



Summary: First Amended and Restated Economic Development Agreement with Hyundai Motor Group



Company Background:

Headquartered in Seoul, Korea, Hyundai Motor Group (“HMG”) employs 250,000 people worldwide. HMG’s vehicles are sold in 193 countries through 5,000 dealerships and showrooms.

Hyundai Motor Group’s Announcement in Georgia:

Update: *On August 31, 2023, HMG and LG Energy Solutions (“LGES”) announced [an additional \\$2 billion investment in the separate JV Battery Manufacturing Facility and the creation of an additional 400 jobs.](#) With this announcement, this project represents an estimated total \$7.59 billion investment, with job creation of 8,500 new jobs over the next eight years. To date, more than \$2.1 billion in capital investment and approximately 5,000 new jobs have been announced across the state by suppliers to this project, more than doubling the initial projection. Production plans at the new Georgia smart factory include a diverse range of innovative fully electric vehicles Genesis, Hyundai, and Kia models.*

On May 20, 2022, HMG announced an investment of [\\$5.545 Billion in Georgia for Hyundai’s First Fully Dedicated Electric Vehicle Manufacturing Facility as well as for a separate Joint-Venture Battery Manufacturing Facility.](#)

- **\$5.545 billion invested through Hyundai Motor Group Metaplant America, its affiliate suppliers, and a separate battery joint venture** to open its first fully dedicated electric vehicle (EV) manufacturing facility and a separate joint venture battery manufacturing facility in the State of Georgia.
- **8,100 jobs with an average salary of \$58,105 plus benefits created by HMGMA, its affiliate suppliers, and a separate battery joint venture**, as provided in an Economic Development Agreement with HMGMA, will be created at a state-of-the-art smart factory at the Bryan County Megasite in Georgia’s coastal region.
- **Approximately another \$1 billion** was anticipated to be invested by non-affiliated HMGMA suppliers in connection with the Project in other locations. *However, as mentioned above, this expectation has already been exceeded by announced supplier projects.*
- **Construction** on the new facility began in early 2023, with full production expected in the first half of 2025, and an expected annual production of approximately 300,000 units.

- **Production plans** at the new Georgia smart factory, include a diverse range of innovative fully electric vehicles. Details of production models will be shared at later dates.
- **A stable supply chain and healthy EV ecosystem** in the U.S. market is enhanced by the establishment of the separate JV battery manufacturing facility.
- **Progress For Humanity:** Additional local commitments include plans to connect with the local economy and fabric of the community through localized [corporate social responsibility](#) programs focused on enriching the lives of humankind, improving the wellbeing of society, and being better for the planet through the use of time, talent, and resources. These include programs through [Hyundai Hope](#), which is focused on improving health, safety, and supporting programs that prioritize access to food and nutrition, and [Genesis Gives](#), which supports STEAM education programs and youth sports. Hyundai is currently coordinating with several local nonprofit organizations that support these types of community-based programming.
- **Update:** Since 2022, Hyundai, Genesis, and their nonprofit organizations have donated more than \$1.2 million to various organizations in and around Bryan County, Savannah, and Atlanta. Numerous partnerships between HMGMA and partners, including a multi-decade partnership with and \$120,000 STEM scholarship for students at [Georgia Tech](#), will focus on research and programs to support the future of sustainable mobility, hydrogen economy, workforce development, and smart cities, among many other areas of cooperation.

HMG History in Georgia:

- **Decades of history** exist between HMG and the State of Georgia.
 - The **Kia Georgia** facility in West Point was established in 2009, pledging to create 2,500 jobs and invest \$1.2 billion. *In 2023, the company announced Kia will invest an additional more than \$200 million and create nearly 200 new jobs to accommodate assembly of the company's highly anticipated all-electric 2024 EV9 three-row SUV in West Point. EV9 assembly is expected to begin in the second quarter of 2024.*
 - The facility now operates four production lines: the Telluride, K5, Sorento, and the most recently added line, the Sportage.
 - Kia's U.S. manufacturing facility is in West Point and has capacity to produce 340,000 automobiles annually. The plant covers 2,200 acres and employs approximately 2,700 workers.
 - The plant and its suppliers have an estimated annual economic impact of \$4 billion.
- **Glovis Georgia, Hyundai Transys, Mobis America**, and other HMG-affiliated companies also operate across the state.
- For additional perspective: the planned HMGMA facility in Bryan County begins with a higher jobs and investment total, with an expected larger supplier network.

