WHEN RECORDED RETURN TO:

City of Buckeye
ATTN: Lucinda J. Aja, City Clerk
530 East Monroe Avenue
Buckeye, Arizona 85326

ECONOMIC DEVELOPMENT AGREEMENT

BY AND BETWEEN

THE CITY OF BUCKEYE, ARIZONA,
an Arizona municipal corporation

AND

NIKOLA CORPORATION,
a Delaware corporation

DATED March _____, 2018

ECONOMIC DEVELOPMENT AGREEMENT

1. **Date.** The effective date of this Economic Development Agreement ("***Agreement***") is March ____, 2018 ("***Effective Date***").

2. **Parties.** The parties to this Agreement are:

(a) CITY OF BUCKEYE, ARIZONA
Attention: City Manager
530 East Monroe Avenue
Buckeye, Arizona 85326
Telephone: 623-349-6910 ***("City")***

(b) NIKOLA CORPORATION
Attention: Britton Worthen
1130 South 3800 West, #200
Salt Lake City, Utah 84104...**(*"Nikola")***

3. **Background.** The following is the background to this Agreement:

(a) Nikola will own, pursuant to terms and conditions of a separate written agreement between Nikola and the landowner, certain real property located in the City of Buckeye consisting of approximately five hundred (500) acres (the "***Land***"), which such real property is proposed to be located within the master planned community known as Trillium. Nikola agrees to provide the legal description of the Land to the City within ten (10) days of the date of Nikola's acquisition of the Land and the City shall thereafter record this Agreement.

(b) Nikola intends to develop the Land as an electric vehicle manufacturing/assembly facility, along with its corporate headquarters, with total space of approximately 1.0 million square feet and a total investment in the facility of approximately $1.0 billion (the "***New Facility***").

(c) Subject to the terms and conditions of this Agreement, the acquisition of ownership of the Land by Nikola, and the performance of third parties as generally described in Section 3(d) below, the City desires that Nikola cause the New Facility to be constructed and developed on the Land to enhance the City's commercial development potential in the area of the Land and in the City. The New Facility on the Land will: (i) create new and substantial opportunities for employment in the City, (ii) provide visibility for the City due to the New Facility's location in the City, (iii) provide a significant investment in the City, (iv) enhance tax collections in the City, (v) attract and promote new development on vacant properties adjacent to and surrounding the Land, and other benefits. The value of constructing and operating the New Facility on the Land has been analyzed through an economic and fiscal impact analysis performed by Rounds Consulting Group and set forth in a report dated August 21, 2017. The City has determined, based upon analysis by its economic development staff that the New Facility would not locate on the Land in the absence of this Agreement.

(d) The development of the New Facility by Nikola is the result of the significant efforts and months of discussions between several groups and entities desiring to see Nikola establish its headquarters and operations in Arizona, and in particular in Buckeye, Arizona, for the purpose of providing economic benefit to the State of Arizona and to the City. These groups and entities include the Arizona Commerce Authority, the Greater Phoenix Economic Council, the City, and the landowner of a master planned development known as Trillium which is located in the City. A copy of the Arizona Commerce Authority's letter dated November 2, 2017 that expresses support of the New Facility project and that provides certain business incentives to Nikola to develop the New Facility in Arizona is attached as **Exhibit A** and incorporated herein by reference. El Dorado Holdings, Inc., as the representative of the landowners of Trillium, provided a letter dated November 10, 2017 to Thomas Stringer, a representative of Nikola, proposing to, among other things, provide (i) up to 500 acres of real property located within Trillium for the development of the New Facility, and (ii) utilities and infrastructure necessary to enable the property to be in "shovel-ready" condition for the development of the New Facility, all subject to mutually agreeable future documentation between El Dorado Holdings, Inc. and Nikola. The foregoing described letter is attached as **Exhibit B** and incorporated herein by reference. In order for the property to be in "shovel-ready" condition for development of the New Facility, the property must have necessary infrastructure improvements including water, wastewater, and street improvements. A copy of the preliminary cost estimate summary for the infrastructure improvements for the New Facility proposed to be constructed by El Dorado Holdings, Inc. for the benefit of Nikola, and provided to Nikola/Tom Stringer, is attached as **Exhibit C** and incorporated herein by reference. The infrastructure improvements are to be over-sized and will serve property/properties within the City in addition to the New Facility and Trillium. Once constructed and installed by El Dorado Holdings, Inc., at no cost to Nikola or the City, the improvements are to be conveyed to the City for the City's use thus providing a direct benefit to the City.

(e) On March 6, 2018, Mayor and Council of the City of Buckeye (the "***City Council***") adopted that certain document entitled "Notice of Intent to Enter into a Development Incentive Agreement and Findings of Fact" (the "***Notice of Intent***"), attached hereto as **Exhibit D** and incorporated herein by reference. Included within the Notice of Intent were findings showing (i) that the New Facility is anticipated to raise more revenue than the amount of the incentives set forth below within the duration of this Agreement, (ii) the New Facility will create significant public benefits in the form of employment, taxes, and public infrastructure, and (iii) that, in the absence of the tax incentives proposed in this Agreement, the New Facility would not locate within the corporate boundaries of the City of Buckeye at the same time or place (collectively, the "***Findings***"). Clause (i) above, as included in the Findings, was independently verified on August 21, 2017, by an outside consultant, Rounds Consulting Group (the "Verification"), which is attached as an exhibit to the Notice of Intent set forth in **Exhibit D**. By executing this Agreement, Nikola hereby agrees and affirms that it (i) did not finance, or cause to be financed, the Verification, (ii) did not have input into the selection of Rounds Consulting Group for the purposes of such Verification and (iii) would not have located the New Facility in the City in the same manner in the absence of the tax incentives set forth in this Agreement.

(f) The City Council accepted the Findings on March 6, 2018 by a unanimous affirmative vote accepting the Notice of Intent.

(g) The City Council is empowered, pursuant to ARIZ. REV. STAT. § 9-500.11, to appropriate public funds to further employment opportunities and economic enhancement of the City. Accordingly, the City Council has determined that it is in the best interests of the citizens of the City to rebate a portion of the taxes generated and collected from (i) construction contracting associated with the construction of the New Facility, (ii) all new vehicle sales directly made at the New Facility (if any), and (iii) all new vehicle sales made within the corporate limits of the City at an authorized sales facility (if any).

4. Agreement. For good and valuable consideration, including the benefits to City and Nikola as described above, City and Nikola agree as is more specifically set forth in this Agreement. The recitals set forth above in the background to this Agreement are acknowledged by the parties and are incorporated herein by this reference.

5. Laws and Regulations.

(a) The City of Buckeye Code, including but not limited to that portion titled the "***Development Code***" as amended from time to time shall govern the development of the Land. The City must be able to regulate the planning and development of the Land and the construction and installation of public infrastructure improvements on the Land in order to serve the best interests of the City. Consequently, City reserves, exercising its sole and absolute discretion, the right to amend existing or to adopt new laws, rules, regulations and standards of development for the City, including resolutions, official policies and procedures and the Development Code (collectively, as amended or adopted from time to time, the "***Laws and Regulations***"), and the Laws and Regulations shall apply to the Land.

(b) Any change to the Laws and Regulations as allowed in this section shall not discriminate against Nikola and the Land, and any change shall be uniformly applied to all similar land and landowners at such time such land is within the boundaries of City.

6. Nikola Obligations. Nikola agrees and understands that all benefits, inducements, and monetary payments to Nikola by the City, pursuant to the terms and conditions of this Agreement, are specifically conditioned upon Nikola (i) acquiring ownership of the Land, (ii) constructing and completing the New Facility, (iii) creating new and substantial opportunities for employment in the City and (iv) causing development of the New Facility on the Land in accordance with the terms and conditions of this Agreement. Nikola covenants and agrees as follows:

(a) Nikola shall own, occupy and conduct its hydrogen or otherwise electric vehicle manufacturing/assembly operations on the Land for a minimum of ten (10) years from the date of issuance of the final certificate of occupancy for the New Facility. If Nikola does not own, occupy and conduct its New Facility operations on the Land for ten (10) years from the date of issuance of the final certificate of occupancy for the New Facility, the City's obligations under this Agreement shall terminate and Nikola shall pay to the City an amount that is equal to the amount paid by the City to Nikola up to the time of the ceasing of Nikola's New Facility operations (the "***Nikola Penalty***"). The Nikola Penalty includes any tax rebates received from the City and the City's reimbursement to Nikola of City building permit fees, plan review fees and expedited review fees for the New Facility. Payment of the Nikola Penalty shall be determined by the City at the time Nikola ceases its New Facility operations and the Nikola Penalty shall be paid by Nikola to the City no later than ten (10) days following the date of the City's written notice of the amount paid by the City to Nikola. Nikola's obligation to pay the Nikola Penalty to the City shall survive the termination or expiration of this Agreement; and

(b) Nikola shall commence construction of the New Facility on the Land no later than three (3) years from the Effective Date of this Agreement and Nikola shall complete construction of the New Facility on the Land in order to commence its operations no later than four (4) years from the Effective Date of this Agreement. In the event of documented and valid business reasons resulting in delays and the inability for Nikola to meet these dates, the City Manager shall have the authority to administratively extend these deadlines for up to one additional year; extensions beyond one year shall require an amendment to this Agreement and the approval of the City Council. In the event that Nikola does not commence construction of the New Facility on the Land by three (3) years from the Effective Date of this Agreement, this Agreement shall automatically terminate with no notice, agreement, or recording required by and between the parties; and

(c) Nikola shall employ at least 2,000 full time employees in the New Facility by January 2024; and

(d) Nikola shall comply with all terms and conditions of this Agreement.

