



January 2, 2007

City of Rochester Hills, Michigan
Attn: Mr. Dan Casey
1000 Rochester Hills Drive
Rochester Hills, MI 48309-3034

Dear Dan,

This letter is submitted to formally request an abatement of personal property tax for three years commencing January 2007 on any and all qualified property that would be housed at 1840 Enterprise Drive in Rochester Hills, Michigan for use in a proposed automobile engineering technical center.

Best regards,

John D. Thomas

A handwritten signature in black ink, appearing to read 'John D. Thomas', written over a light blue horizontal line.

John D. Thomas
Sr. Director White Star Program
Tesla Motors, Inc.

Michigan Department of Treasury
1012 (Rev. 4/04)

Application for Industrial Facilities Tax Exemption Certificate

Issued under authority of P.A. 198 of 1974, as amended. Filing is mandatory.

INSTRUCTIONS: File the original and two copies of this form and the required attachments (three complete sets) with the clerk of the local government unit. The State Tax Commission (STC) requires two complete sets (one original and one copy). One copy is retained by the clerk. If you have any questions regarding the completion of this form or would like to request an informational packet, call (517) 373-3272.

To be completed by Clerk of Local Government Unit	
Signature of Clerk	Date received by Local Unit
STC Use Only	
Application Number	Date Received by STC

APPLICANT INFORMATION
All boxes must be completed.

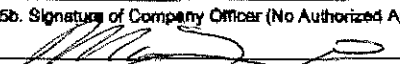
1a. Company Name (Applicant must be the occupant/operator of the facility) Tesla Motors, Inc.		1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (Four Digit Code) 3361	
1c. Location of Facility (Street, City, State, ZIP Code) 1840 Enterprise Dr.		1d. Name of City/Township/Village (Indicate which) Rochester Hills	1e. County Oakland
2. Type of Approval Requested <input checked="" type="checkbox"/> New (Sec. 2(4)) <input type="checkbox"/> Transfer (1 copy to only) <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input type="checkbox"/> Rehabilitation (Sec. 3(1)) <input type="checkbox"/> Research and Development (Sec. 2(9))		3a. School District where facility is located Avondale	3b. School Code 63070
		4. Amount of years requested for exemption (1-12 Years) 3	
5. Thoroughly describe the project for which exemption is sought: Real Property (Type of Improvements to Land, Building, Size of Addition); Personal Property (Explain New, Used, Transferred from Out-of-State, etc.) and Proposed Use of Facility. (Please attach additional page(s) if more room is needed). Tesla Motors, Inc. is an automotive company engaged in the development of all electric vehicles. The project involves the opening of a technical center in Michigan to conduct research and development of a family of new car models. The personal property will consist primarily of engineering stations, including hardware and software. The building will be leased for a period of three years.			
6a. Cost of land and building improvements (excluding cost of land) * Attach list of improvements and associated costs. * Also attach a copy of building permit if project has already begun.		\$0.00	
6b. Cost of machinery, equipment, furniture and fixtures * Attach itemized listing with month, day and year of beginning of installation plus total costs		\$214,835.00	
6c. Total Project Costs		\$214,835.00	
		Total of Real & Personal Costs	
7. Indicate the time schedule for start and finish of construction and equipment installation. Projects must be completed within a two year period of the effective date of the certificate unless otherwise approved by the STC.			
	<u>Begin Date (M/D/Y)</u>	<u>End Date (M/D/Y)</u>	
Real Property Improvements	<u>1/25/07</u>	<u>7/1/07</u>	<input type="checkbox"/> Owned <input checked="" type="checkbox"/> Leased
Personal Property Improvements			<input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased
8. Are State Education Taxes reduced or abated by the Michigan Economic Development Corporation (MEDC)? If yes, applicant must attach a signed MEDC Letter of Commitment to receive this exemption. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
9. Number of existing jobs at this facility that will be retained as a result of this project. 0		10. Number of new jobs at this facility expected to be created within two years of project completion. 50	
11. Rehabilitation applications only: Complete a, b and c of this section. You must attach the assessor's statement of valuation for the entire plant rehabilitation district. The SEV data below must be as of December 31 of the year prior to the rehabilitation.			
a. SEV of Real Property (excluding land)		_____	
b. SEV of Personal Property (excluding inventory)		_____	
c. Total SEV		_____	
12a. Check the type of District the facility is located in: <input checked="" type="checkbox"/> Industrial Development District <input type="checkbox"/> Plant Rehabilitation District			
12b. Date district was established by local government unit 1/24/06		12c. Is this application for a speculative building (Sec. 3(8))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

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APPLICANT CERTIFICATION

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all are truly descriptive of the industrial property for which this application is being submitted.