Project Benefits for Local Communities:

- **Property Tax Payments**

- HMGMA will receive a 27-year property tax abatement for its investment and will begin making leasehold ad valorem property tax payments beginning in calendar year 2026 after the initial construction of the facility is complete.
 - This type of property tax incentive is typical for developments of this scale.
- HMGMA’s estimated leasehold ad valorem property tax payments in 2026 of over \$ 7.095million is more than 180 times the property taxes the property was estimated to generate prior to the location of the Metaplant, based on 2021 property values.
 - **\$7.095 million (2026) vs. \$38,748.29 (estimated based on 2021 values)**
- **Over the 27-year abatement period, it is estimated that HMG will pay over \$523 million in leasehold ad valorem property tax payments.**
- The leasehold ad valorem tax payments increase over time. Year 12 payments are estimated to be over \$16 million, Year 19 over \$24 million, and Year 24 over \$31 million.
- **Over the 27-year abatement, the local communities will receive an approximate seven-fold return on the Savannah JDA’s investment through leasehold ad valorem property tax payments alone, with the initial investment estimated to be recouped by Year 9.**
- The Savannah JDA’s total contribution is expected to be \$71,870,000 for the project.
- In addition to leasehold ad valorem property tax payments, the local communities will benefit from increased sales tax revenues, new job-related benefits, and growth in housing, retail, and commercial sectors.

Economic Development Agreement:

The Economic Development Agreement (EDA) is a binding contract between the State of Georgia, the Savannah Harbor-Interstate 16 Corridor Joint Development Authority (Savannah JDA), and Hyundai Motor Group Metaplant America, LLC that ensures all parties abide by agreed-upon terms.

The **average salary at HMGMA’s facility will be \$58,105 plus benefits.** The EDA is similar in nature to agreements signed for previous other major projects such as Rivian, Kia Motors, Takeda (formerly Baxter), and SK Innovation, where state and local incentives focus on speed-to-market solutions.

Taxpayers are protected by Georgia’s economic development process. Georgia’s Constitution requires that there be a balanced budget every year, and, unlike some competitor states, does not allow cash grants directly to companies. Instead, the state puts dollars into project solutions to aid in speed-to-market for companies.

HMGMA Commitments-Updated

- Minimum of **\$7.59 billion investment for an electric vehicle manufacturing facility and the separate joint-venture battery manufacturing facility** and creation of **8,500 full-time** jobs by December 31, 2031, and continued maintenance of the jobs and investment through 2049.
- Repayments to the State and Savannah JDA are due in any year in which the investment and full-time jobs maintenance is below 80% of the commitments.
- Leasehold Ad Valorem Tax Payments (see above).
- Payment for certain overages on costs relating to changes in the site plans.
- Adherence to environmental state and federal regulations.

A note on Clawbacks:

The EDA requires Hyundai Motor Group to comply with a claw back period.

By December 31, 2031: HMGMA, the affiliate suppliers and the separate battery JV must collectively meet 80% of the \$7.59 billion investment commitment and 8,500 job commitment, and maintain those commitments through 2049.

Annual compliance reports are required. In the event that the combined job and investment performance fall below 80% of the job and investment commitments above, a proportional, pro-rata repayment of the total Savannah JDA property, state property, and state land improvements, and estimated real and personal property tax savings is due. If the jobs attainment calculation is at 20% or less of the commitment in any given year during the measurement period, then additional payments are due to the Savannah JDA and the State.

Benefits to HMGMA, affiliate suppliers and the separate battery JV-Updated:

HMGMA, affiliate suppliers and the separate battery JV long-term job creation & capital investment benefits (“statutory” incentives):

As with any economic development project, a majority of project incentives are part of Georgia’s tax code and based on job creation. These existing statutory, non-discretionary incentives are available to any qualifying new or expanding Georgia business, which include tax credits on creating new jobs, machinery, construction development, R&D, sales tax and use tax, and raw materials, and will also be available to HMGMA, the affiliate suppliers and the separate battery JV:

Values of the tax incentives are generally projected estimates of maximum possible tax savings, based on specific projected jobs, wage and capital investment totals.

Tax Credits for Job Creation, Retraining, Sales & Use Tax: The vast majority of incentives in Georgia require the creation of long-term jobs. Where companies don’t create the jobs, they cannot earn the credits, so there’s nothing to claw back.

The Mega Project Tax Credit allows companies to proactively claim credits based upon a commitment to create a certain number of jobs in the future. Once a company reaches the statutory threshold number of jobs and capital investment within the prescribed time period it must maintain those jobs for at least five years. If it fails to reach or maintain those jobs, then it has to repay the credits.