7. <u>City Obligations</u>. Subject to the terms and conditions of this Agreement, including Nikola's performance and satisfaction of the requirements in <u>Section 6 (a) through (d)</u> above, the City will:

(a) Support, and use all available economic development resources to assist with the application for, Nikola's/New Facility's designation as a foreign trade zone under FTZ #277; and

(b) Provide, if so requested by Nikola, at no cost to Nikola, temporary use of approximately 5,200 square feet of City-owned commercial space at the Sundance Crossings Center located at Yuma and Dean Roads in the City; and

(c) Pay to Nikola periodic payments, as set forth in this <u>Section 7(c)</u>, from New Facility Generated Sales Taxes (defined below) as an incentive to Nikola to develop the New Facility in the City. Each periodic payment paid by the City shall be paid from New Facility Generated Sales Taxes actually received by the City from the Arizona Department of Revenue ("***ADOR***") and shall be in the amount equal to forty-nine percent (49%) of the New Facility Generated Sales Taxes. The New Facility Generated Sales Taxes payments shall be paid quarterly by the City as follows: On or before April 30 for the first quarter of the calendar year (January-March); on or before July 30 for the second quarter of the calendar year (April-June); on or before October 30 for the third quarter of the calendar year (July-September); and on or before January 30 of the following calendar year for the fourth calendar year payment (October-December). The quarterly New Facility Generated Sales Taxes payments shall continue to be paid to Nikola on the dates set forth in this <u>Section 7(c)</u> until the date that is ten (10) years from the Effective Date of this Agreement. Nothing contained in this Agreement shall be construed in such a manner as to cause the City to violate any privacy or confidentiality laws applicable to the contracting taxes, New Facility Generated Sales Taxes and taxpayers.

Nikola shall provide to the City the name or names under which the businesses operating within the Land, or as the New Facility, are reporting to ADOR. Nikola and its successors and assigns shall, within ten (10) days of a name change, notify the City in writing of such name change(s) under which the businesses operating within the Land or as the New Facility are reporting to ADOR. In addition, Nikola shall provide to the City the name or names under which businesses that have located and are operating within the corporate limits of the City as a result of inducement by the Nikola and are reporting to ADOR.

Definition of New Facility Generated Sales Taxes. "***New Facility Generated Sales Taxes***" shall mean all unrestricted transaction privilege taxes validly imposed or levied by the City, and not earmarked for a contrary or inconsistent purpose, generated from the retail sales transactions of (i) construction contracting associated with the construction of the New Facility, (ii) all new vehicle sales directly made at the New Facility (if any), and (iii) all new vehicle sales made within the corporate limits of the City at an authorized sales facility (if any). New Facility Generated Sales Taxes shall not include transaction privilege tax revenues collected and paid over to the City by ADOR from (a) transaction privilege tax revenue designated and allocated as Economic Development Funds which is funded by 6.25% of the revenues received from the first 2% of the retail sales transactions of the businesses within the Land, (b) transaction privilege tax revenue that is designated, allocated, or restricted as to its use, such as the proceeds from an increase on the transaction privilege tax on hospitality industry businesses to be used exclusively for the promotion of tourism, or (c) any other similar tax restricted as to its use.

Sample Payment Calculation. A sample of the calculation of the quarterly New Facility Generated Sales Taxes payment is attached hereto as **Exhibit E**. The parties acknowledge and agree that the figures used in the sample calculation on **Exhibit E** are only estimates and are only for illustration and information purposes.

New Facility Generated Sales Taxes Subordinate to Any Pledge. Payment of New Facility Generated Sales Taxes by the City is subject to and in all respects subordinate to any pledge, now in existence or hereafter made.

(d) Nikola may desire to provide the City with additional public benefit(s) in the future, such as a public park or electric vehicles. In such event, and conditioned upon Nikola first obtaining ownership of the Land in fee title, the proposed public benefit shall be required to be a direct benefit to the City and the determination of whether the proposed benefit is a direct public benefit shall be at the City's sole discretion. The City is willing to reimburse Nikola for such direct public benefit and the terms and conditions of the City's reimbursement to Nikola for such direct public benefit received by the City, including the method to determine the value of the direct public benefit, shall be pursuant to a separate written document, mutually agreed to by Nikola and the City. The duration of the reimbursement period shall end on that date that is the earlier of: (i) the date that the City has reimbursed Nikola for the agreed upon value of the direct public benefit provided to the City by Nikola, or (ii) the date that is ten (10) years from the date of issuance of the final certificate of occupancy for the New Facility. The reimbursement to

Nikola by the City may be made by annual payments that are indexed to forty-nine percent (49%) of the City portion of the real property taxes for the Land received by the City from Nikola.

(e) Perform expedited reviews of zoning applications, permits and plans submitted to the City for development of the New Facility and perform expedited inspections of construction of the New Facility.

8. Permit and Plan Review Fees; Reimbursement.

(a) Development Impact Fees. Development of real property within the City of Buckeye is subject to impact fees as adopted by City Council, subject to credits as allowed by law. No credit will be given for dedication of rights-of-way, easements, or other land normally required for public infrastructure.

(b) Reimbursement of Fees. City agrees to reimburse Nikola for building permit fees, plan review fees and expedited review fees (***"Permit and Review Fees"***) associated with construction of the New Facility provided that Nikola has timely performed its obligations of Section 6(a) through 6(c) of this Agreement. Reimbursement of Permit and Review Fees pursuant to this Section 8(b) shall not exceed Seven Hundred Fifty Thousand and No/Dollars ($750,000.00) (the "***Permit and Review Fees Reimbursement Amount***"). The City will pay Nikola the Permit and Review Fees Reimbursement Amount following the City's issuance of the final certificate of occupancy for the New Facility. At the time of issuance of the certificate of occupancy for the New Facility, Nikola agrees to provide the City with a written, detailed and complete list of all Permit and Review Fees paid by Nikola for development of the New Facility along with the amounts paid. The City agrees to pay Nikola the verified Permit and Review Fees Reimbursement Amount no later than 10 business days from the date of the City's verification.

9. City Sales Tax Rates. Nikola understands and agrees that the City cannot guarantee that the City's transaction privilege tax rates in effect as of the Effective Date of this Agreement, or the abatement of the sales tax on sales of electricity in manufacturing operations, will remain in effect in the future as the City's transaction privilege tax rates are subject to City Council consideration and action.

10. Rights and Remedies. The parties shall be entitled to all rights and remedies available at law and equity for breach of the provisions of this Agreement.

11. Conflicts of Interest. The parties acknowledge that this Agreement is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, as amended.

12. Covenants Running with the Land. The provisions of this Agreement shall be for the benefit of, and shall be a burden upon, the Land, and the provisions of this Agreement shall be covenants running with the Land, without the necessity of an assignment of this Agreement with the conveyance of any part of the Land.

13. Term of Agreement. Subject to the provisions of Section 6(b) of this Agreement, this Agreement shall automatically terminate as to the Land without the necessity of any notice, agreement or recording by and between the parties on that date which ten (10) years from the Effective Date of this Agreement.

14. **No Agency or Partnership.** Neither City nor Nikola are acting as the agent of the other with respect to this Agreement, and this Agreement shall not be deemed to create a partnership, joint venture or other business relationship between City and Nikola.

15. **No Third Party Beneficiary.** This Agreement shall not create any third party beneficiary rights to any person or entity who is not a party to this Agreement, including any lender to Nikola, unless expressly provided to the contrary in this Agreement (and then only to the extent so provided).

16. **Recording.** In accordance with the provisions of Section 3(a) of this Agreement, Nikola agrees to provide the legal description of the Land to the City within ten (10) days of the date of Nikola's acquisition of the Land and the City shall thereafter promptly record this Agreement.

17. **Time of Essence.** Time is of the essence of this Agreement.

18. **Benefit and Binding Effect; Assignment.** The provisions of this Agreement are binding upon and shall inure to the benefit of the parties; provided however, that Nikola's rights and obligations hereunder may be assigned and assumed with the prior written consent of the City which such consent shall not be unreasonably withheld. The express assignment and assumption of Nikola's rights and obligations shall be made by a written instrument recorded in the Official Records of Maricopa County, Arizona, and shall be signed by assignor and assignee with the City's written consent. Nikola's rights and obligations hereunder shall terminate effective upon the assumption by Nikola's assignee of such rights and obligations. For purposes of Section 7(c) of this Agreement, assignee shall provide to the City within ten (10) calendar days of the assignment, as consented to by the City, the name or names under which assignee is reporting to ADOR.

19. **Waiver of Claims.** Nikola, on behalf of itself and all other parties having an interest in the Land, intends to encumber the Land with the following agreements and waivers. Nikola agrees and consents to all the conditions imposed by this Agreement, and by signing this Agreement waives any and all claims, suits, damages, compensation and causes of action for diminution in value of the Land the owner of the Land may have now or in the future under the provisions of A.R.S. Sections 12-1134 through and including 12-1136 resulting from this Agreement or from any "land use law" (as such term is defined in the aforementioned statute sections) expressly permitted or contemplated by this Agreement to be enacted, adopted or applied by the City now or hereafter. Nikola acknowledges and agrees the terms and conditions set forth in this Agreement cause an increase in the fair market value of the Land and such increase exceeds any possible reduction in the fair market value of the Land caused by any future land use laws, rules, ordinances, resolutions or actions expressly permitted or contemplated by this Agreement and adopted or applied by the City to the Land.

20. **Amendment**. Any amendment to this Agreement shall be in writing.

21. <u>Notices</u>. All notices, requests, waivers, approvals, acceptances or other communications under this Agreement shall be in writing and shall be deemed given when personally delivered or transmitted by facsimile or two days after mailing by certified mail, return receipt requested and postage prepaid, to the addresses set forth below:

(a)	For City:	City of Buckeye Attention: City Manager 530 East Monroe Avenue Buckeye, Arizona 85326
	With a copy to:	Gust Rosenfeld, PLC Attention: Shiela B. Schmidt, City Attorney One East Washington, Suite 1600 Phoenix, Arizona 85004-2553 Email: sschmidt@gustlaw.com
(b)	Nikola:	Britton Worthen 1130 South 3800 West #200 Salt Lake City, Utah 84104 Email: britton.worthen@nikolamotor.com
	With a copy to:	____________________________ ____________________________ ____________________________

No notice to a party shall be effective unless and until a copy of such notice is given to, or as appropriate, received by, all persons indicated above as entitled to receive required copies of notices to that party. The above described recipients of notices may change their address for notice purposes by giving the other parties notice of such change, provided, however, that no such change in notice shall be effective for a period of ten (10) days following such notice of such change. The inability to deliver because of a changed address of which no notice was given, or rejection or other refusal to accept any notice, shall be deemed to be the receipt of the notice as of the date of such inability to deliver or rejection or refusal to accept. Any notice to be given by any party hereto may be given by legal counsel for such party.

