



June 1, 2021

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, 2021.

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. Pursuant to Empire State Development’s (“ESD”) COVID-19 Grantee Relief program, on June 10, 2020, Tesla received a one-year deferral of its Program Year Two targets.¹ Recently, Tesla’s grant of relief was extended through December 31, 2021.² Consistent with the Year Two extensions, Tesla anticipates filing a supplemental Year Two report for the time period ending December 31, 2021.³

Like almost all manufacturers, Tesla has been impacted across all its business operations by the pandemic, including impacts that have led to temporary manufacturing closures, supply chain constraints, dampened residential solar markets,⁴ and impediments to administrative activities supporting our product deliveries and deployment.⁵ In total, these conditions impacting both Solar Roof and the Power Electronics manufacturing lines have combined to delay temporarily Tesla’s ability to meet its expected employment levels at Gigafactory New York (“GFNY”) during the reporting period ending on April 30, 2021.

¹ Letter from Robert Kwon, Project Finance Vice President, Empire State Development, to Joseph Mendelson, Senior Counsel, Tesla, Inc. (June 10, 2020).

² Letter from Robert Kwon, Project Finance Vice President, Empire State Development, to Joseph Mendelson, Senior Counsel, Tesla, Inc. (Apr. 22, 2021).

³ Consistent with the extension of grantee relief, Tesla anticipates that the reporting schedule for all future years under the Agreement will be amended to reflect that the annual reporting period ends December 31st with a report due by February 1 of the following year for each subsequent program year.

⁴ See e.g. E2, “Clean Jobs America 2021: After Hard Year, Promise of Unparalleled Jobs Growth.” (Apr. 19, 2021) (highlighting that solar employment fell by nearly 29,000 jobs as residential solar companies were sidelined early in the COVID-19 pandemic); See also, Smart Energy International, “US Solar PV Market Continues to Drop Due to COVID-19,” (Sept 18, 2020)(reporting the residential and non-residential segments saw a significant slowdown in the quarter. Installations were down 23% quarter over quarter in the residential segment, and 12% quarter over quarter in the non-residential sector, due to restrictions and shelter-in-place orders imposed to curb the pandemic.).

⁵ See e.g. Tesla Inc., [Q4 2020 S.E.C. Form 10-K](#) (Feb. 8, 2021) at 31, (“There continues to be worldwide impact from the COVID-19 pandemic. While we have been relatively successful in navigating such impact to date, we have previously been affected by temporary manufacturing closures, employment and compensation adjustments, and impediments to administrative activities supporting our product deliveries and deployments. There are also ongoing related risks to our business depending on the progression of the pandemic, and recent trends in certain regions have indicated potential returns to limited or closed government functions, business activities and person-to-person interactions. Global trade conditions and consumer trends may further adversely impact us and our industries. For example, pandemic-related issues have exacerbated port congestion and intermittent supplier shutdowns and delays, resulting in additional expenses to expedite delivery of critical parts.”).

In addition, the New York State arbitrarily has a cap on direct sales locations for Tesla, which has negatively affected our ability to hire hundreds of positions and construct many more Tesla facilities throughout the state. Until this anti-competitive policy is changed, the state will lag neighboring states in electrifying its fleet and realizing the economic development and public health benefits that go along with electric vehicle deployment,

Despite these headwinds, Tesla has been steadily ramping back up GFNY and expanding and diversifying the facility's operations. Tesla has continued to expand the portfolio of the Power Electronics and vehicle charging equipment manufactured in Buffalo, and we recently onboarded over 250 new positions at the facility to support training Tesla's autonomous vehicle and full self-driving capabilities.⁶

Currently, Tesla has already met several of its 2021 (Year Two) obligations regarding statewide employment and cumulative investment under the current Agreement.⁷ Since the close of the April 2021 reporting period, Tesla has increased its hiring to support the expanding Power Electronics and vehicle charging equipment work and the ramping of Solar Roof manufacturing capacity. **As a result, Tesla's New York State current headcount now stands at 1,665 including the GFNY headcount in Buffalo of 1,058.**

As the attached report indicates, at the end of April 2021 reporting period Tesla's New York State headcount stood at 1,460. This total included Tesla's GFNY headcount which stood at 884, and it also included an additional 576 people employed by Tesla at other locations throughout the State. **Tesla has also far exceeded its Year Two obligations by accruing cumulative investment and spend of almost \$824 million.**

In sum, Tesla remains committed to expanding our business throughout the State of New York and further building the GFNY facility in Buffalo into a world-class advanced manufacturing center. As we have already exceeded two of our obligations under the Agreement, Tesla anticipates it will continue to recover from the pandemic-related impacts and expects it will meet and exceed all of the Agreement's Year Two requirements by the end of the 2021.

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

Sincerely,



Yaron Klein
Treasurer
Silevo, LLC

Attachment: Riverbend Report for April 1-30, 2021 Time Period

⁶ See, [Tesla Careers](#) website at (listing current positions available at GFNY in Buffalo).

⁷ See, Agreement at Exhibit G.