

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

SPECIAL MEETING

April 10, 2017

MINUTES

Call to Order

The Kentucky Economic Development Finance Authority convened at 9:32 a.m. EDT, April 10, 2017, at the Cabinet for Economic Development, Old Capitol Annex, 300 West Broadway, Board of Directors Conference Room, 1st Floor, in Frankfort, Kentucky, for a special meeting to consider a Kentucky Jobs Retention Act (KJRA) supplemental project in Scott County. Other sites, via video conference, were First Rate Mortgage, 10400 Linn Station Road, Suite 226, Louisville, Kentucky and Community Trust Bank, Inc., 346 North Mayo Trail, 5th Floor Conference Room, Pikeville, Kentucky.

Notification of Press

Jean Hale, Chairman, received verification that the media had been notified of the KEDFA Special Board Meeting.

Roll Call

Members Present: Jean Hale, Aubrey Hayden, Edwin King, Proxy for Secretary William M. Landrum and Dorsey Hall

Staff Present: Caroline Baesler, John Bevington, Michelle Elder, Joe Lilly, Brandon Mattingly, Katie Smith and Teresa Spreitzer

Others Present: Curtis Sizemore, Community Trust Bank, Inc.

KJRA Project (Supplemental)

Chairman Hale called on staff to present the proposed KJRA supplemental project to the Authority.

Toyota Motor Manufacturing Kentucky, Inc. Scott County

**Katie Smith
Michelle Elder**

Katie Smith stated Toyota Motor Manufacturing, Kentucky, Inc., known as TMMK, in Georgetown represents Toyota's first wholly owned manufacturing facility in the United States. TMMK currently builds the Camry, Camry Hybrid, Avalon, Avalon Hybrid and Lexus ES350, and the facility also machines and assembles four-cylinder & V-6 engines, axles, steering and engine components. The plant includes 8.1 million square feet on 1,300 acres with a production capacity of 550,000 vehicles and 600,000 engines, which is the company's largest plant in the world. The proposed project is to utilize the Toyota New Global Architecture, which is an integrated approach to developing powertrain components and vehicle platforms, at the first plant in North America. The project will replace aging equipment, implement new technologies, streamline processes and improve part handling and logistics in an effort to improve vehicle safety and quality and improve competitiveness. Additionally, a new paint shop will be added to the existing facility footprint.

Michelle Elder stated the project investment is \$1,743,600,000 of which \$1,174,900,000 qualifies as KJRA recoverable costs. The highest jobs target over the term of the agreement is 7,880 with average hourly wages of \$45.47 including benefits. The state wage assessment participation is 4.0% and the City of Georgetown will participate at 0.5% with Scott County Fiscal Court participating at 0.5%.

The total cumulative investment of \$1,743,600,000 is required to be achieved by March 31, 2020. If the investment is less than \$1,569,000,000 (90% of the projected investment), the Total Negotiated Tax Incentive Amount will be reduced to equal the sum of \$146,500,000 (original incentive amount) plus 3.6% of the investment above \$531,200,000 (original projected investment). The term of the Agreement matures on March 31, 2027. TMMK will be subject to automatic reduction of available incentives for the succeeding fiscal year upon failure to achieve ninety percent (90%) of the job target in any year of the agreement term. The maximum annual incentive for the fiscal year following the year in which TMMK achieves less than 90% of the job target shall be reduced pro rata to the percentage of job target achieved for the prior fiscal year. The company will also be subject to suspension of claiming incentives for the succeeding fiscal year upon failure to achieve a job target of 6,739 full-time, Kentucky resident employees in any year of the agreement term after April 10, 2017. The amount not claimed during the suspension may be used as a carryforward amount in future years once compliance is confirmed.

Staff recommended approval of the amended KJRA negotiated tax incentive amount of \$190,000,000.

Aubrey Hayden moved to approve the staff recommendation, as presented; Dorsey Hall seconded the motion. Motion passed; unanimous.

Adjournment

There being no further business, Chairman Hale entertained a motion to adjourn.

Mr. Hall moved to adjourn the KEDFA Special Board Meeting; Edwin King seconded the motion. Motion passed; unanimous.

The meeting adjourned at 9:36 a.m.

PRESIDING OFFICER:



Jean Hale, Chairman