22. <u>Force Majeure</u>. The performance of either party and the duration of this Agreement shall be extended by any causes that are beyond the control of the party required to perform, such as an act of God, civil or military disturbance and labor or material shortage.

23. <u>Governing Law</u>. This Agreement shall be governed by and construed under the laws of the state of Arizona, and any litigation shall take place only in Maricopa County, Arizona.

24. <u>Attorneys Fees</u>. The prevailing party in any litigation in connection with this Agreement shall be entitled to its attorneys' fees and costs.

25. <u>No Waiver of Right or Remedy</u>. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by the City or Nikola of the breach of any covenant of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or any other covenant or condition of this Agreement.

26. <u>Severability</u>. If any provision of this Agreement is declared void or unenforceable by a court of competent jurisdiction, such provision shall be severed from this Agreement, which shall otherwise remain in full force and effect if the remaining provisions permit the parties to achieve the practical and proportional benefits and obligations of the arrangements contemplated by this Agreement. Otherwise, either party may terminate this Agreement.

27. <u>Obligations Not a Debt</u>. The City's obligations pursuant to the provisions of this Agreement that require the expenditure of funds do not constitute a general obligation or indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction. The obligations herein do not (i) obligate the City to levy or pledge any form of taxation, (ii) obligate the City to make any expenditure from proceeds of ad valorem taxes, or (iii) constitute a pledge of the revenues, funds or monies of the City. The provisions of this Agreement for payment of funds by the City shall be subject to the "budget law" of the State of Arizona and appropriation in each fiscal year's budget.

28. <u>Exhibits; Merger</u>. This Agreement, together with **<u>Exhibit A</u>** through **<u>Exhibit E</u>** listed below and attached hereto and incorporated herein by this reference, constitute the entire agreement between the parties with respect to development of the Land. All prior contemporaneous agreements, representations and understandings of the parties, oral or written, are hereby superseded and merged herein.

<u>Exhibit A</u>	Arizona Commerce Authority 11.2.2017 letter
<u>Exhibit B</u>	El Dorado Holdings 11.10.2017 letter
<u>Exhibit C</u>	Preliminary cost estimate summary for the infrastructure improvements for the New Facility proposed to be constructed by El Dorado Holdings, Inc. for the benefit of Nikola
<u>Exhibit D</u>	Notice of Intent
<u>Exhibit E</u>	Sample Calculation for Quarterly New Facility Generated Sales Taxes Payment

29. <u>E-Verify Requirements</u>. To the extent applicable under A.R.S. § 41-4401, Nikola warrants compliance with all federal immigration laws and regulations that relate to its employees and compliance with the E-verify requirements under A.R.S. § 23-214(A). Nikola's failure to comply with such warranty shall be deemed a material breach of the Agreement, as amended, and may result in the termination of the Agreement, as amended, by the City.

30. **Signature.** The parties have executed this Agreement as of the Effective Date.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

CITY OF BUCKEYE, ARIZONA, an Arizona municipal corporation

____
Jackie A. Meck, Mayor

ATTEST:

____
Lucinda J. Aja, City Clerk

APPROVED AS TO FORM:

____
City Attorney

STATE OF ARIZONA
COUNTY OF MARICOPA

On this, the ____ day of ______________, 2018**,** before me personally appeared Jackie A. Meck, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above document.

____
Notary Public

(Affix notary seal here)

NIKOLA:

NIKOLA CORPORATION,
a Delaware corporation

By: ________________________
Its: Chief legal officer

STATE OF ARIZONA
COUNTY OF MARICOPA

On this, the 6th day of March, 2018, before me personally appeared Britton M. Worthen, whose identity was proven to me on the basis of satisfactory evidence to be the person who he or she claims to be, and acknowledged that he or she signed the above document.

Lucinda J. Aja
Notary Public
State of Arizona
County of Maricopa
Comm. Expires 01-18-2022

(Affix notary seal here)

____
Notary Public

EXHIBIT A
TO
ECONOMIC DEVELOPMENTAGREEMENT
BETWEEN
THE CITY OF BUCKEYE
AND
NIKOLA CORPORATION

[Arizona Commerce Authority 11.2.2017 letter]

See following page(s).

ARIZONA
COMMERCE AUTHORITY

November 2, 2017

Thomas Stringer, Managing Director
BDO Consulting
100 Park Avenue, 10th Floor
New York, NY 10017

RE: Project Asteroid (the "Project")

Dear Mr. Stringer:

Thank you for collaborating with our office on Project Asteroid. As demonstrated by the State's efforts to date, Governor Doug Ducey and the Arizona Commerce Authority (the "ACA") are extremely supportive of the Project and are committed to securing this exciting opportunity for the State of Arizona (the "State"). The purpose of this letter is to follow up our recent conversations by providing the following business incentives analysis (the "Analysis") for the Project.

Because the parameters of the Project are unique in many respects, the Analysis is predicated upon the following important assumptions:

A. The Project will incorporate an offer to pay at least 65% of each employee's premium or membership costs of health insurance;
B. The incentive programs in existence today will remain substantially in place over the 7-year life of the Project;
C. Project Representatives will work collaboratively with the ACA to manage timing and other elements to take maximum advantage of the State's incentive programs despite constraints in credit caps and deadlines.

<u>I. Business Incentive Analysis</u>

This Analysis is based on the following assumptions regarding the Project (the "Project Assumptions"):[1]

- The Project will entail the establishment and operation of a renewable energy-fueled electric vehicle manufacturing headquarters and operations facility (Class 8 and UTV) in the City of Buckeye, Maricopa County.

- The Project will make a qualifying capital investment of $1.001 billion over 6 years, in the following annual progression:

    - 2019: $116,000,000
    - 2020: $41,010,000
    - 2021: $221,000,000
    - 2022: $322,000,000

[1] Please advise if any of the Project Assumptions are inaccurate so that we can modify the Analysis appropriately.

- 2023: $160,740,000
- 2024: $141,120,000

- At least 80 percent of the property and payroll of the facility will be devoted to one or more of the following: (i) “qualified manufacturing” (within the meaning of A.R.S. § 41-1512(X)(7)) entailing manufacturing of tangible products at least 65 percent of which will be sold out-of-state, (ii) “qualified research” (within the meaning of A.R.S. § 41-1512(X)(8)) entailing research conducted by a taxpayer engaged in manufacturing that derives at least 65 percent of its revenue from out-of-state sales and (iii) “qualified headquarters” (within the meaning of A.R.S. § 41-1512(X)(6)) entailing a global, national or regional headquarters for a taxpayer involved in manufacturing and that derives at least 65 percent of its revenue from out-of-state sales.

- Between 2019 and 2025, the Project will create 2,062 net new full-time jobs in Arizona (the “New Jobs”).

  - 113 of the New Jobs will be created in 2019; 100 of the New Jobs will be created in 2020; 300 of the New Jobs will be created in 2021; 300 of the New Jobs will be created in 2022; 499 New Jobs will be created in 2023; 502 of the New Jobs will be created in 2024; 248 of the New Jobs will be created year 2025.
  - The New Jobs will pay an average annual wage of $80,000.
  - At least 51% of the New Jobs created each year will pay a qualifying annual wage equal to or greater than 125 percent of the Arizona median annual wage for all production occupations (determined as of the date that an application for pre-approval of tax credits in accordance with the Qualified Facility Tax Credit Program, discussed below, is submitted). Currently, the Arizona median annual production wage is $32,594; 125 percent of this amount equals $40,742.
  - Each of the New Jobs will offer health insurance for which the Project will offer to pay 65 percent of the premium or membership cost.

A. Qualified Facility Tax Credit Program

The Arizona Qualified Facility Tax Credit Program (the “Facility Program”)[2] provides a refundable income tax credit[3] for qualifying capital investment made at a manufacturing[4] facility, including a manufacturing-

[2] The Facility Program is established by A.R.S. § 41-1512, which requires all preapprovals to be obtained by the taxpayer before January 1, 2023 in order to participate in the Facility Program. For purposes of this Analysis, we have assumed that deadline will be extended. The ACA may not authorize greater than $70 million per year for all taxpayers pursuant to the Facility Program, with no more than $30 million per year for a single taxpayer. For information regarding the Facility Program, see www.azcommerce.com/incentives/qualified-facility.

[3] Under A.R.S. § 42-1118, a refundable tax credit is paid as a refund to the extent the credit exceeds the credit recipient’s tax liability.

[4] “Manufacturing" for purposes of the Facility Program means fabricating, producing or manufacturing raw or prepared materials into usable products, imparting new forms, qualities, properties and combinations. Manufacturing does not include generating electricity. To demonstrate eligibility as a manufacturer, a taxpayer must document four separate and unique processes that impart new forms, qualities, properties and combinations. See https://www.azcommerce.com/media/1401469/2017-2-17-qf-guidelines-final.pdf.

related research or headquarters facility, that devotes at least 80 percent of the facility's property and payroll to one or more of the following: (i) "qualified manufacturing," (ii) "qualifying headquarters," and/or (iii) "qualified research."[5]

"Manufacturing" for purposes of the Facility Program means fabricating, producing or manufacturing raw or prepared materials into usable products, imparting new forms, qualities, properties and combinations. However, the applicable statute specifically states that manufacturing does not include generating electricity. To demonstrate eligibility as a manufacturer, a taxpayer may be requested to document four separate and unique processes that impart new forms, qualities, properties and combinations.