It is further certified that the undersigned is familiar with the provisions of P.A. 198 of 1974, as amended, being Sections 207.551 to 207.572, inclusive, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local unit of government and the issuance of an Industrial Facilities Exemption Certificate by the State Tax Commission.

13a. Preparer Name John Thomas	13b. Phone Number (248) 765-2342	13c. Fax Number (248) 601-6384	13d. E-mail Address jthomas@teslamotors.com
14a. Name of Contact Person John Thomas	14b. Phone Number (248) 765-2342	14c. Fax Number (248) 601-6384	14d. E-mail Address jthomas@teslamotors.com
15a. Name of Company Officer (No Authorized Agents) Marc Tarpener			
15b. Signature of Company Officer (No Authorized Agents) 			15c. Date 02 JAN 07
15d. Mailing Address (Street, City, State, ZIP) 1050 Bing Street, San Carlos, CA 94070		15e. Phone Number (650) 413-4002	15f. E-mail Address marc@teslamotors.com

LOCAL GOVERNMENT ACTION & CERTIFICATION

This section must be completed by the clerk of the local governing unit before submitting application to the State Tax Commission. Check items on file at the Local Unit and those included with the submittal.

16. Action taken by local government unit <input type="checkbox"/> Abatement Approved for _____ Years (1-12) After Completion <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Denied (Include Resolution Denying)	16b. The State Tax Commission Requires the following documents be filed for an administratively complete application: Indicate N/A if Not Applicable <input type="checkbox"/> 1. Original Application plus attachments, and one complete copy <input type="checkbox"/> 2. Resolution establishing district <input type="checkbox"/> 3. Resolution approving/denying application. <input type="checkbox"/> 4. Letter of Agreement (Signed by local unit and applicant) <input type="checkbox"/> 5. Affidavit of Fees (Signed by local unit and applicant) <input type="checkbox"/> 6. Building Permit for real improvements if project has already begun <input type="checkbox"/> 7. Equipment List with dates of beginning of installation <input type="checkbox"/> 8. Form 3222 (if applicable) <input type="checkbox"/> 9. Speculative building resolution and affidavits (if applicable)
16a. Documents Required to be on file with the Local Unit Indicate N/A if Not Applicable <input type="checkbox"/> 1. Notice to the public prior to hearing establishing a district. <input type="checkbox"/> 2. Notice to taxing authorities of opportunity for a hearing. <input type="checkbox"/> 3. List of taxing authorities notified for district and application action. <input type="checkbox"/> 4. Lease Agreement showing applicants tax liability.	17. Name of Local Government Body 18. Date of Resolution Approving/Denying this Application

Attached hereto is an original and one copy of the application and all documents listed in 16b. I also certify that all documents listed in 16a are on file at the local unit for inspection at any time.

19a. Signature of Clerk	19b. Name of Clerk	19c. E-mail Address
19d. Clerk's Mailing Address (Street, City, State, ZIP)	19e. Phone Number	19f. Fax Number

State Tax Commission Rule Number 57: Complete applications approved by the local unit and received by the State Tax Commission by October 31 each year will be acted upon by December 31. Applications received after October 31 may be acted upon in the following year.

Local Unit: Mail one original and one copy of the completed application and all required attachments to:

State Tax Commission
 Michigan Department of Treasury
 P.O. Box 30471
 Lansing, MI 48909-7971

STC USE ONLY			
LUCI Code	Begin Date	End Date	End Date2

**INDUSTRIAL FACILITIES EXEMPTION APPLICATION
AFFIDAVIT OF FEES**

This affidavit is submitted in accordance with State Tax Commission Bulletin No. 3, dated January 16, 1998, which requires that the unit of local government and the applicant for Industrial Facilities Exemption Certificate affirm that no payment of any kind, whether they be referred to as "fees," "payments in lieu of taxes," "donations," or by other like terms, has been made or promised in exchange for favorable consideration of an exemption certificate application; as such payments are contrary to the legislative intent of Act 198, that exemption certificates have the effect of abating all ad valorem property taxes levied by taxing units with the unit of local government which approves the certificate.

