

October 1, 2025

The Honorable Joe Lombardo
Office of the Governor
One Hundred One North Carson Street
Carson City, Nevada 89701

Ms. Diane Thornton, Director
Legislative Counsel Bureau
401 South Carson Street
Carson City, Nevada 89701

**Re: Annual Report
Projects with Capital Investments of \$1.0 Billion
Pursuant to NRS 360.895**

Dear Governor Lombardo and Director Thornton:

Pursuant to NRS 360.895 the Governor's Office of Economic Development is submitting its annual report for the Qualified Project commonly known as Redwood Materials, Inc. (the "Project"). The attached report is based on information provided by the Lead participant, Redwood Materials, Inc., and addresses the following statutory questions:

- (a) For the immediately preceding fiscal year;
- 1) The number of applications submitted pursuant to NRS 360.889
 - 2) The number of qualified projects for which an application was approved;
 - 3) The amount of transferable tax credits approved;
 - 4) The amount of transferable tax credits un-used;
 - 5) The amount of transferable tax credits transferred;
 - 6) The amount of transferable tax credits taken against each allowable fee or tax, including the actual amount used and outstanding, in total and for each qualified project;
 - 7) The number of abatements approved;
 - 8) The dollar amount of the abatements;

- 9) The number of employees engaged in construction of each qualified project who are residents of Nevada and the number of employees employed by each participant in a qualified project who are residents of Nevada;
 - 10) The number of qualified employees employed by each participant in a qualified project and the total amount of wages paid to those persons; and
 - 11) For each qualified project, an assessment of whether the participants in the qualified project are making satisfactory progress towards meeting the investment requirements necessary to support the determination by the Office that the project is a qualified project
- (b) For each abatement from taxation that the Office approved during the fiscal years which are 3 fiscal years, 6 fiscal years, 10 fiscal years and 20 fiscal years immediately preceding the submission of the report:
- 1) The dollar amount of the abatement;
 - 2) The value of infrastructure included as an incentive for the qualified project;
 - 3) The economic sector in which each participant in the qualified project operates, the number of primary jobs related to the qualified project, the average wage paid to employees employed by the participants in the qualified project and the assessed values of personal property and real property of the qualified project; and
 - 4) Any other information that the Office determines to be useful.

If further information is required, please contact me at your convenience.

Respectfully yours,

M. Sheldon

Melanie Sheldon
Senior Director of Business Development, GOED

cc: Thomas J. Burns, Executive Director, GOED
Shellie Hughes, Executive Director, Excise, Nevada Department of Taxation
Jennifer Lewis, Tax Manager, Excise, Nevada Department of Taxation
Jana Seddon, County Assessor, Storey County

Annual Report
Projects with Capital Investments of \$1.0 Billion
Pursuant to NRS 360.895
(FY 2025)

(a) For the immediately preceding fiscal year, the NRS requirements and responses are as follows:

- 1) The number of applications submitted pursuant to NRS 360.895: **Zero (0) applications were submitted.**
- 2) The number of qualified projects for which an application was approved: **Zero (0) projects. Redwood Materials, Inc., was approved by the GOED Board on December 2, 2022 (FY 2023);**
- 3) The amount of transferable tax credits approved: **\$6,441,000**
- 4) The amount of transferable tax credits used: **\$6,441,000**
- 5) The amount of transferable tax credits transferred: **\$6,000,000**
- 6) The amount of transferable tax credits taken against each allowable fee or tax, including the actual amount used and outstanding, in total for each qualified project: **\$6,441,000**
- 7) The number of abatements approved: **Four (4) abatements were approved by the GOED Board: Real Property, Personal Property, Modified Business, and Sales and Use Tax Abatements;**
- 8) The dollar amount of the abatements: **The dollar amount of the abatements for the immediately preceding fiscal year was \$4.6 million. Over the 15-year life of the incentive agreement, GOED estimated abatements would total \$80.7 million based on an investment of \$1.1 billion. Also, 100 percent claw-back plus interest provisions are contractually activated if the project fails to reach the required minimum 10-year investment of \$1 billion.**

For the immediately preceding fiscal year, the NRS requirements and responses are as follows:

- 9) **The dollar amount of the abatements: The dollar amount of the abatements in, FY 2025, totaled \$4.6 million, including \$2.8 million in Sales Taxes on construction materials, equipment, and other property, \$442,119 in Modified Business Tax, \$591,011 in Real Property Tax, and \$673,408 in Personal Property Tax. Also, 100 percent claw-back plus interest provisions are contractually activated if the project fails to reach the required minimum 10-year investment of \$1 billion.**

Source: Storey County Assessor's Office, Nevada Department of Taxation

- 10) **The number of employees engaged in construction of each qualified project who are residents of Nevada, and the number of employees employed by each participant in a qualified project who are residents of Nevada: The number of employees engaged in construction of each qualified project who are residents of Nevada, and the number of employees employed by each participant in a qualified project who are residents of Nevada are included below:**

- i. **Total number of construction employees who are Nevada residents: 1,201**
- ii. **Total number of Nevada residents who are employees of Redwood Materials, Inc.: 753 total Nevada residents**

Source: Eide Bailly LLP– Report of Independent Accountants on Applying Agreed Upon Procedures

- 11) **The number of qualified employees employed by each participant in a qualified project and the total amount of wages paid to those persons: The number of qualified employees (QEs) employed by each participant in a qualified project and the total amount of wages paid to those persons is as follows:**

- 12) **Total number of QEs of participants: 762 – Redwood Materials, Inc. is the sole project participant**

- 13) **Total wages paid: \$111,286,095 in wages were paid to 762 QEs for the period from July 1, 2024, to June 30, 2025, which, adjusted for actual hours, equates to \$52.39 per hour**

Source: Eide Bailly LLP– Report of Independent Accountants on Applying Agreed Upon Procedures / Redwood Materials, Inc. – internal reporting

- 12) **For each qualified project, an assessment of whether the participants in the qualified project are making satisfactory progress towards meeting the investment requirements necessary to support the determination by the Office that the project is a qualified project: For each qualified project, GOED provides an assessment of whether the participants in the qualified project are making satisfactory progress towards meeting the investment requirements necessary to support the determination by the Office that the project is a qualified project:**

- i. **Redwood Materials, Inc. reports an estimated total investment of \$770.3 million through June 30, 2025**
- ii. **Based on this investment, and observations of physical progress at the site, GOED has determined for FY 2025 that Redwood Materials, Inc. is making satisfactory progress towards meeting the investment requirements necessary to maintain its status as a qualified project**

Source: Eide Bailly LLP– Report of Independent Accountants on Applying Agreed Upon Procedures

- (b) For each abatement from taxation that the Office approved during the fiscal years which are 3 fiscal years, 6 fiscal years, 10 fiscal years and 20 fiscal years immediately preceding the submission of the report:

- 1) The dollar amount of the abatement:

	2023	2024	2025	Combined Total
RPT	-	-	\$ 591,011	\$ 591,011
PPT	-	-	\$ 673,408	\$ 673,408
MBT	\$ 0	\$ 309,397	\$ 442,119	\$ 751,516
SUT	\$ 678,204	\$ 1,684,949	\$ 2,860,223	\$ 5,223,376
Total	\$ 678,204	\$ 1,994,347	\$ 4,566,761	\$ 7,239,311

Source: Storey County Assessor's Office, Nevada Department of Taxation

- 2) The value of infrastructure included as an incentive for the qualified project: **No infrastructure was provided as an incentive for this qualified project.**
- 3) The economic sector in which each participant in the qualified project operates, the number of primary jobs related to the qualified project, the average wage paid to employees employed by the participants in the qualified project and the assessed values of personal property and real property of the qualified project:

Project to date

	Redwood Materials, Inc.
Economic Sector	Manu.
New Qualified Employees (NQEs)	762
Number of Nevadan residents NQEs	753
NQE Residency Percentage	99%
Average Wage	\$ 53.21

Source: Eide Bailly LLP – Report of Independent Accountants on Applying Agreed Upon Procedures

RPT Assessed Values	Redwood
2025-26	\$ 23,256,626

Source: Storey County Assessor's Office

PPT Assessed Values	Redwood
2024-25	\$ 25,944,953

Source: Storey County Assessor's Office



Agreed-Upon Procedures
Period of July 1, 2024 through June 30, 2025
Redwood Materials, Inc.



