#### **The Power-Sonic Corporation**

7550 Panasonic Way, San Diego, CA 92154 Kevin Beaver, Director of Finance Distrubution, Warehousing, and Headquarters

Main Location: Carson City

Date: September 20, 2018

Business Type: New County: Washoe County Development Authority Representative: Stan Thomas - EDAWN

#### **APPLICATION HIGHLIGHTS**

- The Power-Sonic Corporation (Power-Sonic) is considering relocating from its current location in San Diego, California to Reno, Nevada.
- The Nevada facility would house the company's corporate headquarters, warehousing, and distribution center operations.
- The company would seek to hire and train employees from the local Reno area.

Power-Sonic has been a leading force within the power storage industry for nearly 50 years, providing an innovative range of batteries and power storage solutions. Power-Sonic designs, manufactures, and markets rechargeable batteries and chargers, and offers a range of complete power storage solutions to help solve a wide array of power challenges. The company offers sealed lead acid batteries, powersport batteries, nickel-cadmium and nickel-metal hydride batteries and battery chargers. The company's range of batteries are designed and manufactured using the latest technology and state-of-the-art equipment to ensure they meet the unique demands of each application. The company's battery products can be found in industries and applications in over 70 countries worldwide. Power-Sonic utilizes a worldwide distribution network with hubs in San Diego, CA; London, England, and Paris, France. Additionally, the company has manufacturing facilities and offices across the globe. Power-Sonic's mission is to deliver power storage solutions globally, through the supply of the highest quality technologies, at the fairest price allied with outstanding service. Source: The Power-Sonic

#### SIGNIFICANCE OF ABATEMENTS IN THE COMPANY'S DECISION TO RELOCATE/EXPAND

The decision to relocate its warehouse, distribution and corporate headquarters to Reno was due to several factors, including the business tax structure, cost of living, and logistic advantages offered by the region. In addition, Power-Sonic is aware of the benefits of the State Incentive Program and this, along with Nevada's favorable tax climate, is a critical factor in deciding to relocate to Reno. Source: The Power-Sonic Corporation

REQUIREMENTS	<u>Statutory</u>	<u>Application</u>	<u>Sufficient</u>	% Over / Under
Job Creation	50	50	Company mosts	0%
Average Wage	\$22.54	\$40.52	Company meets abatement eligibility	80%
Equipment Capex (SU & MBT)	\$1,000,000	\$448,700	requirements	-55%
Equipment Capex (PP)	\$1,000,000	\$448,700	requirements	-55%
INCENTIVES	Requested Terms	Estimated \$ Amount		
Sales Tax Abmt.	2% for 2 years	\$28,111		
Modified Business Tax Abmt.	50% for 4 years	\$97,780		
Personal Property Tax Abmt.	50% for 10 years	\$9,561		
Total		\$135,452		
NEVADA BUSINESS LICENSE				
	Current	Pending	Will comply before r	eceiving
			incentives	
JOB CREATION	Contracted	24-Month Projection	5-Year Projection	
	50	50	53	
OTHER CAPITAL INVESTMENT	<u>Land</u>	<b>Building Purchase</b>	BTS / Building Improvements	
	\$0	\$0	\$800,000	
<b>ECONOMIC IMPACT ESTIMATES</b> (10	-Year Cumulative)	<u>Total</u>	Construction	
Total Jobs Supported		118	9	
Total Payroll Supported		\$68,057,040	\$395,388	
Total Output Estimate		\$170,940,373	\$1,276,293	
Estimate includes jobs, payroll & output by the	ne company assisted as well as	the secondary impacts to other lo	ocal businesses.	