HMGMA’s State & Local Speed-to-Market Solutions (“discretionary” incentives):

To aid in speed-to-market solutions for companies, Georgia and communities consider long-term value of the project and jobs created when they structure economic development agreements. *Update: When the updated EDA was signed on August 31, 2023, the only discretionary incentive that changed from the original agreement was a grant reflecting the creation of new, high-wage jobs and additional investment.*

- **Site Acquisition and Development, Road Improvements**
 - The State and the Savannah JDA will partner with HMGMA to deliver a site ready for accelerated development. This approach provides HMGMA the solution it needs to meet its speed-to-market vehicle and battery production goals.
 - This includes:
 - A 2,996-acre site with all due diligence completed.
 - Clearing and grading.
 - Wetlands permitting and mitigation.
 - Improvements to roadways and access routes at the site to ensure any increase in truck or car traffic resulting from the project will move safely and efficiently.

- **REBA (Regional Economic Business Assistance) Grants**
 - One grant of **\$52,750,000** spread over two annual installment payments of \$25,000,000 in FY23 and \$27,750,000 in FY24 (an increase of \$2,750,000 based upon the additional capital investment and job creation commitments) to assist with site development, building construction, machinery and equipment purchases, or public infrastructure improvements.
 - A grant of approximately **\$112,608,688** will be provided to the Savannah JDA to pay for additional land acquisition, wetlands mitigation costs, and site clearing and grading.
**This is a higher number than in the original offer letter, due to price increases since the offer was made.*

- **Transportation Infrastructure Incentives**
 - The Georgia Department of Transportation (GDOT) will fund public road improvements at an estimated **\$210,000,000**. This will include:
 - New I-16 interchange.
 - Site access road.
 - Widening of Hwy. 280 from two (2) to five (5) lanes, and intersection improvements
 - Construction of a new frontage road.
 - Legislatively appropriated funding in the amount of **\$6,872,800** will be provided through an agreement with GDOT to construct a rail extension to the project site for Georgia Central Railway, L.P., a subsidiary of Genesee & Wyoming Inc.

- **Workforce Recruitment and Training**
 - The State of Georgia will provide a dedicated Quick Start Training Center. The cost to design, construct and equip the Center is estimated at **\$62,500,000**. The State will also cover operating costs and the estimated value of training services for a period of five years, at an anticipated average cost of **\$4,966,920*** per year. Quick Start will ensure that HMGMA's, affiliate suppliers' and the separate battery JV's production needs are met via a trained and skilled workforce.
 - Additionally, a customized workforce recruitment program, estimated at **\$54,818,400***, through Georgia Quick Start for workforce recruitment solutions for HMGMA affiliate suppliers and the separate battery JV.
**Note: This figure is not a financial commitment and represents the in-kind estimated cost of the anticipated recruitment services if purchased on the open market.*
 - The Georgia Department of Economic Development is also requesting that the Technical College System of Georgia receive **\$10,625,000** in funding from the Georgia Legislature to expand the existing Georgia Quick Start Advanced Manufacturing Training Center located at 1500 Pine Meadow Drive in Savannah, to accommodate additional training needs from other suppliers and affiliates supporting the project.

- **Dedicated Project Liaisons**
 - To ensure HMGMA, the affiliate suppliers and the separate battery JV are able to construct their facility and hire employees as efficiently as possible, the State has hired a government liaison position and will hire a workforce training liaison. The Savannah JDA has hired a project director position. Each of these positions would be for a period of three years.

Local Savannah JDA Offer:

Land/Site Development:

- The Savannah JDA funded \$18 million to purchase the original three parcels of the Bryan County Megasite (BCMS).
- The Savannah JDA funded (\$20,000+/-) for the re-zoning of the original three parcels of the BCMS.

- The Savannah JDA funded (\$20,000+/-) for the preparation of design plans for pad clearing, grading, and erosion control for a portion of the BCMS.
- The Savannah JDA funded (\$850,000+/-) and managed due diligence work on the three parcels that made up the original BCMS, including:
 - Boundary Survey.
 - LIDAR Topography.
 - Partial ALTA Survey.
 - Preliminary Geotechnical Investigation.
 - Phase 1 Environmental Site Assessment.
 - Threatened and Endangered Species Report.
 - Cultural Resources Investigation and Literature Review.
 - Wetland Delineation and Jurisdictional Determination.
 - Wetland Permit.
- The Savannah JDA funded (\$600,000+/-) additional due diligence for additional portions of the total project site to include:
 - Boundary Survey.
 - Phase 1 ESA.
 - Rezoning.
 - Development of Regional Impact Report.
 - Cultural Resources Study and Literature Review.
 - Wetland Delineation Update.
 - Wetland Permit.
 - Preliminary Geotechnical Investigation.
- Savannah JDA funded a natural gas line in an amount not to exceed \$10 million.