Independent Accountant's Report

To the Board of Directors and Management
Redwood Materials, Inc.
Carson City, Nevada

We have performed the procedures enumerated below related to Redwood Materials, Inc.'s (the "Company") schedules of qualified employees and construction employees and to the Company's listing of all capital investments made by the Company (as defined in the SB1 Incentive Compliance Agreement) in the State of Nevada (the "Subject Matter") for the period of July 1, 2024 through June 30, 2025 (the "Period"). The Company's management is responsible for the Company's compliance with the State of Nevada SB1 Incentive Compliance agreement for the period of July 1, 2024 through June 30, 2025.

The Company has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in understanding the Company's compliance with the State of Nevada SB1 Incentive Compliance Agreement during the period of July 1, 2024 through June 30, 2025, and we will report our findings based on the procedures performed. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

Required Qualified Employee Audit Data (Exhibits A-B)

1. We obtained a schedule from the Company listing all qualified employees of the Project Site for the period of July 1, 2024 through June 30, 2025.
2. We selected a sample of 25% of the qualified employee additions during the period per the summary sheet. For each selected qualified employee: we agreed wages paid to a paystub or W-2 form (or equivalent system-generated payroll report) to include wages, 401(k) contributions, and cafeteria plan contributions; we agreed residency status to a copy of their current (during the period under review) and valid Nevada driver's license, a copy of their current (during the period under review) motor vehicle registration, or other Nevada DMV proof of residency; and we agreed qualified employee status to the payroll information obtained above to test that the qualified employee was employed full-time and scheduled to work for an average of 30 hours per week at the Project site and had been for at least three consecutive months as of June 30, 2025, as well as proof that the qualified employee was offered coverage under a plan of health insurance provided by the Participant. Our sample selected resulted in the 90% accuracy threshold being met.

3. We recalculated the average wage of reported qualified employees to test that the minimum average wage of \$22.00 was met without exception.
4. We recalculated the residency as a percentage of qualified employees for the project to date to verify the percentage reported and that at least 50% of qualified employees are Nevada residents, as required, was met without exception.
5. We agreed the schedule of qualified employees obtained to the Required Qualified Employee Audit Data form without exception.
6. We recalculated the total amount of transferable tax credits earned as of June 30, 2025 without exception.

Combined Required Construction Employee Audit Data (Exhibit D)

1. We obtained a schedule listing all construction employees of the Project Site for the period of July 1, 2024 through June 30, 2025.
2. We selected a sample of 25% of the construction employee additions during the period listed as Nevada residents per the summary sheet. For each selected construction employee, we agreed residency status to a current (during the period under review) and valid Nevada driver's license, a copy of their current (during period under review) motor vehicle registration, or other Nevada DMV proof of residency. Our sample selected resulted in the 90% accuracy threshold being met.
3. We recalculated the residency as a percentage of construction employees for the project to date to verify the percentage reported and that at least 50% of construction employees are Nevada residents, as required, was met without exception.
4. We agreed the schedule of construction employees obtained from each participant to the Combined Required Construction Employee Audit Data form without exception.

Required Property Audit Data (Exhibits A and C)

1. We obtained the real and personal property listings from the Company listing all capital investments made at the Project Site for the period of July 1, 2024 through June 30, 2025.
2. We selected a sample of property additions of 25% of the total book value of property additions during the period.
3. We inspected the supporting documentation obtained for the sampled property additions to determine that the addition met the definition of a capital investment per the Incentive Agreement, and verified the determination of depreciable life was reasonable. Our sample selected resulted in the 90% accuracy threshold being met.
4. We footed the listings by asset class/depreciable life without exception.
5. We agreed the listings obtained from the Company to the Required Property Audit Data form, by asset class/depreciable life grouping and in total without exception.

We were engaged by the Company to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or a review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the State of Nevada SB1 Incentive Compliance agreement during the period of July 1, 2024 through June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Board of Directors and Management of Redwood Materials, Inc. and the State of Nevada and is not intended to be, and should not be, used by anyone other than these specified parties.