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

NEW TAX REVENUE ESTIMATES (10-Year Cumulative)	<u>Direct</u>	<u>Indirect</u>	<u>Total</u>
Local Taxes			
Property	\$285,219	\$1,716,259	\$2,001,478
Sales	\$32,578	\$1,101,059	\$1,133,637
Lodging	\$0	\$50,151	\$50,151
State Taxes			
Property	\$13,893	\$100,358	\$114,251
Sales	\$19,374	\$421,954	\$441,328
Modified Business	\$474,478	\$314,749	\$789,227
Lodging	<u>\$0</u>	\$16,717	\$16,717
Total	\$82 <del>5</del> ,542	\$3,721,247	\$ <del>4,546,78</del> 9

#### **EMPLOYEE BENEFITS**

- Percentage of health insurance covered by company: 85%.
- Health care package cost per employee \$19,200 annually with options for dependents.
- Overtime, PTO/Sick/Vacation, Retirement Plan / Profit Sharing / 401(k), Merit Increases, Bonus.

#### NOTES

- Percentage of market outside of Nevada: 95%.
- The company is also considering California and Las Vegas, NV as potential locations.



August 14, 2018

Director Paul Anderson Governor's Office of Economic Development 808 West Nye Lane Carson City, NV 89703

Re: Power-Sonic

Dear Paul;

EDAWN hereby supports the application of Power-Sonic for the Sales & Use Tax Abatement, Modified Business Tax Abatement, and Personal Property Tax Abatement incentives.

Power-Sonic is an international distributor of power storage products and batteries and is planning to open a new distribution warehouse and headquarters in the Reno area. The company plans to shutter one of their existing operations in San Diego, CA.

Power-Sonic will be investing approximately \$450,000 in capital equipment and plans to hire 50 employees by the end of the second year at an average wage of \$40.52 per hour.

The company's compensation package includes medical, dental, vision, and merit increases, overtime, PTO/sick/vacation, retirement plan/profit sharing and bonus. Employee health insurance is covered 85% by the company and commences three months after hire date.

EDAWN supports this application as the company meets two of three incentive requirements. Your consideration and support of the incentive application for Power-Sonic is a significant factor in their pending decision to expand in northern Nevada and speaks favorably to the State's business-friendly environment.

Sincerely,

Stan Thomas

EDAWN, Executive Vice-President

Stan Thomas

**Business Development** 



August 10, 2018

Governor's Office of Economic Development 808 West Nye Lane Carson City, NV 89703

#### **Dear Commission Members:**

The Power Sonic Corporation ("Power-Sonic") is an international group of companies, with manufacturing facilities and offices across the globe. Power-Sonic has been a leading force within the power storage industry for nearly 50 years, providing an innovative range of batteries and power storage solutions. The plan is to relocate from the current location in San Diego, California to Reno, Nevada. We plan to hire and train employees from the local Reno area, and begin warehouse distribution and corporate headquarters operations at the Reno facility. The target date for the physical move is December 1, 2018, with operations to commence February 1, 2019.

Power-Sonic has facilities in California, Illinois, United Kingdom, France and Mexico. The decision to relocate the warehouse distribution and corporate headquarters to Reno was due to several factors, including the business tax structure, cost of living and logistic advantages offered by the region. In addition, Power-Sonic is aware of the benefits of the State Incentive Program, and this also was a critical factor in deciding to relocate to Reno.

The relocation plan to Reno involves moving from the current San Diego facility and investing in additional equipment. In order to staff and operate our operations, the plan is to hire a total of 50 employees. The average hourly rate of the employees is projected to be \$40.

We are excited about the market opportunities presented by this relocation and the advantages that locating this facility in Reno will offer our company. In conjunction with Nevada's business-friendly environment, we see this as a first step in what will be increased growth for Power-Sonic.

Sincerely,

Kevin Beaver

Director of Finance

King & Bear



August 10, 2018

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

> RE: <u>APPLICATION FOR INCENTIVES – REQUEST FOR</u> CONFIDENTIALITY OF RECORDS AND DOCUMENTS

Dear Director Anderson:

On August 10, 2018, The Power-Sonic Corporation submitted an application to you as the Executive Director of the State of Nevada Governor's Office of Economic Development ("GOED") requesting approval of economic incentives for the new operation in Reno, Nevada. The purpose of this letter is to request that any and all records and other documents in GOED's possession concerning initial contact with, research and planning for The Power-Sonic Corporation, including but not limited to certain information in that application, and if amended, all be kept confidential pursuant to Section 4 of Assembly Bill No. 17 (2015 Regular Session) as codified in NRS 231.069.

