

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY
KJRA REPORT - PRELIMINARY APPROVAL**

Date: September 25, 2014
Approved Company: General Electric Company
City: Louisville **County:** Jefferson
Activity: Manufacturing **Prelim Resolution #:** KJRA-I-14-20070
Bus. Dev. Contact: Megan Roe **OCFAS Staff:** Michelle Elder

Project Description:

General Electric Company, with its global headquarters for GE Appliances at Appliance Park in Louisville, is one of the world's leading designers, manufacturers, marketers, and sellers of major home appliances. Appliance Park opened in 1953 and today, is the company's largest appliance manufacturing facility, consisting of five manufacturing buildings each well over one million square feet devoted to the manufacture of home laundry products, dishwashers, refrigerators and high-efficiency water heaters.

Recently, GE began a program to reinvest in its manufacturing operations which represented a significant change from the business model of outsourcing significant volume to manufacturers in Latin America and Asia. GE is currently evaluating making additional investments in Appliance Park that would add new advanced manufacturing and research capabilities, allow for increased insourcing of components and products and help sustain current employment. Staying competitive in the appliances industry requires regular investment and a relentless focus on reducing costs through new technology and productivity gains.

	Eligible Costs	Total Investment
Land	\$0	\$0
Building/Improvements	\$100,000,000	\$100,000,000
Equipment	\$149,000,000	\$149,000,000
Other: Tooling, Shopwork, Engineering, Purchased Services, etc.	\$28,000,000	\$28,000,000
TOTAL	\$277,000,000	\$277,000,000

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

	Year	Job Target (90% required)	Annual Approved Cost Limitation
Current number of full-time, Kentucky resident positions to be retained	As of Activation Date	5,263	
	1	5,263	\$4,000,000
	2	5,263	\$4,000,000
	3	5,263	\$4,000,000
5,263	4	5,263	\$4,000,000
	5	5,263	\$4,000,000
	6	5,263	\$4,000,000
	7	5,263	\$4,000,000
	8	5,263	\$4,000,000
	9	5,263	\$4,000,000
	10	5,263	\$4,000,000

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

Average total hourly compensation for existing jobs: \$51.27

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$40,000,000

Ownership (20% or more):

Publicly traded

Active State Participation at the Project Site:

<u>Program</u>	<u>Activation Date</u>	<u>Expiration Date</u>	<u>Amount</u>
KIDA	1/1/2013	1/1/2023	\$20,500,000

Requested Wage Assessment / Local Participation:

State: 4.0%

Local: 1.0%

Unemployment Rate

County: 7.2%

Kentucky: 7.4%

Special Conditions:

The project will automatically terminate as of the activation date if GE fails to invest \$100,000,000 within three years from the date of final approval.

KIDA incentives will terminate upon activation of the KJRA project.

GE will be subject to an 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 KJRA agreement term. The maximum annual incentive for the fiscal year following the year in which GE 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.