Applying these principles to the Project, it is our understanding that the Project will entail activities associated with engineering and producing automobiles that use alternative sources of energy, primarily hydrogen, to generate electricity as a fuel. We understand the current Project scope will not include the production, storage, or transportation of the hydrogen itself, as that portion of the Project's business model is currently in development. It is further our understanding that the production process will focus on the production of automobiles and their relevant elements. The Project will not generate electricity, but will necessarily impart new forms, qualifies, properties, and combinations from existing raw or prepared materials, a result of which will be the capability of producing and consuming electricity. Thus, the Project will not be generating electricity – it will instead be fabricating and producing the means whereby electricity may be generated and consumed in each new automobile.

Assuming our understanding is correct and there are no material facts or omissions that would inform an alternative application of the applicable legal standard of "manufacturing" as set forth in A.R.S. 41-1512(X)(4), our preliminary determination prior to a full review of a substantially complete application is that the Project would qualify as "manufacturing" for purposes of the Facility Program.[6]

Tax credits issued to a recipient under the Facility Program generally equal the lesser of: (i) 10 percent of the qualifying capital investment at the facility[7] or (ii) $20,000 per net new full-time job at the facility.[8]

All of the net new jobs must, among other criteria, (i) offer health insurance for which the Project will pay at least 65 percent of the premium or membership cost and (ii) at least 51 percent of the net new jobs

---

[5] Under current Facility Program Rules, the 80 percent property test is based on the percentage of the square footage and payroll of the facility that is devoted to one or more of the enumerated qualified activities. Each of the three qualified activities is defined in A.R.S. § 41-1512(X).

[6] Please note that this determination is intended as a courtesy response to a general inquiry regarding the qualifications of the Facility Program in the context of the Project and should not be viewed as a formal policy statement or final agency action. Final determination regarding eligibility for or certification of tax credits can only be provided in the context of a substantially complete application, as such term is defined in Facility Program guidelines, following a review of due diligence documentation.

[7] For information regarding those types of expenditures that constitute qualifying capital investment for purposes of the Facility Program, see Section 8(B) of the Facility Program Guidelines, a copy of which may be accessed at https://www.azcommerce.com/media/1401469/2017-2-17-qf-guidelines-final.pdf.

If qualifying capital investment occurs over more than one 12-month period following pre-approval, additional expenditures must be made each 12-month period. See A.R.S. § 41-1512(M).

[8] The Facility Program contemplates only formal employee-employer employment positions. See, e.g., A.R.S. § 41-1512 (B) and (C). Accordingly, contract positions are excluded from consideration for purposes of the Facility Program.

must pay qualifying annual wages[9] at least equal to 125 percent of the state median annual wage for all production occupations (determined at the time of applying for pre-approval under the Facility Program). Credits are claimed in equal installments over five years commencing after the facility begins operations and after all approvals are obtained.

Based on the Project Assumptions, the Project could qualify for refundable income tax credits pursuant to the Qualified Facility Program in respect to job creation and investment through 2025 of up to $41,240,000 (the lesser of (i) $100,100,000 ($1,001,000,000 in total qualifying capital investment x 10 percent) or (ii) $41,240,000 (2,062 net new jobs x $20,000 per job)).[10]

B. Job Training Grants Program

The Arizona Job Training Grants Program (the "Training Program") provides grants, on a competitive application basis, to assist companies with training expenses of Eligible Employees. For purposes of the Training Program, Eligible Employees are those employees hired in employment positions qualifying as Net New Jobs (as such term is defined in the Guidelines) after the date of submission of the Program grant application and who meet the following wage thresholds:

i. Employers in Maricopa or Pima Counties with 100 or more employees in the State as of the date of application: average wage of Employee-trainees is at least 1.0 x County Median Wage.

ii. Employers in Maricopa or Pima Counties with 1 – 99 employees in the State as of the date of application: average wage of Employee-Trainees is at least 0.8 x County Median Wage.

iii. Employers in any county outside of Maricopa and Pima: average wage of Employee-Trainees is at least 0.8 x Balance of State Median Wage.

Training Program grants are paid to reimburse up to 75 percent of the approved training costs for Eligible Employees, up to $5,000 for each Eligible Employee for companies located in urban areas and $8,000 for each Eligible Employee for companies located in rural areas. Each grant covers up to an eighteen-month hiring and training cycle.

The Training Program is scheduled to expire on December 31, 2020, after which time no new grants will be issued; grants issued on or before, and terminating after, December 31, 2020 will remain in effect through their respective contractual end date. Grants will be funded to a maximum of $1.3 million per

[9] For information regarding those items of compensation that constitute qualifying wages for purposes of the Facility Program, see Section 8(C) of the Facility Program Guidelines, a copy of which may be accessed at https://www.azcommerce.com/media/1401469/2017-2-17-qf-guidelines-final.pdf. Overtime pay and profit sharing and retirement plan accruals are among those compensation items which do *not* constitute qualifying wages for purposes of the Facility Program. Only certain bonuses constitute qualifying wages for purposes of the Facility Program.

[10] This amount represents the *total* Facility Program credits available over time for the New Jobs created provided that (i) applications are timely filed throughout the course of the Project, (ii) each New Job is maintained for at least five years following post-approval is obtained and is not vacant for a cumulative period of time following post-approval longer than 150 days, and (iii) the facility maintains qualified operations for at least five years following post-approval. These conditions will be reflected in the post-approval documentation contemplated by subsections (Q) and (R) of A.R.S. § 41-1512.

grant. Based on the Project Assumptions, and assuming funds remain available, the Project could qualify for Training Program funds up to $2,365,000, which includes New Jobs for Years 2019, 2020, and 260 of Year 2021 New Jobs. However, because the Training Program is limited by statute and further as a result of the Year 2021 New Jobs expected further in the future, it is more likely that funds will be limited, with a result of a total of **$1,815,000** available for the Project.

C. Arizona Competes Fund

The Arizona Competes Fund provides cash grants to promote the growth and diversification of business investment in Arizona by attracting, expanding and retaining businesses in targeted industries.

The ACA is pleased to offer an Arizona Competes Fund grant in the amount of Three Million Five Hundred Thousand Dollars **($3,500,000)** (the "Competes Grant") in exchange for the Project's location in Arizona and otherwise subject to the Project complying with the Assumptions. Please note the Competes Grant will be paid in pro rata increments as mutually agreed-upon milestones relating to satisfaction of the Project Assumptions are achieved during the term of the Competes Grant. The Competes Grant will be subject to the Project's compliance with applicable statutory conditions.[11] The terms and conditions of the Competes Grant, including the composition of the milestones, the milestone payment amounts and dates, the claw-back provisions, and any claw-back repayment security provisions, will be set forth in a written grant agreement to be negotiated by the parties.[12]

This offer of an Arizona Competes Fund Grant is valid through Friday, December 1, 2017. If you wish to accept the offer, please reply to us in writing accompanied by a copy of this letter by such date.

II. Pro Business Climate:

In addition to the incentive above, please note the following aspects of Arizona's pro-business climate that may be of special relevance to the Project:

100 Percent Electable Sales Factor for Multi-State Corporations

The electable sales factor for multi-state corporations has increased from 80 percent to 100 percent in recent years. In the past, a corporation that conducted business both in-state and out-of-state was required to apportion its income from business activity based on the ratio of property, payroll, and sales in Arizona compared to the corporation's property, payroll, and sales everywhere. Currently, however,

---

[11] The Arizona Competes Fund is established by A.R.S. § 41-1545, *et seq*. The statutory conditions specific to the Arizona Competes Fund program are set forth at A.R.S. § 41-1545.02, and include, without limitation, that grant recipients (i) be in good corporate standing, (ii) owe no delinquent taxes in Arizona, (iii) pay compensation that exceeds, *on average*, 100 percent of the applicable county median wage ($35,760 in Maricopa County in 2017), (iv) be primarily engaged in an Arizona "basic industry", (v) provide health insurance benefits to all employees for which the grantee pays at least 65 percent of the cost and (vi) be enrolled and participating in the federal E-Verify Program pursuant to A.R.S. § 23-214.

[12] Until such agreement containing terms and conditions acceptable to each party in its sole discretion is executed, neither party shall have any obligation to the other with respect to the Grant, save and except with respect to existing mutual nondisclosure obligations.

such a corporation is able to apportion its income in Arizona on the basis of sales, only. This development provides multi-state businesses with the ability to reduce their Arizona corporate tax burden.

30 Percent Reduction in Arizona's Corporate Income Tax Rate

Arizona has reduced its corporate income tax rate by nearly 30 percent, from 6.97 percent to 4.9 percent over the last 4 years. This 30 percent reduction makes Arizona's corporate income tax rates among the lowest in the country.[13]

Commercial Property Tax Reform

Arizona has reduced its commercial property tax assessment ratio by 10 percent, from 20 percent to 18 percent, on Class 1 property. This development reflects continuation of a 10-year trend of reducing property taxes in Arizona.

Arizona Additional Depreciation Program ("AADP Program")

The AADP Program provides a unique and aggressive depreciation schedule to encourage new capital investment and reduce a business' personal property tax liability. For property first assessed in 2012 or after, the AADP Program reduces, relative to Arizona's standard depreciation tables, a property's valuation for tax purposes by 75 percent in the first year of use, 59 percent in the second year of use, 43 percent in the third year of use, 27 percent in the fourth year of use and 11 percent in the fifth year of use. By combining the reduction of the commercial property tax assessment ratio (discussed above) and the benefits of the AADP Program, businesses are experiencing substantial operating and tax benefits in Arizona. For an illustration of the benefits generated from operation of the AADP Program, please visit our website at www.azcommerce.com/assets/Accelerated.

Workforce Development Services

The ACA can coordinate with the State of Arizona Workforce Team, which can assist with hiring efforts by working with our Statewide Local Workforce Offices and offering the following services: (1) no cost internet job posting, (2) recruiting, (3) pre-screening, (4) skills assessment, (5) custom recruitment through social media advertising and (6) on-the-job training opportunities. The specific services provided are individualized based on company needs.