Please be advised that The Power-Sonic Corporation specifically deems the following information proprietary and confidential:

- 1) The detailed schedule of Employment List
- 2) The detailed schedule of Capital Equipment List

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

Sincerely,

Kevin Beaver

Director of Finance

### REQUEST FOR CONFIDENTIALITY DETERMINATION

Pursuant to NRS 231.069, and upon the request of applicant The Power-Sonic Corporation, the Executive Director of the Office has determined the:

- (i) The detailed schedule of Capital Equipment List, 5(A)
- (ii) The detailed schedule of Employment List, 5(B)

are confidential proprietary information of the business, are not public records, and shall be redacted in its entirety from the copy of the application that is disclosed to the public.

Paul Anderson

**Executive Director** 

Date

#### Nevada Governor's Office of ECONOMIC DEVELOPMENT Company is an / a: (check one) ☑ New location in Nevada **Incentive Application** Company Name: The Power-Sonic Corporation □ Expansion of a Nevada company Date of Application: August 9, 2018 Section I - Type of Incentives Please check all that the company is applying for on this application: ☑ Sales & Use Tax Abatement ☐ Sales & Use Tax Deferral Modified Business Tax Abatement ☐ Recycling Real Property Tax Abatement Personal Property Tax Abatement ☐ Other: **Section 2 - Corporate Information** COMPANY NAME (Legal name under which business will be transacted in Nevada) FEDERAL TAX ID # The Power-Sonic Corporation 94-1735545 CORPORATE ADDRESS CITY / TOWN STATE / PROVINCE ZIP 7550 Panasonic Way San Diego CA 92154 MAILING ADDRESS TO RECEIVE DOCUMENTS (If different from above) STATE / PROVINCE 7IP CITY / TOWN TELEPHONE NUMBER WEBSITE 619-661-2020 www.power-sonic.com COMPANY CONTACT NAME COMPANY CONTACT TITLE Kevin Beaver Director of Finance E-MAIL ADDRESS PREFERRED PHONE NUMBER kevin.beaver@power-sonic.com 619-661-3610 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): **Section 3 - Program Requirements** Please check two of the boxes below; the company must meet at least two of the three program requirements: A capital investment of \$1,000,000 in eligible equipment in urban areas or \$250,000 in eligible equipment in rural areas are required. This criteria is businesses. In cases of expanding businesses, the capital investment must equal at least 20% of the value of the tangible property owned by the business. New businesses locating in urban areas require fifty (50) or more permanent, full-time employees on its payroll by the eighth calendar quarter quarter in which the abatement becomes effective. In rural areas, the requirement is ten (10) or more. For an expansion, the business must employees on its payroll by 10% more than its existing employees prior to expansion, or by 25 (urban) or 6 (rural) employees, whichever is In urban areas, the average hourly wage that will be paid by the business to its new employees is at least 100% of the average statewide hourly in rural areas, the average hourly wage will equal or exceed the lesser of the county-wide average hourly wage or statewide average hourly Note: Criteria is different depending on whether the business is in a county whose population is 100,000 or more or a city whose population is 60,000 or more "urban" area), or if the business is in a county whose population is less than 100,000 or a city whose population is less than 60,000 (i.e., "rural" area). Section 4 - Nevada Facility Type of Facility: Headquarters Service Provider □ Technology Distribution / Fulfillment □ Back Office Operations □ Manufacturing Research & Development / Intellectual Property □ Other: PERCENTAGE OF REVENUE GENERATED BY THE NEW JOBS EXPECTED DATE OF NEW / EXPANDED OPERATIONS (MONTH / YEAR) CONTAINED IN THIS APPLICATION FROM OUTSIDE NEVADA Dec-2018 NAICS CODE / SIC INDUSTRY TYPE Distribution DESCRIPTION OF COMPANY'S NEVADA OPERATIONS

International Battery Distribution Center and Corporate Headquarters PROPOSED / ACTUAL NEVADA FACILITY ADDRESS CITY / TOWN COUNTY ZIP Reno 365 Cabela Drive Washoe County WHAT OTHER STATES / REGIONS / CITIES ARE BEING CONSIDERED FOR YOUR COMPANY'S RELOCATION / EXPANSION / STARTUP?