We hereby affirm by our signatures below that no payment of any kind in excess of the fee allowed, as amended by Public Act 323 of 1996, has been made or promised in exchange for favorable consideration of an exemption certificate application

WITNESSES:

TESLA MOTORS

By:  _____

Its: MARC TARPENNING, CFO

Date: 02 JAN 07

WITNESSES:

CITY OF ROCHESTER HILLS

By: _____

Its: _____ City Clerk

Date:

Tesla Motors New Capital Investment Items for 2006 & Early 2007

Prepared By: John D. Thomas

Date: 21-Dec-06

	Qty	Cost Each	Total Cost	Install Date
Telco Racks	2	\$ 135	\$ 270	1/12/2007
48 port patch panel	2	\$ 151	\$ 302	1/12/2007
Router	1	\$ 299	\$ 299	1/12/2007
Netscreen 25 firewall	1	\$ 2,543	\$ 2,543	1/12/2007
HP Procurve 2650 Switch	1	\$ 1,019	\$ 1,019	1/12/2007
HP Procurve 2650 Switch PoE	1	\$ 1,019	\$ 1,019	1/12/2007
Dell PE 2950 Server	1	\$ 3,627	\$ 3,627	1/12/2007
Xtelsis Phone server	1	\$ 820	\$ 820	2/16/2007
Network Power Switch	1	\$ 700	\$ 700	1/12/2007
3kVA Rackmount UPS	1	\$ 300	\$ 300	1/12/2007
HP Laserjet 5200dtn printer	1	\$ 2,275	\$ 2,275	2/16/2007
Dell 1200MPICD Projector	1	\$ 782	\$ 782	1/12/2007
Proxim wireless	1	\$ 299	\$ 299	1/12/2007
GX 620 Desktop PCs	13	\$ 1,432	\$ 18,616	2/2/2007
D620 Laptop PCs	20	\$ 2,853	\$ 57,060	2/16/2007
Catia Desktop PC	10	\$ 5,875	\$ 58,750	2/23/2007
Catia Laptop PC	7	\$ 5,017	\$ 35,119	2/2/2007
Shortel VOIP Phones	60	\$ 200	\$ 12,000	2/16/2007
HP Designjet 4000 Plotter	1	\$ 8,795	\$ 8,795	1/12/2006
9000 lb 2 post Vehicle Hoist	2	\$ 1,495	\$ 2,990	3/16/2007
5 HP Vertical air Compressor	1	\$ 1,150	\$ 1,150	4/13/2007
Lobby Furniture	1	\$ 1,500	\$ 1,500	1/10/2007
Office Chairs	60	\$ 50	\$ 3,000	1/10/2007
Conf room chairs	16	\$ 50	\$ 800	1/10/2007
Conf room tables	8	\$ 100	\$ 800	1/10/2007
Sub Total			\$ 214,835	



January 2, 2007

City of Rochester Hills, Michigan
Attn: Mr. Dan Casey
1000 Rochester Hills Drive
Rochester Hills, MI 48309-3034

Dear Dan,

In support of the Michigan High Tech MEGA application and the Application for Industrial Facilities Tax Exemption Certificate, we have been requested to provide a brief explanation of what our company is, and what we plan to do at our proposed Detroit Technical Center.

Tesla Motors is an automotive original equipment manufacturer (OEM) producing complete vehicles powered exclusively by pure electricity. The company was founded by 2 electrical engineers based out of Silicon Valley California in July 2003. Since then, the company has grown to over 180 people dedicated to engineering and producing lightweight body structures and the complete AC electric motor, battery array and power electronics module to power the vehicle down the road. We have established a battery assembly factory in Thailand, an AC motor factory in Taiwan, and an assembly operation in Hethel, England adjacent to the Lotus factory.

For the first low volume vehicle, we have partnered with Lotus in Hethel, England to help us engineer and assemble the car. Moving forward to our second platform to be produced starting in 2009, we plan to design a family of vehicles (sedan, crossover SUV, coupe, etc) that can be powered by our electric propulsion system. Also, we plan to grow as a car company by establishing a general assembly factory in North America. To achieve these goals, we need to hire significant number of very well qualified engineering, purchasing and manufacturing professionals. The technical center would house the team engineering, testing, developing, procuring and assuring the quality of the complete light weight vehicle structure, interior and body electrical elements. We have explored employing these individuals at an office directly attached to our assembly factory at an unspecified location in the US as well as employing these people at a separate technical center located in southeast Michigan near the labor pool and supplier pool. There are pro's and con's for whichever location we choose, though we are optimistic that the southeast Michigan location for a technical & development center could be made attractive through the High Tech MEGA and property tax abatement incentives we are applying for.

Thank you for time & effort you have given our application.

Best regards,

John D. Thomas

A handwritten signature in black ink, appearing to read 'John D. Thomas'.

John D. Thomas
Sr. Director White Star Program
Tesla Motors, Inc.