

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY
KBI REPORT - PRELIMINARY APPROVAL

Date: September 26, 2019
Approved Company: United Parcel Service Co.
Approved Affiliate(s): United Parcel Service General Services Co.
 UPS Worldwide Forwarding, Inc.
 United Parcel Service, Inc. (OH)
City: Louisville **County:** Jefferson
Activity: Service & Technology **Prelim Resolution #:** KBI-I-19-22734
Bus. Dev. Contact: V. Sarin **DFS Staff:** K. McCane

Project Description: United Parcel Service Co. (UPS) is the world's largest package delivery company and global leader in supply chain services. The company is considering constructing an additional 2 bay hangar to support the continued expansion of its UPS aircraft fleet, specifically maintenance on the 747-8F aircraft. UPS also will incur many other enhancement projects to the airport and surrounding area. The Approved Affiliates are also considering additional investment costs of at least \$234,000,000 above the projected investment below for the Approved Company. Thus, total projected investment for UPS exceeds \$750,000,000.

Facility Details: Expanding existing operations

Anticipated Project Investment - Owned

Land
 Building/Improvements
 Equipment
 Other Start-up Costs
TOTAL

Eligible Costs	Total Investment
\$0	\$0
\$459,011,979	\$459,011,979
\$7,960,000	\$57,224,630
\$0	\$0
\$466,971,979	\$516,236,609

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	398	\$70.00	
1	398	\$70.00	\$3,600,000
2	630	\$70.00	\$3,600,000
3	800	\$70.00	\$3,600,000
4	869	\$70.00	\$3,600,000
5	900	\$70.00	\$3,600,000
6	900	\$70.00	\$3,600,000
7	1,000	\$70.00	\$3,600,000
8	1,000	\$70.00	\$3,600,000
9	1,000	\$70.00	\$3,600,000
10	1,000	\$70.00	\$3,600,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$36,000,000

Incentive Type:

Other

Statutory Minimum Wage Requirements:

Base hourly wage: \$10.88

Total hourly compensation: \$12.51

Ownership (20% or more):

Publicly Traded

Active State Participation at the project site: None**Requested Wage Assessment / Local Participation:**

State: 3.0%

Local: 1.0% Louisville/Jefferson County Metro Government

Unemployment Rate:

County: 5.0%

Kentucky: 5.1%

Existing Presence in Kentucky:

Jefferson County

Special Conditions:

The company will be required to maintain a base employment equal to the number of full-time, Kentucky resident employees as of the date of preliminary approval. The company reported 6,436 full-time, Kentucky resident employees as of the application date. ✓

The project will include multiple locations within Jefferson County/Louisville. Only investment costs incurred at ~~911 Grade Lane~~ will be considered towards calculating eligible costs. Employees and their respective wages at the locations included in the project definition will be eligible for compliance.

Only investment costs incurred by the approved company will be considered towards calculating eligible costs. Only the approved company may participate in the corporate income tax credit incentive (no affiliate is eligible). The jobs creation/maintenance and wage requirements will be satisfied collectively by the approved company and the affiliate(s) recognized above.