California and Las Vegas, Nevada

### Section 5 - Complete Forms (see additional tabs at the bottom of this sheet for each form listed below)

Check the applicable box when form has been completed.

5 (A) 🗵 Equipment List

5 (B) 🗵 Employment Schedule

5 (C) 🗵 Evaluation of Health Plan, with supporting documents to show the employer paid portion of plan meets the minimum of 65%.

	Years	Expansions - Plans Over the Next 10 Years			
Part 1. Are you currently/planning on		Part 1. Are you currently leasing space in Nevada?			
leasing space in Nevada?_	Yes	If No, skip to Part 2. If Yes, continue below:			
If No, skip to Part 2. If Yes, continue below:		What year(s)?			
What year(s)?	2018	How much space (sq. ft.)?			
How much space (sq. ft.)?	40,750	Annual lease cost at current space:			
Annual lease cost of space:	\$220,050.00	Due to expansion, will you lease additional space?			
Oo you plan on making building tenant improvements?	Yes	If No, skip to Part 3. If Yes, continue below:			
If No, skip to Part 2. If Yes *, continue below:		Expanding at the current facility or a new facility?			
When to make improvements (month, year)?	Dec-2018	What year(s)?			
		How much expanded space (sq. ft.)?			
Part 2. Are you currently/planning on		Annual lease cost of expanded space:			
buying an owner occupied facility in Nevada?	No	Do you plan on making building tenant improvements?			
If No, skip to Part 3. If Yes *, continue below:		If No, skip to Part 3. If Yes *, continue below:			
Purchase date, if buying (month, year):		When to make improvements (month, year)?			
How much space (sq. ft.)?					
Do you plan on making building improvements?		Part 2. Are you currently operating at an			
If No, skip to Part 3. If Yes *, continue below:		owner occupied building in Nevada?			
When to make improvements (month, year)?		If No, skip to Part 3. If Yes, continue below:			
_		How much space (sq. ft.)?			
Part 3. Are you currently/planning on		Current assessed value of real property?			
building a build-to-suit facility in Nevada?	No	Due to expansion, will you be making building improvements?			
If Yes *, continue below:  When to break ground, if building (month, year)?  Estimated completion date, if building (month, year):		If No, skip to Part 3. If Yes *, continue below:  When to make improvements (month, year)?			
How much space (sq. ft.)?		Part 3. Do you plan on building or buying a new facility in Nevada?			
		If Yes *, continue below:			
		Purchase date, if buying (month, year):			
		When to break ground, if building (month, year)?			
		Estimated completion date, if building (month, year):			
		How much space (sq. ft.)?			

BRIEF DESCRIPTION OF CONSTRUCTION PROJECT AND ITS PROJECTED IMPACT ON THE LOCAL ECONOMY (Attach a separate sheet if necessary):
Not applicable - leasing building