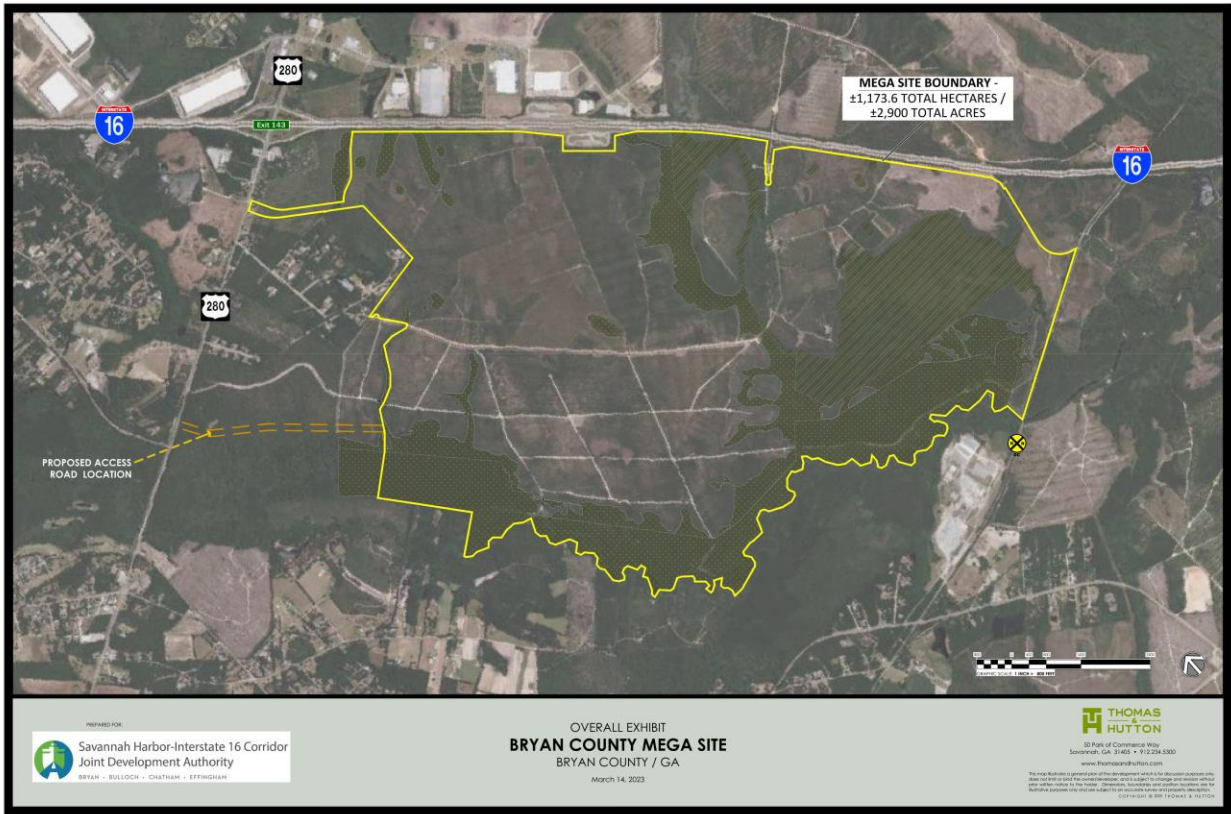
Foreign-Trade Zone (FTZ):

The Savannah JDA will fund the \$2,500 FTZ designation fee, the \$2,500 Customs and Border Patrol Activation fee, and the \$12,500 annual FTZ fee for ten years (the total value of the FTZ incentive is \$130,000).

Utilities:

- HMGMA will be responsible for the costs of water and utility use.
- Water and wastewater infrastructure and services are to be provided to the project site by the Bryan County Water and Sewer Department with support from the Savannah JDA.
- Savannah JDA will facilitate electric distribution lines, distribution of natural gas lines alongside Claxton/Municipal Gas Authority, and telecommunications through Pembroke Advanced Communications.

Bryan County Megasite:



Bryan County Megasite