



CABINET FOR ECONOMIC DEVELOPMENT

Andy Beshear
GOVERNOR

Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 40601

Jeff Noel
SECRETARY

MEMORANDUM

TO: KEDFA Board Members

FROM: Jean R. Hale, Chairman 
Kentucky Economic Development Finance Authority

DATE: May 26, 2023

SUBJECT: KEDFA Special Board Meeting

A special meeting of the Kentucky Economic Development Finance Authority is called for **10:00 a.m. (EDT) on Wednesday, May 31, 2023** through both in person attendance and video conference. The primary location for the meeting where all members can be seen and heard and the public may attend in accordance with KRS 61.826 and 61.810 will be in the Board of Directors Conference Room at the Cabinet for Economic Development, Old Capitol Annex, 300 West Broadway in Frankfort. While participants, media and members of the public may attend the board meeting in person at the primary location, attendees are also encouraged to join the meeting virtually and can access the video teleconference at the following link:

<https://us02web.zoom.us/j/87615860402>

The purpose of the meeting is to consider a Kentucky Jobs Retention Act (KJRA) project in Scott County.

Attachment

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY
AGENDA
SPECIAL BOARD MEETING**

May 31, 2023

PRIMARY LOCATION:

Where all members can be seen and heard and the public may attend in accordance with KRS 61.826 & 61.840

Board of Directors Conference Room

Old Capitol Annex

300 West Broadway

Frankfort, Kentucky

ALSO AVAILABLE VIA ZOOM: <https://us02web.zoom.us/j/87615860402>

Call to Order

Notification of Press

Roll Call

KJRA Project– Scott County

Adjournment

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY
KJRA REPORT - APPROVAL OF SUPPLEMENTAL PROJECT**

Date: May 31, 2023
Preliminary Approval: April 17, 2013
Final Approval: May 30, 2013
Approved Company: Toyota Motor Manufacturing, Kentucky, Inc.
City: Georgetown
Activity: Manufacturing
Bus. Dev. Contact: K. Slattery

Activation Date: September 28, 2015
County: Scott
Supplemental Res #: KJRA-F-13-19488-S3
DFS Staff: M. Elder

Project Description:

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.

3rd Supplemental Project Costs

Building (new construction/acquisition/additions)
 Equipment (including installation costs)
Total 3rd Supplemental Project Costs

| Maximum Recoverable Costs | Total Investment |
|---------------------------|----------------------|
| \$9,678,750 | \$12,905,000 |
| \$433,935,000 | \$578,580,000 |
| \$443,613,750 | \$591,485,000 |

Original, 1st & 2nd Supplemental Project Costs

| | |
|-----------------|-----------------|
| \$1,520,530,000 | \$2,204,440,000 |
|-----------------|-----------------|

TOTAL KJRA PROJECT COSTS

| | |
|------------------------|------------------------|
| \$1,964,143,750 | \$2,795,925,000 |
|------------------------|------------------------|

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS

| | Year | Previous Job Target (90% required) | REVISED Job Target (90% required) | Annual Approved Cost Limitation |
|--|-------------------|------------------------------------|-----------------------------------|---------------------------------|
| | Previously Earned | | | \$160,000,000 |
| | 3/31/2024 | 8,250 | 8,950 | Included above |
| | 3/31/2025 | 8,250 | 8,950 | \$12,000,000 |
| | 3/31/2026 | 8,250 | 8,950 | \$12,000,000 |
| | 3/31/2027 | 8,250 | 8,950 | \$11,000,000 |
| | 3/31/2028 | 8,250 | 8,950 | \$11,000,000 |
| | 3/31/2029 | 8,250 | 8,950 | \$11,000,000 |
| | 3/31/2030 | 8,250 | 8,950 | \$8,000,000 |
| | 3/31/2031 | | 8,950 | \$7,500,000 |
| | 3/31/2032 | | 8,950 | \$7,500,000 |

(Note: Current and anticipated jobs do not include variable and contract workers)

Average total hourly compensation for existing jobs: \$48.72

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT

\$240,000,000

Other Conditions/Requirements:

- 1) 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).
- 2) The term of the Agreement matures on March 31, 2033.
- 3) The state wage assessment is 4%. The City of Georgetown and Scott County Fiscal Court support the project and will contribute a combined 1% (0.5% each) of its local occupational tax.
- 4) 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.
- 5) 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.