Section 7 - Capital Investment (Fill in either New Operations/Startup or Expansion, not both.)							
New Operations / Start Up		Expansions					
How much capital investment is planned? (Breakout below):	How much ca	How much capital investment is planned? (Breakout below):					
Building Purchase (if buying):	Building Purchase (if buying):						
Building Costs (if building / making improvements):	\$800,000	Buildin	g Costs (if building / making improvements):				
Land:			Land:				
Equipment Cost:	\$448,700	Equipment Cost:					
Total:\$	1,248,700		Total:				
			Is the equipment purchase for replacement				
			of existing equipment?				
		Current	t assessed value of personal property in NV:				
			the most recent assessment from the County Assessor's Office.)				
Section 8 - Employment (Fill in either New Op	erations/	Startup or	Expansion, not both.)				
New Operations / Start Up			Expansions				
How many full-time equivalent (FTE*) employees will be created end of the first eighth quarter of new operations?:	ed by the 50	How many full-time equivalent (FTE*) employees will be created by the end of the first eighth quarter of expanded operations?:					
Average hourly wage of these new employees:	\$40.52	Av	Average hourly wage of these <u>new</u> employees:				
	How many FTE employees prior to expansion?:						
		Averag	ge hourly wage of these existing employees:				
			Total number of employees after expansion:				
* FTE represents a permanent employee who works an average of 30 as set forth in NAC 360.474.	0 hours per we	ek or more, is eligi	ble for health care coverage, and whose position is a "primary job"				
OTHER COMPENSATION (Check all that apply):  Overtime  Merit increases		Tuition assistance	ee 🔽 Bonus				
✓ Overtime ✓ Ment incleases  ✓ PTO / Sick / Vacation   COLA adjustments			Profit Sharing / 401(k)				
BRIEF DESCRIPTION OF ADDITIONAL COMPENSATION PROGR	AMS AND EL	GIBILITY REQUIR	EMENTS (Attach a separate sheet if necessary):				
Other programs to be determined							
Section 9 - Employee Health Insurance Benefit	t <b>P</b> rogran	า					
Is health insurance for employees and an option for dependent	s offered?:	✓ Yes (	copy of benefit plan must be attached) 🔻 No				
Package includes (check all that apply):							
✓ Medical ✓ Vision ✓ [	Dental	☐ Other:					
Qualified after (check one):							
☐ Upon employment ☐ Three months after hire d	ate 🗆	Six months after	er hire date  Other:				
Health Insurance Costs:			Percentage of health insurance coverage by (min 65%):				
Cost of health insurance for company (annual amount per emp	oloyee):	\$ 19,200.00	Company: 85%				
Health Plan annual out-of-pocket maximum (individual):		\$ 3,000.00	Employee: 15%				

[SIGNATURE PAGE FOLLOWS]

#### Section 10 - 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 company. I understand this requirement is necessary to qualify and to monitor for compliance of all statutory and regulatory provisions pertaining to this application.

Being owner, member, partner, officer or employee with signatory authorization for the company, 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. In addition, I and /or the company's legal counsel have reviewed the terms of the GOED Tax Abatement and Incentives Agreement, the company recognizes this agreement is generally not subject to change, and any material revisions have been discussed with GOED in advance of board approval.

Kevin Beaver
Name of person authorized for signature

Director of Finance

Title

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

### **Site Selection Factors**

Company Name: The Power-Sonic Corpo	ration	tion County: Washoe County							
Section I - Site Selection Ratings									
Directions: Please rate the select factors by importan Incentives Application.	ice to the	company's business (1 = very low; 5 = very high). Attach this form	to the						
Availability of qualified workforce:	3	Transportation infrastructure:	4						
Labor costs:	3	Transportation costs:	4						
Real estate availability:	4	State and local tax structure:	5						
Real estate costs:	5	State and local incentives:	5						
Utility infrastructure:	3	Business permitting & regulatory structure:	4						
Utility costs:	4	Access to higher education resources:	4						

Please summarize the importance of the abatement program to your decision (please include at least a paragraph summary):

The tax abatement program is very important in our decision to relocate our warehouse distribution operations and corporate headquarters to Reno, Nevada. That along with the favorable corporate tax climate in Nevada makes moving from California very attractive.

## **Equipment Schedule, Detailed**

The Office has determined the detailed equipment schedule as described in this application constitutes confidential proprietary information of The Power-Sonic Corporation, and is not a public record.

## **Employment Schedule, Detailed**

The Office has determined the detailed employment schedule as described in this application constitutes confidential proprietary information of The Power-Sonic Corporation, and is not a public record.