III. Special Incentives for Manufacturers

Tax Exemptions for Equipment Purchases

A.R.S. §§ 42-5061(B)1) and 42-5159(B)(1) provide exemptions from Arizona transaction privilege taxes (sales taxes) and use taxes in connection with purchases of machinery and equipment used directly in manufacturing, processing, and fabricating operations. For this purpose, Arizona Administrative Code

[13] In addition, Arizona's income tax rates payable by individuals are currently among the lowest in the nation. The maximum Arizona income tax rate payable by individuals is currently 4.54 percent.

Rule 15-5-120(A) describes "manufacturing" as "the performance as a business of an integrated series of operations which place tangible personal property in a form, composition, or character different from that in which it was acquired and transforms it into a different product with a distinctive name, character, or use."

Tax Exemptions for Electricity Consumption

A.R.S. §§ 42-5063(C) and 42-5159(G) provide exemptions from state and county transaction privilege taxes (sales taxes) and use taxes in connection with purchases of electricity and natural gas by businesses "principally engaged" in manufacturing operations. To qualify for the exemption at least 51 percent of the business's electricity or natural gas must be used in the manufacturing operations. The statutes define "manufacturing" for this purpose as the performance as a business of an integrated series of operations that places tangible personal property in a form, composition or character different from that in which it was acquired and transforms it into a different product with a distinctive name, character or use. "Manufacturing" for this purpose does not include processing or fabricating. Under a so-called "local option," cities are authorized to either impose *or* exempt the local taxes on such purchases.

IV. Other Special Programs

Foreign Trade Zone Property Tax Reclassification

In addition to various federal customs benefits associated with operation in a foreign trade zone (an "FTZ"), Arizona law provides preferential property tax treatment to real and personal property located with an FTZ.

Specifically, real and personal property situated within an FTZ is classified as "Class Six" property that is subject to an assessment ratio of five percent, as contrasted with Arizona's general current assessment ratio for business property of 18 percent. As a result, annual property tax savings in an FTZ can approach approximately 72 percent over otherwise prevailing property tax rates outside an FTZ.[14]

There is no limitation on the number of years during which a business can qualify for Arizona's FTZ property tax savings; the savings are perpetual.

Arizona Research and Development Tax Credit Program

The Arizona Research and Development Tax Credit Program (the "R&D Program") provides a nonrefundable income tax credit for increased research and development activities conducted in the

[14] In general, property taxes in Arizona are payable in an amount equal to the product of (i) the value of the underlying property, multiplied by (ii) the "assessment ratio" for the property, and further multiplied by (iii) the applicable tax rate imposed by the local community in which the property is located. As noted, property situated within an FTZ has an "assessment ratio" of five percent. The "assessment ratio" for most other Arizona commercial property is 18 percent. Accordingly, the FTZ property tax savings are up to 72.2 percent. For *real* property, the actual property tax savings will be the 72.2 percent figures referenced for the years specified. For *personal* property (including machinery and equipment), the percentage savings may be somewhat less in a particular year or years given the impact of disparate depreciation schedules that apply in the context of Class Six Property and other commercial property.

State. The goal of the R&D Program is to encourage Arizona businesses to increase investment in research and development activities.

The amount of R&D tax credits allocable to a specific project generally corresponds currently to 24 percent of the first $2.5 million in "qualified research expenses" in excess of the applicable "base amount." The amount of R&D Program tax credits associated with "qualified research expenses" above the $2.5 million excess threshold (as computed above) is currently 15 percent.

The R&D Program permits an additional credit amount if the taxpayer funds research and development at an Arizona state university. The additional credit amount equals 10 percent of the excess of the taxpayer's "basic research payments" for the tax year over the taxpayer's "qualified organization base period amount" for the tax year, resulting in a potential R&D tax credit on certain qualifying expenses of 34 percent under current law.[15]

A taxpayer with fewer than 150 employees that otherwise qualifies for nonrefundable R&D tax credits may also qualify for refundable income tax credits generally equal to 75 percent of the excess of (i) the current year's excess tax credits over (ii) the taxpayer's current year tax liability. Refundable tax credits are limited to $5 million per year and are allocated to taxpayers on a first-come first-served basis. In 2017, the $5 million cap has been reached and additional credits will become available on the first business day of 2018.

Arizona Industrial Development Authority (IDA) Bond Issuance Program

The Arizona Industrial Development Authority (the "IDA") issues its limited obligation revenue bonds ("Bonds") and lends the proceeds thereof to an applicant for financing (an "Applicant") to finance a qualifying project. The IDA is not a lender itself, but serves as a conduit that provides a formal mechanism through which an Applicant can seek financing from private sources through either a private placement or public offering of Bonds issued by the IDA. For detail regarding this program visit: http://www.azcommerce.com/financing/business-and-project-financing.

E. Summary of Financial Assistance

The ACA is very pleased to provide an overview of the potential financial assistance available from the State of Arizona in respect to the Project:

Value of Incentives Potentially Available	
Qualified Facility Tax Credits (refundable)	$41,240,000
Job Training Grants	$1,815,000
Arizona Competes Fund (cash grant)	$3,500,000
Total Grants and Credits	$46,555,000

All references in this letter to possible incentives available under Programs are for illustrative purposes only until such qualifications and conditions can be evaluated following an application for the Programs.

[15] The R&D Program is established by A.R.S. § 43-1168.

F. Statement of Business Operating Climate

In addition to the Financial Assistance set forth above in the form of incentives and grants, we have also compiled a statement regarding the anticipated benefit to the Project as a result of locating in Buckeye, Arizona.

Tax And Other Operating Cost Efficiencies	
Arizona Additional Depreciation Program (Trillium Site Estimate)	**$19,530,559**
Tax Exemptions for Manufacturing Equipment Purchases (5.6%)	**$35,896,000**
Tax Exemptions for Electricity Consumption	**$TBD**
Foreign Trade Zone Property Tax Reclassification (Trillium Site Estimate)	**$67,620,023**
Workforce Development Services	**$741,770**
Total - All Operating Cost Efficiencies (site dependent)	**$123,788,352**

We believe this Proposal reflects Arizona's aggressive, pro-business position and the value of the Project to the State. We are extremely excited to work with you to locate your client's facility in Arizona and to support the Project's long-term success in Arizona.

As always, we look forward to your feedback and are happy to answer any questions you may have.

Sincerely,

ARIZONA COMMERCE AUTHORITY

SWatson

Sandra Watson
President and CEO
sandraw@azcommerce.com

EXHIBIT B
TO
ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN
THE CITY OF BUCKEYE
AND
NIKOLA CORPORATION

[El Dorado Holdings 11.10.2017 letter]

See following page(s).

El Dorado
Holdings, Inc.

November 10, 2017

Thomas Stringer, Managing Director
BDO Consulting
100 Park Avenue, 10th Floor
New York, NY 10017

RE: Real Estate for Project Asteroid

Dear Mr. Stringer:

El Dorado Holdings, Inc. and JDM Partners, L.L.C. ("Owners") represent the Owners of the 3,029 acre mixed-use development known as Trillium at Douglas Ranch, as well as the 33,810 acre adjacent master-planned community known as Douglas Ranch in Buckeye, Arizona. Owners' combined holdings at Trillium and Douglas Ranch total approximately 36,839 acres, giving Owners a great deal of latitude and flexibility to partner with specific preferred end-users. Owners each have long, successful track records of development in Arizona and have cultivated close working relationships with the key business, community and government leaders necessary to complete the development contemplated by Project Asteroid. Owners are pleased to submit this proposal to provide up to 500 acres of real property (the "Property") for use in connection with Project Asteroid.

This proposal is intended to be a non-binding expression of interest only, describing the basic terms upon which the parties would be interested in pursuing a transaction pursuant to mutually acceptable definitive documentation to be negotiated and executed hereafter. We look forward to working with you to negotiate definitive documents and close a transaction in a timely fashion.

The Property

The Property is a tract of land, containing approximately 500 acres, located near the northwest corner of the Sun Valley Parkway and the Waddell Road Alignment in Buckeye, Arizona; together with all of Owners' right, title and interest, in and to all rights, privileges, and appurtenances thereto, including development plans, reports, warranties, governmental approvals and permits, utility service permits, utility service rights, and street and drainage rights applicable to the Property. Subject to Owners entering into and finalizing certain infrastructure and development agreements with relevant private and governmental entities, Owners intend to provide the Property in a shovel-ready condition with completed access, utility connections and other relevant and necessary infrastructure specified by the end-user.

Site-specific due diligence and development information was provided in Owners' separate response to the Arizona Commerce Authority. Property information specific to questions posed in the request for proposal is provided below. Owners will work with the Arizona Commerce Authority to provide any additional information required for due diligence and are happy to provide guidance or recommendations for local consultants to review same.

Topography and Climate

The Property is relatively flat with an average slope across the site, falling east to west, of +/-1.4%. The project is currently traversed by a series of shallow, dry washes that convey stormwater runoff across the site only during large storm events. Some of these washes have been designated with FEMA flood hazard zones. In order to remove this condition, a drainage channel and culverts are proposed to be constructed parallel to and adjacent to the west side of Sun Valley Parkway, which will safely capture the stormwater runoff at the project's upstream edge and route it south and then westerly to Wagner Wash. This drainage system will be designed with adequate capacity to protect the project from the 100-year design storm while maintaining additional freeboard. Since the proposed channel system will be designed to prevent stormwater runoff from passing through the proposed project site, a Conditional Letter of Map Revision will be processed during the preliminary design stage in order to initiate removal of the FEMA flood hazard zones. Consequent to the grading of the project, a Letter of Map Revision will be processed through FEMA to effectively remove the flood hazard designation. There are no significant wetlands on or adjacent to the Property, and the Phoenix metropolitan area has particularly favorable seismic and weather conditions, including the relative absence of tornadic activity.

Zoning and Neighboring Uses

The Property is currently zoned Business Park, which will support the proposed use, and there is no residential development in close proximity. The Owners are unaware of any impediment to operations on the Property occurring around the clock and 365 days a year.

