \$761,297 | \$666,941 | \$174,770 | \$437,142 | \$113,934 | \$419,851 | \$3,669,861 |
| 2028 | \$736,025 | \$559,000 | \$899,715 | \$787,974 | \$206,546 | \$516,476 | \$134,649 | \$496,187 | \$4,336,572 |
| 2029 | \$793,774 | \$602,951 | \$970,308 | \$849,929 | \$222,752 | \$557,082 | \$145,117 | \$535,119 | \$4,677,033 |
| 2030 | \$793,774 | \$602,951 | \$970,308 | \$849,929 | \$222,752 | \$557,082 | \$145,117 | \$535,119 | \$4,677,033 |
| 2031 | \$793,774 | \$602,951 | \$970,308 | \$849,929 | \$222,752 | \$557,082 | \$145,117 | \$535,119 | \$4,677,033 |
| 2032 | \$793,774 | \$602,951 | \$970,308 | \$849,929 | \$222,752 | \$557,082 | \$145,117 | \$535,119 | \$4,677,033 |
| 2033 | \$793,774 | \$602,951 | \$970,308 | \$849,929 | \$222,752 | \$557,082 | \$145,117 | \$535,119 | \$4,677,033 |
| 2034 | \$793,774 | \$602,951 | \$970,308 | \$849,929 | \$222,752 | \$557,082 | \$145,117 | \$535,119 | \$4,677,033 |
| 2035 | \$793,774 | \$602,951 | \$970,308 | \$849,929 | \$222,752 | \$557,082 | \$145,117 | \$535,119 | \$4,677,033 |
| 2036 | \$793,774 | \$602,951 | \$970,308 | \$849,929 | \$222,752 | \$557,082 | \$145,117 | \$535,119 | \$4,677,033 |
| 2037 | \$793,774 | \$602,951 | \$970,308 | \$849,929 | \$222,752 | \$557,082 | \$145,117 | \$535,119 | \$4,677,033 |
| 2038 | \$793,774 | \$602,951 | \$970,308 | \$849,929 | \$222,752 | \$557,082 | \$145,117 | \$535,119 | \$4,677,033 |
| 2039 | \$793,774 | \$602,951 | \$970,308 | \$849,929 | \$222,752 | \$557,082 | \$145,117 | \$535,119 | \$4,677,033 |
| 2040 | \$793,774 | \$602,951 | \$970,308 | \$849,929 | \$222,752 | \$557,082 | \$145,117 | \$535,119 | \$4,677,033 |
| 2041 | \$793,774 | \$602,951 | \$970,308 | \$849,929 | \$222,752 | \$557,082 | \$145,117 | \$535,119 | \$4,677,033 |
| Total | \$13,121,621 | \$9,967,105 | \$16,039,842 | \$14,049,784 | \$3,682,241 | \$9,208,868 | \$2,399,221 | \$8,845,871 | \$77,314,553 |

Note: All figures are in constant 2022 dollars. School and county revenues represent employees living in Washoe and Storey Counties only.

Employee sales tax revenues include taxes on household spending in the region by direct, indirect and induced employees. They are estimated by multiplying total labor income from the economic impact times 31% (share of taxable expenditures), times a residency ratio of 85% for the Washoe/Storey region, times the local sales tax rate.² No residency adjustment is used for state sales tax. Employee sales taxes are estimated at about \$603,000 per year to school districts, \$850,000 to the county, and \$557,000 to the state at full employment.³ All total the company could generate about \$33.2 million in employee sales tax revenues over 20 years.

Indirect and induced employees could generate an estimated \$535,000 per year in state MBT revenues, or \$8.8 million over 20 years. For this calculation a rate of 1.378% is applied to indirect and induced labor income from the economic impacts. Modified business tax from direct employees is already captured in company revenues.

Note that revenues to school districts, the county and other special districts are limited to taxes generated by the estimated 85% of employees that are expected to live in Washoe and Storey counties. There could be additional local sales and property taxes in other Nevada counties where the remaining employees live that are not included in Table 5.

