

# KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

## SPECIAL MEETING

May 31, 2023

## MINUTES

### Call to Order

The Kentucky Economic Development Finance Authority convened in person and virtually at 10:05 am on May 31, 2023, 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 Project in Scott County.

### Notification of Press

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

### Roll Call

Jean R. Hale, J. Don Goodin, Secretary Holly Johnson, Tucker Ballinger, Mike Cowles and Naashom Marx

**Staff Present:** Raven Aiken, Sarah Butler, Brandon Combs, Rachael Dever, Michelle Elder, Ellen Felix, Andy Luttner, Brandon Mattingly, Gabrielle McGee, Craig McKinney, Kylee Palmer, Cate Prather, Katie Smith, and Beth Sturm

**Others Present:** Mike Herrington, Stites & Harbison; Chris Otts, WDRB; Niki Goldey, Commerce Lexington Economic Development; Caleb George, Kentucky Community and Technical College System; Kim Menke, Toyota Motor North America; Marcus Green, Matthew Glowicki, Roxann Fry, Scott Lusk and Bruce Wilcox

### Kentucky Jobs Retention Act (KJRA) Project

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

#### **Toyota Motor Manufacturing, Kentucky, Inc. Scott County**

**Andy Luttner  
Michelle Elder**

Andy Luttner stated Toyota Motor Manufacturing, Kentucky, Inc., known as TMMK, in Georgetown represents Toyota's first wholly owned manufacturing facility in the United States and the company's largest plant in the world. TMMK currently builds the Camry and Lexus ES traditional gas vehicles, Hybrid Camry, RAV4 and Lexus ES, and the facility also machines and assembles four-cylinder & V-6 engines. The plant includes 9.2 million square feet with a production capacity of 550,000 vehicles, 600,000 engines and assembles Hydrogen Fuel-cell Modules stacks for the emerging Class 8 Heavy Trucks. The proposed project is to capitalize on the previous TMMK Reborn, Toyota New Global Architecture to improve the vehicle production flexibility & capability of the type of powertrain and size of vehicle manufactured and introduce a new vehicle to the facility along with any necessary sub-assembly processes. Investment and process changes will be incurred to introduce the new vehicle and implement several facility-wide carbon reduction activities to meet Toyota's carbon reduction targets.

Michelle Elder stated the third supplemental project investment is \$591,485,000 of which \$443,613,750 qualifies as KJRA eligible costs. The highest job target over the term of the agreement is 8,950. The state wage assessment participation is 4.0% and The City of Georgetown and Scott County Fiscal Court will each participate at 0.5% for a combined 1.0%.

Total cumulative investment of \$2,795,925,000 to be achieved by March 31, 2026. If the investment is less than \$2,795,925,000, the Total Negotiated Tax Incentive Amount will be reduced to equal the sum of \$212,500,000 (original, first and second supplemental incentive amount) plus 4.6% of the investment above \$2,204,440,000 (original, first and second supplemental projected investment). The term of the Agreement matures on March 31, 2033. 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 7,750 full-time, Kentucky resident employees in any year of the agreement term after March 31, 2023. 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 an increase in the KJRA negotiated tax incentive amount to \$240,000,000.

Naashom Marx moved to approve staff recommendation, as presented; Mike Cowles seconded the motion. Motion passed; unanimous.

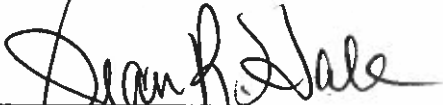
### **Adjournment**

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

Secretary Holly Johnson moved to adjourn the KEDFA Special Board Meeting; Tucker Ballinger seconded the motion. Motion passed; unanimous.

The meeting adjourned at 10:12 a.m.

**APPROVED  
PRESIDING OFFICER:**

  
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Jean R. Hale, Chairman