



Operational Letter - Tesla Center in Capitola, CA

Tesla is proposing a Tesla Center at 1475 41st Ave, Capitola, CA 95010. Tesla plans to occupy 21,440 square feet within the King's Plaza Shopping Center. The site is located between New Leaf Grocery Store and Cinelux Theatres. Tesla plans on using this property for Tesla electric vehicle sales, service and delivery of our vehicles.

The Tesla Center will be built-out in the former Rite Aid space. Rite Aid is primarily a pharmacy and a retail store. Their retail sales include a wide range of products and services, including prescription medications, over-the-counter drugs, health and beauty items, and convenience items.

Tesla produces electric vehicles that solely use electricity and no gasoline; it is not a hybrid vehicle. Our vehicles do not have internal combustion engines (ICE); thus, the vehicle doesn't have a fuel tank, use oil, an exhaust system, transmission, or many of the other components that require the storage and use of hazardous materials on site or traditional vehicle ventilation. Our vehicles are extremely environmentally sensitive.

Our showroom will have energy products on display and two vehicles displayed for customers to experience our vehicles. Customers will also be able to perform a demonstration drive with the vehicles, as there will be five (5) demo vehicles on-site. Sold vehicles will be stored in our dedicated south parking lot and taken possession of upon delivery. We are forecasting 3-4 vehicle deliveries per week to this site. There will be no available inventory for sale stored at the property.

The service work that will be done here will be standard servicing of our electric vehicles, which will include software updates, tire replacement, tire balancing, alignment, minor body work (only replacing doors or the rear hatch), topping off water, and an occasional battery replacement.

Most service repairs are handled within an hour or two. In this case, typically customers make use of the customer lounge while their vehicle is repaired. In the case where vehicle repairs will take several hours, customers have the option of waiting at the center or taking a vehicle from our loaner fleet while they await the repair. Service will operate 14 work bays with 4,781 sq. ft of parts storage. The expected demand for the service center is forecasting 10-15 repairs per day. Hazardous chemicals stored in this facility are extremely minimal quantities, consisting primarily of cleaning materials, no oil, gasoline, or other hazardous substances traditionally part of internal combustion vehicle repairs will be found at this service center. Moving Tesla vehicles within an interior space is extremely environmentally safe, as the vehicles have no exhaust.

The expected customer operating Sales hours are 10am-7pm daily and Service hours are Monday through Saturday from 8:00AM to 7:00PM and on Sundays from 11:00AM to 5:00PM. Tesla is anticipating that there will be two service shifts. First shift is from 7am-4pm and a second at 3pm-11pm. All second shift work after 7pm will be performed inside the service shop. No tooling and machinery will be operated outside our shop area.

Total employee count is expected to be about 50 employees between sales and service, 25 of which would be certified technicians (mechanics)/service support staff. There will be 19-25 employees working a shift at any given time.

For our operations, we will not idle our vehicles. Any Tesla parked vehicles in the main north customer facing parking lot can be identified through our app with our "flash lights" option to mitigate any noise from honking horns.

Tesla will have two parking lots dedicated for Tesla use on the south side of King's Plaza. The existing parking lot will be used exclusively for Tesla operations and employee parking. The currently non-paved parking lot (1404 38th Ave) will be developed by the Landlord, will be used for storage of new and used vehicles. Signage will be added by Tesla at the entries to each lot noted for Tesla Use Only.



The main north lot will be shared with all the Tenants and customers of the property. Landlord and adjacent tenants have also agreed to five (5) additional parking stalls in this parking lot to support with our sales and service operations. These stalls will be dedicated for parking our Test Drive / Demonstration Vehicles.

At Tesla, we strive to achieve an uncompromising approach to our vehicles. Our intention is to provide manufacturer support to every vehicle we build throughout the country. The Capitola area is a vital thoroughfare for our valued customers, and we aspire to be a welcomed addition, reflecting on the city's high standard of quality and lifestyle.

Should you have any questions, or require additional information, please do not hesitate to contact us.

Thank you,

A handwritten signature in black ink, appearing to read "Greg Valdez".

Greg Valdez

Regional Manager, Service

A handwritten signature in black ink, appearing to read "Jeremie Reyes".

Jeremie Reyes

Regional Manager, Sales