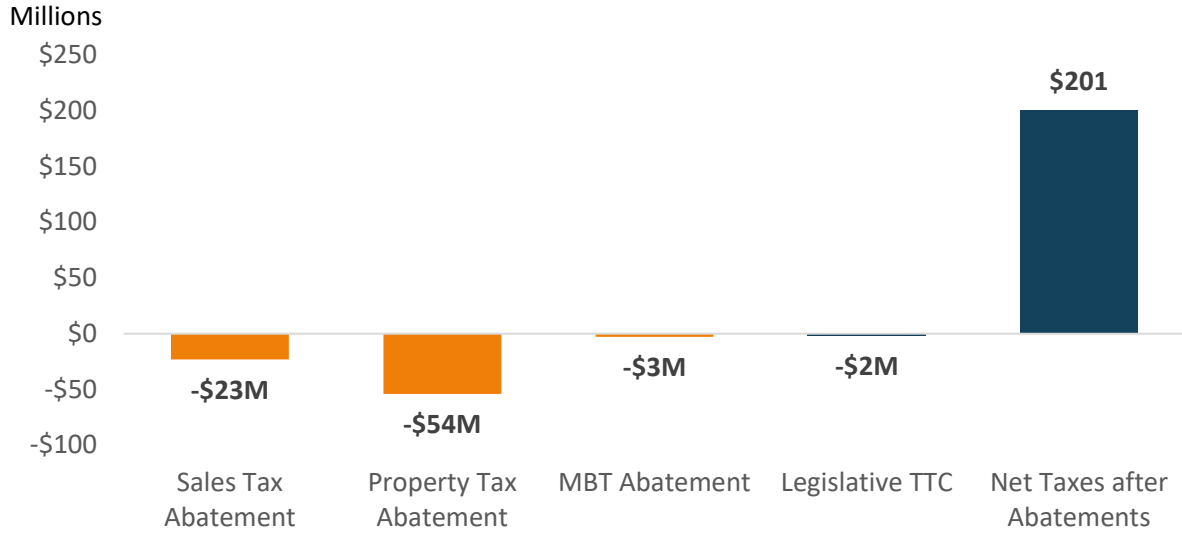
Value of Abatements and Reimbursements

The proposed package of abatements available to Redwood Materials under the Single Site \$1 Billion Investment program could total \$82.3 million over a period of up to 15 years (Table 6). Figure 1 shows the value of each component of the abatement including sales, property tax and modified business taxes relative to net company and employee taxes after abatement of \$201.0 million. The Single Site \$1 Billion program includes a 75% real and personal property tax abatement for 10 years, abatement of all but 4.85% of the sales tax on equipment purchases and construction materials for 15 years, and a 75% MBT abatement for 10 years. In addition, the company qualifies for transferrable tax credits at a rate of up to \$9,500 per job for jobs paying at least \$22 per hour. However, the TTC program sunsets in June 2025, so the credits would only apply to jobs created before that date. Based on information provided by the company, it is estimated that Redwood Materials could qualify for \$2.1 million in transferrable tax credits from 2023 through 2025.

² According to the Census Bureau Consumer Expenditure Survey, persons in the median income range spend about 31% of their income on taxable goods.

³ Reflects state sales tax rate of 2%.

FIGURE 1
SUMMARY OF INCENTIVES AND TAXES NET OF INCENTIVES – 2022 TO 2041



**TABLE 6
REDWOOD MATERIALS SB1 ABATEMENTS AND REIMBURSEMENTS SUMMARY**

| Year | Real and Personal Property Tax | | | | Sales and | MBT | Legislative | Total | |
|--------------|--------------------------------|---------------------|--------------------|--------------------|---------------------|--------------------|--------------------|---------------------|--------------------|
| | Storey | School | Fire District | State | Use Tax | State | TTC | Local | State |
| | County | District | | | Storey | | State | | |
| 2022 | \$188,823 | \$91,250 | \$55,543 | \$17,338 | \$1,272,073 | \$59,587 | \$0 | \$1,607,689 | \$76,926 |
| 2023 | \$994,438 | \$480,568 | \$292,520 | \$91,312 | \$3,532,458 | \$90,260 | \$950,000 | \$5,299,983 | \$1,131,571 |
| 2024 | \$2,055,475 | \$993,320 | \$604,630 | \$188,739 | \$5,519,707 | \$136,475 | \$475,000 | \$9,173,131 | \$800,213 |
| 2025 | \$3,806,145 | \$1,839,342 | \$1,119,599 | \$349,489 | \$9,227,009 | \$213,465 | \$712,500 | \$15,992,095 | \$1,275,455 |
| 2026 | \$4,359,770 | \$2,106,885 | \$1,282,451 | \$400,325 | \$3,668,643 | \$274,810 | \$0 | \$11,417,749 | \$675,134 |
| 2027 | \$4,060,533 | \$1,962,276 | \$1,194,429 | \$372,848 | \$0 | \$336,671 | \$0 | \$7,217,238 | \$709,519 |
| 2028 | \$3,743,647 | \$1,809,140 | \$1,101,215 | \$343,751 | \$0 | \$398,015 | \$0 | \$6,654,002 | \$741,766 |
| 2029 | \$3,469,707 | \$1,676,756 | \$1,020,634 | \$318,597 | \$0 | \$429,545 | \$0 | \$6,167,098 | \$748,142 |
| 2030 | \$3,241,983 | \$1,566,707 | \$953,648 | \$297,687 | \$0 | \$429,545 | \$0 | \$5,762,338 | \$727,232 |
| 2031 | \$3,028,896 | \$1,463,732 | \$890,967 | \$278,120 | \$0 | \$429,545 | \$0 | \$5,383,595 | \$707,665 |
| 2032 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2033 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2034 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2035 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2036 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2037 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2038 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2039 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2040 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2041 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total | \$28,949,414 | \$13,989,976 | \$8,515,637 | \$2,658,205 | \$23,219,889 | \$2,797,918 | \$2,137,500 | \$74,674,916 | \$7,593,623 |

Summary

The operations of the new Redwood Materials battery recycling facility described in this analysis could create significant economic benefits for Northern Nevada. The company could not only create new primary jobs and payroll, but could also create additional demand for other local businesses based on supplier purchases and employee spending. The company could also generate significant property, sales and MBT revenues to state and local governments in Nevada. Tax revenues generated by employees on their housing and consumer spending could result in additional sales and property taxes at the full unabated rate.

This company would be the first lithium-ion battery recycling and remanufacturing facility in the United States and could create a closed-loop system for electric vehicle battery recycling in Northern Nevada. The process employed by Redwood Materials could reduce the dependence on imported materials for future battery manufacturing by creating an environmentally sustainable solution for the significant volume of lithium-ion batteries in electric vehicles sold in the United States over the past 20 years that are approaching the end of their useful life.