Eide Bailly LLP

Reno, Nevada
August 26, 2025

Exhibit A

Combined Summary and Transferable Tax Credit

Qualified Project Name: Lead Participant: Reporting Period: Project to Date Period:	Redwood Materials, Inc. Redwood Materials, Inc. July 1, 2024 - June 30, 2025 April 7, 2022 - June 30, 2025
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	Reporting Period *	Project to Date Period
Number of New Qualified Employees (NQE)	84	762
Number of NQEs who are Nevada Residents	384	753
Residency as a Percent		99%
Average Wage of Qualified Employees		\$ 53.21
Nevada residency requirements verified:		Yes
Qualified Employees requirements verified:		Yes
Total Capital Investment	\$ 236,660,736	\$ 770,347,095
Number of Qualified Employees (NQE)	84	762
Dollar Credit per NQE (up to 4,000 NQE's)	\$ 9,500	\$ 9,500
Qualified Employee Tax Credit	\$ 798,000	\$ 7,239,000
Total Transferable Tax Credit	\$ 798,000	\$ 7,239,000

* The total number of new qualified employees and new qualified employees who are Nevada residents hired by Redwood Materials, Inc. during the reporting period was 260 and 251, respectively. The numbers above reflect the number of qualified employees added during the reporting period less the number of previously qualified employees that left during the reporting period.

Exhibit B

Required Qualified Employee Audit Data

Qualified Project Name:	Redwood Materials, Inc.
Participant:	Redwood Materials, Inc.
Reporting Period:	July 1, 2024 - June 30, 2025
Project to Date Period:	April 7, 2022 - June 30, 2025

Workforce Composition

	Reporting Period *	Project to Date
Number of New Qualified Employees (NQE)	84	762
Number of NQEs who are Nevada Residents	384	753
Residency as a Percent		99%
Average Wage of Qualified Employees		\$ 53.21

* The total number of new qualified employees and new qualified employees who are Nevada residents hired by Redwood Materials, Inc. during the reporting period was 260 and 251, respectively. The numbers above reflect the number of qualified employees added during the reporting period less the number of previously qualified employees that left during the reporting period.

Exhibit C

Required Property Audit Data

Qualified Project Name:	Redwood Materials, Inc.
Participant:	Redwood Materials, Inc.
Reporting Period:	July 1, 2024 - June 30, 2025
Project to Date Period:	April 7, 2022 - June 30, 2025

	Reporting Period	Project to Date Period
Real Property		
Land	\$ -	\$ -
Building/Structure	\$ -	\$ 11,432,383
Building/Structure - CIP	\$ -	\$ 88,256,118
Subtotal	<u>\$ -</u>	<u>\$ 99,688,501</u>
Personal Property		
3- year life	\$ -	\$ -
4- year life	\$ -	\$ -
5- year life	\$ -	\$ -
7- year life	\$ -	\$ -
10- year life	\$ -	\$ 82,318,994
12- year life	\$ -	\$ -
15- year life	\$ -	\$ -
20- year life	\$ -	\$ -
30- year life	\$ -	\$ -
35- year life	\$ -	\$ -
CIP - Life TBD	\$ 196,730,070	\$ 503,785,159
Other Property	\$ -	\$ -
Expensed Property	\$ 39,930,666	\$ 84,554,441
Subtotal	<u>\$ 236,660,736</u>	<u>\$ 670,658,594</u>
Total Capital Investment	<u><u>\$ 236,660,736</u></u>	<u><u>\$ 770,347,095</u></u>

Exhibit D

Combined Required Construction Employee Audit Data

Qualified Project Name:	Redwood Materials, Inc.
Lead Participant:	Redwood Materials, Inc.
Reporting Period:	July 1, 2024 - June 30, 2025
Project to Date Period:	April 7, 2022 - June 30, 2025

Workforce Composition

	Reporting Period	Project to Date Period
Number of Construction Employees (CE)	1,004	1,786
Number of CEs who are Nevada Residents	658	1,201
Residency as a Percent		67%
Nevada residency requirements verified:		Yes