## 5(C) Evaluation of Health Plans Offered by Companies

Company Name: The Power-Sonic Corporation	County:	N	/ashoe	County
	´ -			
Total Number of Full-Time Employees:		50		
Average Hourly Wage per Employee		\$40.52		
Average Annual Wage per Employee (implied)	1	\$84,281.60	)	
Annual Cost of Health Insurance per Employee	7	£10, 200, 00	2	
Percentage of Cost Covered by:	`*	\$19,200.00	,	
Company		85%		
Employee		15%		
Health Plan Annual Out-of-Pocket Maximum		\$3,000		
Congreliand Critorio for Econstic Health Develle (CHD)				
Generalized Criteria for Essential Health Benefits (EHB) [following requirements outlined in the Affordable Care Act and US C	ada inaludina	12 1100 0	antinu	100001
Covered employee's premium not to exceed 9.5% of annual wage	oae, including		ection	
Covered employee's premium not to exceed 9.5% or annual wage		4.0%		MMQ
Annual Out-of-Pocket Maximum not to exceed \$7,150 (2017)		\$3,000		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 treatn	nent	V		
(F) Prescription drugs				
(G) Rehabilitative and habilitative services and devices		<b>V</b>		
(H) Laboratory services		<b>V</b>		
(I) Preventive and wellness services and chronic disease manage	ement			
(J) Pediatric services, including oral and vision care		7		
No Annual Limits on Essential Health Benefits		<b>V</b>		
I, the undersigned, hereby declare to the Governor's Office of Econ are true, and that I have attached sufficient plan information highlight	hting where ou	r plan refle	ects me	eeting the 65%
minimum threshold for the employe paid portion of the plan for GOE	)			same.
Name of person authorized for signature	Hu	nd Be	un	
Name of person authorized for signature	Signature			
Director of Finance	8,	ind Be	18	
Title	Date /	,		



# THE POWER-SONIC CORPORATION

Business Entity Information									
	Status:	Active					File D	ate:	09/16/1970
	Type:	Domestic Corpo				Entity Num	ber:	C2345-1970	
Qualifying	State:	NV				List of Officers [	Due:	09/30/2018	
Manag	ged By:						Expiration D	ate:	
Foreign	Name:						On Admin H	lold:	No
NV Busin	ess ID:	NV19701002708					Business License I	Ехр:	09/30/2018
Registered Agent Informa	ation								
Na		HQ INCORPORAT	ED		Address 1:		2235 E FLAMINGO RD STE 152		TE 152
Addres	s 2:				City		LAS VEGAS		
St	ate: N	v				Zip Code:	89119		
Pho	_					Fax:			
Mailing Addres	s 1:				Mailing	Address 2:			
Mailing (	_					iling State:	NV		
Mailing Zip Co				<u> </u>					
Agent Ty	_	ommercial Regist	ered Agent	- Corporation					
Jurisdict	-	EVADA			Status: Active				
View all business entities	under	this registered ag	jent ()						
Financial Information									
	No	Par Share Count:	0		<u> </u>			5,000.00	
		Par Share Count:	25,000.00			Par Share Value: \$1.0			00
Officers									Include Inactive Officers
President - GUY C CLUM									morade macrice officers
Address 1:	РОВО	OX 70477		Address 2:					
City:	LAS VI	EGAS		State:		NV			
Zip Code:	89170				Country:				
Status:	Active			Email:					
Director - GUY C CLUM									
Address 1:	РОВО	OX 70477		Address 2:					
City:	LAS VI	EGAS		State:		NV			
Zip Code:	89170				Country:				
Status:	Active				Email:				
Treasurer - KIM L TRAN									
Address 1:	РОВО	OX 70477		Address 2:	<u> </u>				
City:	LAS VI	EGAS		State:	NV				
Zip Code:	89170	9170			Country:				
Status:	Active				Email:	:			
Secretary - JOSE J VILLA	NUEVA	١				•			
Address 1:	РОВО	OX 70477		Address 2:					
City:	LAS VI	EGAS			State:	NV	NV		