Environmental

Subject to appropriate due diligence and the completion of a Phase I environmental survey, Owners are unaware of any significant environmental contamination or hazardous materials on the Property.

Utilities and Infrastructure

As stated above, and subject to Owners entering into and finalizing certain infrastructure and development agreements with relevant private and governmental entities, Owners intend to provide the Property in a shovel-ready condition with completed access, utility connections and other relevant and necessary infrastructure specified by the end-user.

Transportation Infrastructure

Sun Valley Parkway intersects with Interstate 10, approximately 11 miles to the south of the proposed site. The distance between the proposed site and Phoenix's Sky Harbor Airport is 40 miles.

Property Specific Incentives

The Trillium/Douglas Ranch site lies within the Greater Maricopa Foreign Trade Zone (277). Applicable businesses which locate in the zones are treated as though they are outside U.S. Custom's territory, and merchandise that is being repacked, assembled, manufactured, displayed, or placed in storage can be brought into the Foreign Trade Zone duty-free. Imports can be moved more quickly, without full customs formalities. Businesses in Arizona Foreign Trade Zones are also eligible for substantial reductions on real and personal property taxes (which reduces the tax classification from Class 1 to Class 6). The taxable assessment ratio decreases from 22% to 5%.

Requested Additional Information

Following is additional information that Owner is requesting be provided in order to develop a more accurate cost estimate and schedule, determine the exact entitlement steps and finalize this transaction.

1. What is the square footage and height of the building(s) associated with Phase 1? How many additional phases are anticipated? What is the acreage, the timing and the additional building square footage and heights anticipated for each of the future phases and at ultimate buildout (500 acres)? If the interim phases are not yet known, then at minimum please provide the Phase 1 and full buildout information.
2. What are the anticipated water demands, wastewater flows and electrical and gas requirements for each phase of the project. Will industrial waste be generated from the manufacturing process?
3. What type of cooling system is planned for the manufacturing facilities?
4. Is a test track anticipated on the site? The Business Park zoning allows for vehicle manufacturing, but does not allow for a test track. Hence, the property would need to be rezoned prior to receiving any plan approvals and permits.
5. Is the 500 acres planned for Project Asteroid facilities only or is some of the 500 acres planned for ancillary uses?
6. To determine if a Fire Station is required on site, please provide information on the type of building construction and the type of chemicals, if any that will be used in the manufacturing process.

The Purchase Price

Owners intend to provide the Property at no cost to the end-user.

The Structure

Owners propose to enter into a long-term ground lease of the Property with the end-user. The ground lease will include nominal annual rent payments and an option for the end-user to purchase 100% fee simple ownership of the Property for a nominal fee if certain development and buildout milestones are achieved.

Closing and Transaction Costs

Owners intend to pay all customary costs of closing a commercial real estate transaction in Maricopa County, Arizona. All other expenses incurred by Owners and end-user with respect to the closing, including, but not limited to, the attorney's fees and cost and expenses incurred in connection with negotiating, preparing and closing the transaction, shall be borne and paid exclusively by the party incurring same, unless otherwise expressly provided in the definitive documentation.

Confidentiality

In addition, Owners agree to maintain, in strictest confidence the terms of and the existence of this proposal, and any and all communications between the parties with respect to the Property and the potential transaction involving same. Such agreement of confidentiality shall not prohibit Owners from disclosing such materials and information to their affiliates and their respective directors, officers, partners, employees, financial institutions, existing and potential financing sources, agents and advisors, provided such disclosure is governed by a similar covenant of confidentiality. In addition, information that is or becomes generally available to the public other than as a result of a disclosure in violation of this agreement, or of which we or our representatives or agents were already lawfully in possession, shall not be considered to be confidential. Except as set forth in this paragraph, this proposal is not intended to be a binding agreement, and is subject to the preparation in good faith and mutual execution of definitive agreements, which will contain normal representations and warranties and such further terms and conditions as may be mutually acceptable to the parties.

Please do not hesitate to contact us directly if you have any specific questions or need additional information. We look forward to working with you to close this transaction in a timely manner.

Sincerely,
El Dorado Holdings, Inc.

James F. Kenny
President

cc: Mike Ingram – El Dorado Holdings
Jerry Colangelo – JDM Partners
David Eaton – JDM Partners
Mel Shultz – JDM Partners
Tom O'Malley – JDM Partners
Brad Smidt – GPEC
Paul Hughes—Arizona Commerce Authority
David Roderique – City of Buckeye

EXHIBIT C
TO
ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN
THE CITY OF BUCKEYE
AND
NIKOLA CORPORATION

[Preliminary cost estimate summary for the infrastructure improvements for the New Facility proposed to be constructed by El Dorado Holdings, Inc. for the benefit of Nikola].

See following page(s).

TRILLIUM
PROJECT ASTEROID
INFRASTRUCTURE IMPROVEMENTS
PRELIMINARY COST ESTIMATE SUMMARY

All costs are estimated and based on specific assumptions. Cost share by Owner is yet to be determined and dependent on Project Asteroid's utility requirements.

July 5, 2017

SCOPE ITEM	TOTAL ESTIMATED COST
INFRASTRUCTURE IMPROVEMENTS	
Sun Valley Parkway Improvements	
Plan Review and Permit Fees	$ 58,414.56
Design Fees	$ 70,237.18
Construction Staking, Management & Testing Fees	$ 67,254.80
Construction Costs (turn lanes, sidewalk, traffic signal, ROW & channel landscaping, dry utilities & incidentals)	$ 1,158,244.30
Sales Tax	$ 47,430.10
10% Contingency	$ 140,158.09
Sun Valley Parkway Improvements Total	**$ 1,541,739.04**
Waste Water Treatment Plant (Temporary) & Trunk Sewer Line	
Plan Review and Permit Fees	$ 150,752.73
Design Fees	$ 279,666.25
Construction Staking, Management & Testing Fees	$ 153,974.72
Construction Costs (modular 55,000 GPD plant, sewer collection lines, operations building, recharge basin, vault & haul up to 20,000 gpd, paved access road, 3 yrs O&M, e& incidentials)	$ 2,674,590.83
Sales Tax	$ 109,442.59
10% Contingency	$ 336,842.71
Waste Water Treatment Plant (Temporary) & Trunk Sewer Total	**$ 3,705,269.84**
Water Campus, Wells, Transmission Lines & Looped Distribution Line	
Plan Review and Permit Fees	$ 335,619.80
Design Fees	$ 546,370.00
Construction Staking, Management & Testing Fees	$ 230,014.63
Construction Costs (equip existing 2 wells, reservoir storage, pump station, site improvements, operations bldg., tranmission & distribution lines & Incidentials)	$ 7,419,826.80
Sales Tax	$ 303,841.91
10% Contingency	$ 883,567.31
Water Campus, Well, Trans Lines & Looped Distribution Lines Total	**$ 9,719,240.46**
Offsite Dry Utility Extension Costs	
Plan Review and Permit Fees (included in construction cost)	$ -
Design Fees (included in construction cost)	$ -
Construction Staking, Management & Testing Fees (included in const. cost)	$ -
Construction Costs (APS dual 69 kv lines north & south & SW Gas city gate tap, line extension, regulation station & incidentals)	$ 11,080,750.00
Sales Tax (included in construction cost)	$ -
10% Contingency	$ 1,108,075.00
Offsite Dry Utility Extension Costs Total	**$ 12,188,825.00**

Onsite Mass Grade, Theme Walls, Entry Monument & Landscaping	
Plan Review and Permit Fees	$ 142,557.71
Design Fees	$ 524,246.74
Construction Staking, Management & Testing Fees	$ 379,190.29
Construction Costs (FEMA CLOMR/LOMR, plant salvage, mass grade, drainage channels, entry monumentation & landscaping)	$ 6,426,642.90
Sales Tax	$ 263,171.03
10% Contingency	$ 773,580.87
Onsite Mass Grade, Theme Walls, Monumentation & Landscaping Total	**$ 8,509,389.53**
TOTAL INFRASTRUCTURE IMPROVEMENTS	**$ 35,664,463.87**
LAND VALUE, ADMINISTRATIVE & CARRY COSTS ROUGHLY	**$ 9,000,000.00**
TOTAL	**$ 44,664,463.87**
Per Acre	**$ 89,329.00**
Per Square Foot	**$ 2.05**
TOTAL INFRASTRUCTURE IMPROVEMENTS (including add-ons listed below)	**$ 44,064,463.87**
LAND VALUE, ADMINISTRATIVE & CARRY COSTS ROUGHLY	**$ 9,000,000.00**
TOTAL	**$ 53,064,463.87**
Per Acre	**$ 106,129.00**
Per Square Foot	**$ 2.44**

Notes & assumptions:

SVPkwy - Includes Intersection concrete & pavement, dry's, traffic signal, sidewalk & landscaping of ROW & channel.

Wastewater - includes site grading, 1 modular plant (55,000 GPD system), operations bldg., recharge basin, vault & haul prior to 20,000 GPD, sewer trunk line, paved access road & 3 year operating costs. If additional moldular plant is required, add **$0.6 Million.**

Water - includes water campus, storage reservoir, chlorination, operations bldg., site improvements, equipping 2 existing wells, transmission lines from wells to campus & looped distribution lines to 500 acres. If additional well is required, add **$1.5 Million**. If arsenic treatment is required, add **$1.7 Million**. Net increase for Water **$3.2 Million.**

Dry Utility Offsite Extensions - includes Electric (APS) 69KV lines north to SV Substation 4 mi & south 10.5 mi for redundancy, assumes commercial line extension is refundable & Trillium substation at $4.4 Million is APS contribution; Southwest Gas - assumes City Gate tap into Transwestern line, high pressure steel gas main extension to site & regulation station. If City Gate is not allowed by SW Gas, then 8" high pressure steel gas main extension from Festival Ranch (north 5.5 miles) is required at $4.5 Million, then deduct $1 Million for deletion of City Gate, net increase **$3.5 Million**.

Mass Grade - Includes plant salvage, grading of 500 acres & drainage channel & theme walls, entry monumentation & landscaping at entry.

