



May 29, 2020

Mr. Eric Gertler  
President & CEO  
Empire State Development  
633 Third Avenue – Floor 37  
New York, NY 10017

Mr. Douglas A. Grose  
President  
Fort Schuyler Management Corporation  
SUNY Polytechnic Institute  
257 Fuller Road  
Albany, NY 12203

RE: Annual Report of Silevo, LLC for Riverbend Facility

Dear Mr. Gertler & Mr. Grose:

Pursuant to the Amended and Restated Agreement for Research & Development Alliance on Triex Module Technology dated September 2, 2014, between Silevo, LLC, now a tiered subsidiary of Tesla, and the Research Foundation for the State University of New York (as amended, the “Agreement”), please find enclosed Silevo’s Riverbend Report for the time period ending April 30, 2020.

The Agreement sets requirements for Silevo, LLC, and its affiliates (collectively, “Tesla”) to incur cumulative investment and spend levels and employment targets on an annual basis. However, in accordance with Empire State Development’s (“ESD”) COVID-19 grant relief process, Tesla has applied for a one year deferral of these targets.

As you know, on March 7, 2020, Governor Cuomo issued Executive Order [202](#), declaring a disaster emergency for the entire State of New York as a result of the COVID-19 pandemic, and, on March 13, 2020, President Trump took similar federal action.<sup>1</sup> Following these actions, Tesla temporarily suspended most manufacturing operations at Gigafactory New York in Buffalo starting on March 14, 2020.

Furthermore, pursuant to Governor Cuomo’s Executive Orders [202.6](#) (March 18, 2020), [202.7](#) (March 19, 2020), [202.8](#) (March 20, 2020), and ESD’s “[Guidance for Determining Whether a Business Enterprise is Subject to a Workforce Reduction under Recent Executive Orders](#),” Tesla evaluated all of its activities in Buffalo and throughout New York for adherence to these orders. Accordingly, Tesla determined that a limited amount of Power Electronics manufacturing in Buffalo fit the federal and state definitions of “essential” as it was necessary to maintain critical transportation and utility-scale power infrastructure. Similarly, Tesla concluded its activities throughout New York related to automobile repair also met the E.O. 202.6 definition of “essential.” However, because Tesla’s Solar

---

<sup>1</sup> White House, [Letter from President Donald J. Trump on Emergency Determination Under the Stafford Act](#) (March 13, 2020)

Roof manufacturing is directed toward deployment of energy products at the residential level and focuses on residential self-generation of power, Tesla determined that the manufacturing of this product did not meet the definition of “essential” under E.O. 202.6. This directly impacted the vast majority of jobs at Gigafactory New York.

Throughout April, Tesla continued its efforts to both limit the spread of the novel coronavirus and act in the best interests of our employees and communities. In compliance with the executive orders and guidance, the temporary suspension of most operations at Gigafactory New York, except for those parts and supplies necessary for service, infrastructure and critical supply chains, continued.

For those essential functions where Tesla manufacturing and operations continued to support the national Critical Infrastructure,<sup>2</sup> Tesla made sure to take all recommended precautions to protect the health and safety of those continuing to work. All personnel on-site are required to follow social distancing guidelines, and the company has implemented preventative measures and hygiene practices including but not limited to increased cleaning, required use of face coverings, and other personal protective equipment and symptom screenings in accordance with CDC guidelines.

Additionally, it is important to note that Tesla’s manufacturing in New York State has been impacted by COVID-related executive orders issued by other states. Consistent with numerous recent studies on the state of the national solar industry, these executive orders prevent in varying degrees the installation, permitting, and servicing of solar products such as Solar Roof and, similarly, impact the deployment of vehicle charging equipment manufactured in Buffalo at Gigafactory New York.

