



CABINET FOR ECONOMIC DEVELOPMENT

Andy Beshear
Governor

Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 40601

Larry Hayes
Interim Secretary

June 11, 2021

Holly M. Johnson, Secretary
Finance and Administration Cabinet
Room 383, Capitol Annex
Frankfort, KY 40601

RE: Economic Development Fund Grant - \$15,000,000 to the Meade County Fiscal Court on behalf of Nucor Corporation

Dear Secretary Johnson:

In accordance with KRS 154.12-100, this letter shall serve as notice of my recommendation for the use of \$15,000,000 in Economic Development Fund (EDF) funds for the purpose of making a grant to the Meade County Fiscal Court on behalf of Nucor Corporation.

Nucor Corporation and its affiliates are manufacturers of steel products, with operating facilities primarily in the U.S. and Canada. Nucor is growing its operations by constructing a new state-of-the-art plate mill facility in Brandenburg. The new plate mill will enhance Nucor's ability to serve its customers in the region as well as the needs of its customers around the world. The proposed EDF grant funds will be used to offset the capital investment costs associated with the project.

In consideration of this EDF grant, Nucor Corporation will be required to make investment and create new, full-time Kentucky resident jobs (excluding contract or temporary employees) paying the following wages in Brandenburg in accordance with the following schedule:

Compliance Date	Full-time, Kentucky-Resident Jobs Required	Job Type	Average Wage Required	Average Wage Type
December 31, 2025	400	Create	\$45.00	Total Hourly Compensation (includes benefits)
December 31, 2026	400	Create	\$45.00	Total Hourly Compensation (includes benefits)
December 31, 2027	400	Create	\$45.00	Total Hourly Compensation (includes benefits)
December 31, 2028	400	Create	\$45.00	Total Hourly Compensation (includes benefits)
December 31, 2029	400	Create	\$45.00	Total Hourly Compensation (includes benefits)

* Compliance periods will be annually and first compliance period may be accelerated. Subsequent compliance periods will be adjusted if acceleration occurs.

Secretary Holly M. Johnson
June 11, 2021
Page Two

Under the terms of the EDF grant agreement, disbursement of grant funds will occur after the annual compliance reporting has occurred. The amount of the disbursements will be based on the performance requirements achieved. If Nucor Corporation fails to create or maintain the job target as of each compliance date, then the amount of the grant payable after each compliance measurement date will be reduced by the sum of \$7,500 for each new, full-time job not created or maintained by the company at each of the five annual measurement dates. Furthermore, if Nucor Corporation fails to pay these new jobs the average hourly wage of \$45.00, including benefits, the amount of the grant payable after each compliance measurement date will be reduced by a pro rata portion of the EDF grant based on a formula to be outlined in the EDF grant agreement.

Any funds repaid to the Meade County Fiscal Court by Nucor Corporation must be used for economic development purposes as approved by the Cabinet for Economic Development. In no event will the repayment of EDF grant proceeds exceed the EDF grant amount of \$15,000,000.

I respectfully request your concurrence in the funding of this project. If KEDFA approves this proposal, I would ask that you place this project on the next agenda of the State Property and Buildings Commission. Please feel free to contact me if you have any questions.

Sincerely,



Larry Hayes
Interim Secretary

AGREED TO AND APPROVED BY:



Secretary, Finance and Administration Cabinet Date

cc: Jeff Taylor
 Kristina Slattery
 Katie Smith

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY
ECONOMIC DEVELOPMENT FUND (EDF) PROJECT REPORT**

Date: _____
Grantee: Meade County Fiscal Court
Beneficiary: Nucor Corporation
City: Brandenburg **County:** Meade
Activity: Manufacturing
Bus. Dev. Contact: A. Luttner **OFS Staff:** M. Elder

Project Description: Nucor Corporation and its affiliates are manufacturers of steel products, with operating facilities primarily in the U.S. and Canada. Nucor is growing its operations by constructing a new state-of-the-art plate mill facility in Brandenburg. The new plate mill will enhance Nucor's ability to serve its customers in the region as well as the needs of its customers around the world.

Select Owned or Leased

	Total Investment
Land	\$35,350,000
Building/Improvements	\$193,275,000
Equipment	\$1,334,000,000
Other Start-up Costs	\$3,850,000
TOTAL	\$1,566,475,000

Anticipated Project Funding

	Amount	% of Total
Economic Development Fund Grant (State)	\$15,000,000	1.0%
Cash	\$1,388,835,000	88.7%
Green Bonds	\$162,640,000	10.4%
TOTAL	\$1,566,475,000	100.0%

Job and Wage Requirement Table

Compliance Date	Kentucky-Resident Jobs Required	Job Type	Average Wage Required	Average Wage Type
12/31/2025	400	Create	\$45.00	Total Hourly Compensation (includes benefits)
12/30/2026	400	Create	\$45.00	Total Hourly Compensation (includes benefits)
12/30/2027	400	Create	\$45.00	Total Hourly Compensation (includes benefits)
12/30/2028	400	Create	\$45.00	Total Hourly Compensation (includes benefits)
12/30/2029	400	Create	\$45.00	Total Hourly Compensation (includes benefits)

* Compliance periods will be annually and first compliance period may be accelerated. Subsequent compliance periods will be adjusted if acceleration occurs.

Collateral Required: Not applicable - Grant is performance-based and disbursement will not occur until after annual compliance is confirmed.

Job Penalty Provision: \$7,500 per job not created or maintained

Wage Penalty Provision: pro rata portion of EDF grant based on a formula outlined in the EDF grant agreement

Disbursement: Disbursement of grant funds may occur after each annual compliance period when requirements have been reviewed by the Cabinet. Funds will flow through the Grantee/local government entity to the Beneficiary/company.

12/31/2025	\$3,000,000
12/31/2026	\$3,000,000
12/31/2027	\$3,000,000
12/31/2028	\$3,000,000
12/31/2029	\$3,000,000

RECOMMENDED ECONOMIC DEVELOPMENT FUND AMOUNT: **\$15,000,000**

Ownership (20% or more):

Publicly Traded

Active State Participation at the Project Site:

<u>Date</u>	<u>Program</u>	<u>Status</u>	<u>Amount</u>
Mar 27, 2019	KBI	Approve-Prelim	\$30,000,000
Mar 27, 2019	KEIA	Approve-Final	\$10,000,000

Unemployment Rate:

County:

Kentucky:

Recommendation:

Staff recommends approval of this EDF grant subject to the terms set forth in this report and the recommendation letter from the Secretary of the Cabinet for Economic Development (CED). In accordance with KRS 154.12-100, KEDFA's approval of this EDF grant is subject to CED's receipt of the Secretary of the Finance and Administration Cabinet's concurrence to CED's use of the EDF funds for this project.