If tempoarary fire station is required add **$1.1 Million** to cost.

Total potential add-ons equal **$8.4 Million**.

EXHIBIT D
TO
ECONOMIC DEVELOPMENTAGREEMENT
BETWEEN
THE CITY OF BUCKEYE
AND
NIKOLA CORPORATION

[Notice of Intent]

See following pages.

RESOLUTION NO. 10-18

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF BUCKEYE, ARIZONA, ADOPTING THE NOTICE OF INTENT TO ENTER INTO AN ECONOMIC DEVELOPMENT AND RETAIL TAX INCENTIVE AGREEMENT WITH NIKOLA CORPORATION, A DELAWARE CORPORATION, AND FINDINGS OF FACT

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF BUCKEYE, ARIZONA, as follows:

WHEREAS, pursuant to ARIZ. REV. STAT. § 9-500.11, the City is required to adopt a notice of intent to enter into a retail development tax incentive agreement at least fourteen days before approving a retail development tax incentive agreement; and

WHEREAS, the City intends to adopt, on a date that is not earlier than March 20, 2018, that certain economic development and retail tax incentive agreement entitled “Economic Development Agreement” by and between the City of Buckeye, Arizona, an Arizona municipal corporation, and Nikola Corporation, a Delaware corporation (the “Agreement”).

NOW THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF BUCKEYE, ARIZONA, as follows:

Section 1. The Notice of Intent to Enter into the Agreement (the “Notice of Intent”) is hereby adopted in substantially the form and substance of Exhibit A, attached hereto and incorporated herein by reference.

Section 2. Included within the Notice of Intent are findings showing (i) that the tax incentive set forth in the Agreement is anticipated to raise more revenue than the amount of the incentive within the duration of the Agreement which has been independently verified in a report by Rounds Consulting Group dated August 21, 2017, as set forth in the exhibit attached to the Notice of Intent, and (ii) that, in the absence of a tax incentive, Nikola Corporation would not locate within the corporate boundaries of the City of Buckeye at the same time or place as required by the Agreement.

Section 3. The Mayor, the City Manager, the City Clerk and the City Attorney are hereby authorized and directed to take all steps necessary to take all steps necessary to carry out the purpose and intent of this Resolution.

PASSED AND ADOPTED by the Mayor and City Council of the City of Buckeye, Arizona, this 6th day of March, 2018.

____

Jackie A. Meck, Mayor

ATTEST:

____

Lucinda J. Aja, City Clerk

APPROVED AS TO FORM:

____

City Attorney

EXHIBIT A
TO
RESOLUTION NO. 10-18

[**Notice of Intent**]

(See the following pages.)

NOTICE OF INTENT TO ENTER INTO
AN ECONOMIC AND RETAIL DEVELOPMENT TAX INCENTIVE AGREEMENT
AND FINDINGS OF FACT
(Pursuant to ARIZ. REV. STAT. § 9-500.11)
March 6, 2018

NOTICE

Notice is hereby given by the Mayor and Council of the City of Buckeye, Arizona (the "City Council"), that, on a date that is not earlier than March 20, 2018, the City Council intends to adopt that certain economic and retail development tax incentive agreement entitled "Economic Development Agreement" by and between the City of Buckeye, Arizona, an Arizona municipal corporation, and Nikola Corporation, a Delaware corporation (the "Agreement").

FINDINGS OF FACT

With respect to the Agreement, and in accordance with ARIZ. REV. STAT. § 9-500.11, the City Council hereby makes the following findings of fact:

1. That the tax incentive set forth in the Agreement is anticipated to raise more revenue than the amount of the incentive within the duration of the Agreement. This finding has been independently verified in a report by Rounds Consulting Group dated August 21, 2017.

2. That, in the absence of a tax incentive, Nikola Corporation would not locate within the corporate boundaries of the City of Buckeye at the same time or place as required by the Agreement.

EXHIBIT A

TO

NOTICE OF INTENT TO ENTER INTO AN ECONOMIC AND RETAIL DEVELOPMENT TAX INCENTIVE AGREEMENT AND FINDINGS OF FACT

[Rounds Consulting Group Report dated August 21, 2017]

See following pages.

Memorandum

To: City of Buckeye

From: Rounds Consulting Group, Inc.

Date: August 21, 2017

Re: Economic and Fiscal Impact of Project Asteroid

This memo, prepared for the City of Buckeye (City) by Rounds Consulting Group, Inc. (RCG), summarizes the estimated economic and fiscal impacts of the construction and ongoing operations of the proposed Project Asteroid (Project). The Project is proposed as a new 1.0 million square foot vehicle and vehicle parts manufacturing facility. The Company proposing the Project designs and manufactures electric vehicles, vehicle components, energy storage systems, and electric vehicle drivetrains.

Policy Background

The project is a typical base sector operation in that product demand comes from outside of the region. Activities at the site will not be supplanting others, thus the estimated economic and fiscal impacts can be considered "net-new." The inputs used in the accompanying analysis were provided to the City by the company and may be subject to later change. However, City investments in the project will be based on performance rather than the initial estimates. This impact calculation is largely linear. This means that if actual activity is different than what was originally supplied, the impact calculations can be adjusted up or down in proportion.

Economic and fiscal impact models capture direct activity at a proposed site and how the activity impacts other businesses in the broader region. However, certain projects have the ability to further enhance activity beyond a model's calculations. For example, if the locating business generates tax revenue that is used for needed infrastructure improvements, then additional businesses will be impacted beyond the initial calculations. If the new economic activity makes a particular area more desirable, then existing property values will improve. These are considered real benefits (and are applicable to the City of Buckeye) but are not formally monetized in this analysis.

Additional Considerations

The City could potentially capture additional retail sales revenue from the local sale of vehicles manufactured by the Company. These additional revenues were not considered for this analysis since local vehicle sale estimates are unavailable at this time. However, these revenues could potentially have an impact on the City.

Assumptions and Figures

As proposed, construction activity will begin in 2019 and end by 2024. Total capital investment over the construction period is estimated at approximately $1.0 billion. Construction is expected to total about $558.5 million while production equipment and FF&E purchases is expected to total about $442.5 million.

The Company will start hiring in 2019, and employ about 213 persons in its first full year of operations (2020). By 2025 (build-out), the proposed Project would employ about 2,062 persons earning an average annual wage of about $80,000.

A list of Project Asteroid's assumptions is summarized in the following table. Assumptions were provided by the City and developed by RCG from a variety of sources. The analysis is based on the current tax structure and rates, and that the facility will be located on a Foreign Trade Zone. All dollar amounts are stated in 2016 dollars.

Project Asteroid
Assumptions

Construction (in millions of dollars)	2019	2020	2021	2022	2023	2024	2025	Total
Construction Cost	$116.0	$19.5	$108.0	$161.5	$81.5	$72.0	-	$558.5
Manufacturing Equipment	-	$19.5	$108.0	$161.5	$81.5	$72.0	-	$442.5
Total	$116.0	$39.0	$216.0	$323.0	$163.0	$144.0	-	$1,001.0

Operations	2019	2020	2021	2022	2023	2024	2025	At Build-Out
New Jobs	113	100	300	300	499	502	248	
Total Jobs	113	213	513	813	1,312	1,814	2,062	2,062
Average Annual Wage	$80,000	$80,000	$80,000	$80,000	$80,000	$80,000	$80,000	$80,000

In 2016 dollars. May not sum to total due to rounding.
Source: City of Buckeye; Rounds Consulting Group, Inc.

Economic Impact Methodology

The economic impact analysis provides a quantifiable method to estimate the economic implications of a particular activity in a given area. Typically, the level of economic effects resulting from the activity are estimated in terms of output, earnings and employment. Output captures the broader level of economic activity, or the total value of goods and services produced, in the region similar to how statistics like GDP capture economic volume in individual states and across the country. Earnings simply represents income to employees, and employment is the job count on an annualized basis.

These basic economic statistics are further broken down at the direct, indirect and induced levels in which they are created. Direct impacts measure activity at the individual site being analyzed. This would include the workers that construct the building and the employees that later occupy the building on a regular basis. Indirect impacts capture things such as the organizations that provide services and/or products to the company itself. Induced impacts are supported by the spending (e.g. purchasing of food and clothing) by the aforementioned employees throughout the economy.

Economic Impact

Over the construction period (2019-2024), the estimated $558.5 million in construction improvements would generate about 3,920 direct construction jobs earning a combined $294.4 million in wages. These direct impacts create an additional 2,897 indirect and induced jobs with wages of $151.0 million and over $420.9 million in economic activity. A total of 6,817 jobs, approximately $445.4 million in combined wages, and about $979.4 million in economic output is generated by the construction activity.

At build-out (2025), about 2,062 persons earning an average annual wage of $80,000 would be employed by the Project. The direct economic impact of these employees is approximately $567.0 million. In addition to the direct jobs, about 2,742 indirect and induced jobs would also be created throughout the local economy. These secondary employees would earn a combined $145.9 million in wages and generate over $407.3 million in economic activity. In total, about 4,804 jobs, $310.9 million in wages, and about $974.3 million in economic activity would be generated by operations of Project Asteroid at build-out each year.