It is also critical, however, to recognize the level of Tesla’s employment performance in New York State on March 7, 2020, when the Governor declared a disaster emergency. At that date, the total headcount at Gigafactory New York was 1,834, far exceeding the contractual jobs targets for the entire state. More specifically, this workforce included 474 full-time Tesla employees, 984 full-time Tesla independent contract workers, and 376 jobs through Panasonic’s co-located manufacturing operation at Gigafactory New York. Tesla also employed an additional 352 people at 15 other locations throughout New York State. In sum, we were on track to exceed our investment and employment obligations under the Agreement prior to the COVID-19 mandated reduction of operations.

Despite the tragic and ongoing impacts associated with the COVID-19 pandemic, Tesla maintained this total headcount at Gigafactory New York and elsewhere in New York State through April 1, 2020. However, in early April, Tesla notified all employees of new, company-wide actions effective as of April 13, 2020. This included furloughing employees who could not work from home and had not been assigned to essential work onsite at a Tesla facility. Those furloughed remain Tesla employees and have retained their full healthcare benefits. Tesla also suspended its contracts with staffing agencies. Accordingly, as the Governor’s Executive Orders directly prevented Tesla from maintaining its full workforce, Tesla has applied for 12 months relief from the existing Agreement’s Year Two job targets per ESD’s *COVID-19 Impact Statement and Grant Relief Application*.

Given the reductions in headcount and workforce necessitated by COVID-19, as the attached report reflects, as of April 30, 2020, Tesla employment and cumulative spending and investment levels included:

- 474 full-time Tesla employees at Gigafactory New York (including those on furlough);

---

<sup>2</sup> See, Department of Homeland Security (DHS), Cybersecurity and Infrastructure Security Agency (CISA), [Critical Infrastructure Sectors](#); DHS, CISA, [Memorandum on Identification of Essential Critical Infrastructure Workers During Covid-19 Response](#) (March 19, 2020)

- 352 full-time Tesla employees at other locations in New York State (including those on furlough); *and*
- More than \$635 million in cumulative spend and investment in New York State.<sup>3</sup>

This headcount does not include either the 49 full-time Tesla independent contract workers or 398 full-time Panasonic employees present at Gigafactory New York. Similarly, the spend and investment amounts from Panasonic's co-located manufacturing operations are not included. As Tesla was on track to exceed our investment and employment obligations under the Agreement prior to the mandated reduction of operations, we do not currently expect any issues meeting all applicable future obligations under this agreement.

Since the local shelter in place order was partially lifted on May 19, 2020, Gigafactory New York has begun to safely expand its operations beyond essential functions and towards full production. In addition, Tesla remains committed to expanding our business throughout the State of New York during the life of this project and to continuing to turn the Riverbend facility in Buffalo into a world-class advanced manufacturing center. Tesla also continues to invest in New York State and Buffalo in other ways:

- The Riverbend facility is now the manufacturing home for all of Tesla's next-generation V3 and V2 Supercharger electric vehicle charging cabinet production, vehicle charger production, and power electronics equipment supporting Tesla's battery grid storage products. As previously discussed, this fully expanded and diversified product manufacturing further brings the Riverbend facility into the full ecosystem of solar, energy storage, electric vehicle and other Tesla product offerings.
- Tesla also continues to be a leader in the expansion of investment in New York State electric vehicle charging infrastructure with 43 Superchargers (~\$16M) with 378 stalls; 1,350+ Level 2 chargers (~\$3.5M) deployed, and 12+ Supercharger sites (104 stalls) under advanced development for 2020 delivery.
- Although constrained in New York State to only five retail stores, Tesla is by far the leader in helping the State march toward its electric vehicle deployment, clean energy, and climate goals with over 70% of all EV sales in New York being Tesla vehicles and over 19,000 solar and energy storage customers (represent 195MW of installed capacity).

In conclusion, recognizing the unexpected events that have transpired over the last several months, Tesla provides this update to ESD and Fort Schuyler Management Corporation on the enormous progress and success of Gigafactory New York over the last year.

Sincerely,



Yaron Klein  
Treasurer  
Silevo, LLC

---

<sup>3</sup> All full time Tesla employees, whether exempt or non-exempt, receive stock based compensation. The cumulative investment and spend figures provided here do not, at this time, include the value of stock-based compensation provided to Tesla's New York State employees.