Project Asteroid
Economic Impact Summary

Construction	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Total (6 Years)**
Direct							
Jobs	814	137	758	1,134	572	505	3,920
Wages (in millions)	$61.1	$10.3	$56.9	$85.1	$43.0	$38.0	$294.4
Economic Output (in millions)	$116.0	$19.5	$108.0	$161.5	$81.5	$72.0	$558.5
Indirect							
Jobs	158	27	147	220	111	98	759
Wages (in millions)	$10.1	$1.7	$9.4	$14.0	$7.1	$6.2	$48.5
Economic Output (in millions)	$26.7	$4.5	$24.9	$37.2	$18.8	$16.6	$128.8
Induced							
Jobs	444	75	413	618	312	276	2,138
Wages (in millions)	$21.3	$3.6	$19.8	$29.6	$15.0	$13.2	$102.5
Economic Output (in millions)	$60.7	$10.2	$56.5	$84.5	$42.6	$37.7	$292.1
Total							
Jobs	1,416	238	1,318	1,971	995	879	6,817
Wages (in millions)	$92.5	$15.6	$86.1	$128.8	$65.0	$57.4	$445.4
Economic Output (in millions)	$203.4	$34.2	$189.4	$283.2	$142.9	$126.3	$979.4

Operations	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**At Build-Out**
Direct							
Jobs	113	213	513	813	1,312	1,814	2,062
Wages (in millions)	$9.0	$17.0	$41.0	$65.0	$105.0	$145.1	$165.0
Economic Output (in millions)	$31.1	$58.6	$141.1	$223.6	$360.8	$498.8	$567.0
Indirect							
Jobs	68	129	310	491	792	1,095	1,245
Wages (in millions)	$4.1	$7.7	$18.4	$29.2	$47.2	$65.2	$74.1
Economic Output (in millions)	$11.1	$20.9	$50.4	$80.0	$129.0	$178.4	$202.8
Induced							
Jobs	82	155	372	590	953	1,317	1,497
Wages (in millions)	$3.9	$7.4	$17.9	$28.3	$45.7	$63.2	$71.8
Economic Output (in millions)	$11.2	$21.1	$50.9	$80.7	$130.2	$180.0	$204.6
Total							
Jobs	263	496	1,195	1,894	3,057	4,226	4,804
Wages (in millions)	$17.0	$32.1	$77.3	$122.6	$197.8	$273.5	$310.9
Economic Output (in millions)	$53.4	$100.6	$242.4	$384.2	$619.9	$857.1	$974.3

In 2016 dollars. May not sum to totals due to rounding.
Source: City of Buckeye; Rounds Consulting Group, Inc.

Fiscal Impact Methodology

The fiscal impact analysis takes the economic activity that is estimated in the review and converts it into tax revenues in each of the relevant categories. These revenues are expressed as either primary or secondary based on their source. Typically, primary revenues can be estimated by definable sources, such as sales taxes generated by construction expenditures on site; whereas secondary revenues are generated by the wages, residency and spending of those direct, indirect and induced employees who are supported by the project. A simple way of thinking about these is that primary revenues would be generated by "on-site" activities while secondary revenues would be generated by "off-site" activities.

For this analysis, the fiscal impact of the Project's construction and operational activity on the City of Buckeye is evaluated based on local revenue sources such as construction sales tax, retail sales tax, utility sales tax, utility franchise fees, property taxes, and State Shared Revenues. State Shared Revenues are distributed to cities and counties primarily based on their population and include income taxes, retail sales taxes, HURF monies, and VLT monies.

Fiscal Impacts

During the construction period (2019-2024), construction of the Project would generate a total of over $10.9 million in primary revenues for the City. This construction impact is directly generated by the construction expenditures and State Shared Revenues. Direct secondary revenues (generated from the wages, spending, and residency of the direct construction employees) would total approximately $787,100 over the construction period. An additional $433,100 would be created from the indirect and induced employees supported by the Project's construction activity. In total, during the construction period, approximately $12.1 million in revenues would be generated.

In the first 10 years of operations, nearly $4.8 million in primary revenues would be generated for the City of Buckeye. These primary revenues are directly generated by the Project's operations and include commercial utility sales taxes, utility franchise fees, retail sales taxes, and property taxes. The direct employees on site generate an additional $2.8 million in revenues over 10 years. Indirect and induced employees generate approximately $2.4 million over the same period. In total, operations of the Project would generate nearly $10.1 million over 10 years for the City.

Project Asteroid
Fiscal Impact Summary

Construction Impact	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
Primary Impact from Construction	$2,263,900	$380,600	$2,107,800	$3,152,000	$1,590,600	$1,405,200	-	-	-	-	$10,900,100
Construction Sales Tax	$2,262,000	$380,300	$2,106,000	$3,149,300	$1,589,300	$1,404,000	-	-	-	-	$10,890,900
State Shared Revenues	$1,900	$300	$1,800	$2,700	$1,300	$1,200	-	-	-	-	$9,200
Secondary Impact from Direct Employees	$145,500	$28,300	$156,600	$234,100	$118,100	$104,500	-	-	-	-	$787,100
Retail Sales Tax	$94,200	$19,600	$108,700	$162,500	$82,000	$72,500	-	-	-	-	$539,500
Residential Property Tax	$32,000	$5,400	$29,800	$44,600	$22,500	$19,900	-	-	-	-	$154,200
State Shared Revenues	$19,300	$3,300	$18,100	$27,000	$13,600	$12,100	-	-	-	-	$93,400
Secondary Impact from Indirect & Induced Employees	$92,500	$15,100	$83,100	$124,300	$62,700	$55,400	-	-	-	-	$433,100
Retail Sales Tax	$55,400	$8,800	$48,600	$72,700	$36,700	$32,400	-	-	-	-	$254,600
Residential Property Tax	$23,700	$4,000	$22,000	$32,900	$16,600	$14,700	-	-	-	-	$113,900
State Shared Revenues	$13,400	$2,300	$12,500	$18,700	$9,400	$8,300	-	-	-	-	$64,600
Total Impact from Construction	$2,501,900	$424,000	$2,347,500	$3,510,400	$1,771,400	$1,565,100	-	-	-	-	$12,120,300

Operations Impact	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
Primary Impact from Operations	$9,900	$106,000	$170,200	$318,700	$519,300	$660,500	$754,200	$760,200	$747,100	$717,500	$4,763,600
Facility Utility Sales Tax	$3,600	$6,800	$16,500	$26,100	$42,200	$58,300	$66,300	$66,300	$66,300	$66,300	$418,700
Facility Utility Franchise Fees	$2,400	$4,600	$11,000	$17,400	$28,100	$38,900	$44,200	$44,200	$44,200	$44,200	$279,200
Facility Purchases - Retail Sales Tax	$3,900	$7,300	$17,700	$28,000	$45,300	$62,600	$71,100	$71,100	$71,100	$71,100	$449,200
Personal Property Tax	-	$3,800	$27,400	$71,800	$112,000	$150,200	$170,300	$176,300	$163,200	$133,600	$1,008,600
Real Property Tax	-	$83,500	$97,600	$175,300	$291,600	$350,300	$402,100	$402,100	$402,100	$402,100	$2,606,700
State Shared Revenues	-	-	-	$100	$100	$200	$200	$200	$200	$200	$1,200
Secondary Impact from Direct Employees	$20,700	$45,400	$109,200	$173,000	$279,200	$386,000	$438,900	$438,900	$438,900	$438,900	$2,769,100
Employee Spending Sales Tax	$13,600	$31,900	$76,700	$121,600	$196,300	$271,400	$308,500	$308,500	$308,500	$308,500	$1,945,500
Residents Property Tax	$4,400	$8,400	$20,200	$32,000	$51,600	$71,300	$81,100	$81,100	$81,100	$81,100	$512,300
State Shared Revenues	$2,700	$5,100	$12,300	$19,400	$31,300	$43,300	$49,300	$49,300	$49,300	$49,300	$311,300
Secondary Impact from Indirect & Induced Employees	$23,300	$41,500	$99,800	$158,200	$255,300	$352,900	$401,100	$401,100	$401,100	$401,100	$2,535,400
Employee Spending Sales Tax	$14,000	$23,900	$57,400	$91,000	$146,800	$203,000	$230,700	$230,700	$230,700	$230,700	$1,458,900
Residents Property Tax	$5,900	$11,100	$26,800	$42,500	$68,600	$94,800	$107,800	$107,800	$107,800	$107,800	$680,900
State Shared Revenues	$3,400	$6,500	$15,600	$24,700	$39,900	$55,100	$62,600	$62,600	$62,600	$62,600	$395,600
Total Impact from Operations	$53,900	$192,900	$379,200	$649,900	$1,053,800	$1,399,400	$1,594,200	$1,600,200	$1,587,100	$1,557,500	$10,068,100

Total Fiscal Impact	$2,555,800	$616,900	$2,726,700	$4,160,300	$2,825,200	$2,964,500	$1,594,200	$1,600,200	$1,587,100	$1,557,500	$22,188,400

In 2016 dollars. May not sum to total due to rounding.
Source: City of Buckeye; Rounds Consulting Group, Inc.

EXHIBIT E
TO
ECONOMIC DEVELOPMENTAGREEMENT
BETWEEN
THE CITY OF BUCKEYE
AND
NIKOLA CORPORATION

[Sample Calculation of Quarterly New Facility Generated Sales Taxes Payment]

<u>Definitions</u>:

New Facility Generated Sales Taxes (“NFGST”) – as defined in Section 7(c) of the Agreement.

New Facility Generated Sales Taxes Collected (“NFGSTC”) – actual sales taxes received from the levy by the City of the STR on S, less transaction privilege tax revenue designated and allocated as Economic Development Funds which is funded by 6.25% of the revenues received from the first 2% of the retail sales transactions of the businesses within the Land, (b) transaction privilege tax revenue that is designated, allocated, or restricted as to its use, such as the proceeds from an increase on the transaction privilege tax on hospitality industry businesses to be used exclusively for the promotion of tourism, or (c) any other similar tax restricted as to its use.

Rebate Percentage (“RP”) – Percentage of NFGSTC to be paid as pursuant to the terms and conditions of this Agreement.

Sales (“S”) – Gross retail sales on the Land less sales upon which no sales taxes were received by City.

Sales Tax Rate (“STR”) – City tax rate levied on retail sales.

Sample Calculation of quarterly New Facility Generated Sales Taxes Payment:

S x STR – (.0625 x (.02 x S)) = NFGSTC

RP x NFGSTC = Quarterly New Facility Generated Sales Taxes Payment

<u>Assumption</u>: S = $1000
STR = 3%
NFGSTC = $1000 x 3% = $30 – (.0625 x (.02 x $1000 = $20) = $1.25) = $28.75

The Quarterly New Facility Generated Sales Taxes Payment, using above assumptions, is:

RP x NFGSTC= 49% x $28.75 = $14.0875