

To: Members of the Illinois Finance Authority
From: Chris Meister, Executive Director
Date: September 12, 2023
Subject: Executive Director Message

Major Economic Development and Climate Project: Gotion

On September 8, 2023, Governor Pritzker announced a major climate and economic development project: Gotion's new state-of-the-art electric vehicle lithium battery manufacturing plant in Manteno. Governor Pritzker stated, "With 2,600 new jobs, a \$2 billion gigafactory, and the most significant new manufacturing investment in Illinois in decades – it's the most recent proof that we are in a new paradigm. Illinois is on the rise, and we're open for business" (see enclosed Governor's Press Release).

In connection with this project, the Members of the Authority are requested to consider and approve a resolution whereby the Authority will administer \$10 million in financial aid under New Business Item 9 in Appendix A.

Conduit Financing and Projects

The issuance of conduit revenue bonds, currently the Authority's primary service and financial product, generally has four structures: public offerings, limited public offerings, private placements, and direct-purchases by banks. Bond proceeds from tax-exempt qualified private activity financings and commercial property assessed clean energy financings lent to borrowers under each of these conduit financing structures are not from public funds but are instead from private funds.

The Authority's Bond Handbook (which is evaluated and updated from time to time) mitigates headline risk by setting forth the Authority's requirements and policies applicable to bonds issued under each of these conduit financing structures and reflects the Authority's philosophy of providing its borrowers with a customer-driven bond transaction process.

This month, the Authority has four conduit financings for large-scale projects for consideration and approval by the Members of the Authority. Two of the conduit financings are on behalf of for-profit borrowers, one publicly traded (*Waste Management, Inc.*) and one privately held (*LRS Holdings, LLC*) that provide solid waste disposal services in Illinois; and two of the conduit financings are on behalf of nonprofit borrowers (*The Carle Foundation* and *City of Hope*) that provide healthcare services in Illinois, the latter of which is relatively new to Illinois.

Despite past challenges to generate sufficient revenue to support operations, a higher interest rate environment appears to have significantly enhanced the Authority's project pipeline in the tax-exempt private activity bond market. Assuming the four transactions on today's agenda price and close before December 31, 2023, the Authority will have generated approximately 75% of its anticipated revenue from conduit financing closings for fiscal year 2024.



Welcome

On August 28, 2023, the Authority welcomed two new Members: *Susan Abrams* and *Steve Landek*. Additionally, Member *Randy Wexler* was reappointed on the same day. Congratulations to Members Abrams, Landek and Wexler on their appointments, and thank you for your volunteer public service. Please also extend a warm welcome to the Authority's newest staff colleague, *Joanna Martinez-Avina*, Vice President of Higher Education and Nonprofit financings.

Gov. Pritzker and Gotion Announce New \$2 Billion Electric Vehicle Battery Gigafactory in Kankakee County

Press Release - Friday, September 08, 2023

Historic company investment will create over 2,600 new good-paying jobs in Manteno

MANTENO - Governor JB Pritzker and Gotion today joined local Illinois leaders and officials to announce the company's decision to locate its new state-of-the-art \$2 billion electric vehicle (EV) lithium battery manufacturing plant in Manteno. Bolstered by a REV Illinois (Reimagining Energy and Vehicles) incentive package and the new Invest in Illinois fund, Gotion's decision to locate its new gigafactory in Illinois speaks to the state's growing reputation as an EV manufacturing powerhouse and represents a significant step forward in growing its EV ecosystem and supply chain. The plant is expected to begin production in 2024.

"Today, we take another leap forward, announcing the largest electric vehicle battery production investment in Illinois to date. It's my pleasure to welcome a world-leading battery manufacturer — Gotion — to Illinois," **said Governor JB Pritzker**. "This announcement is a testament to Illinois status as a leading destination for companies and investors who want the most talented workers, the best transportation systems, and a collaborative economic growth mindset from their partners in government at all levels. With 2,600 new jobs, a \$2 billion gigafactory, and the most significant new manufacturing investment in Illinois in decades — it's the most recent proof that we are in a new paradigm. Illinois is on the rise, and we're open for business."

"Our administration is creating a better and healthier future. This new facility will be a game-changer in our state's economy, creating new jobs and showing our continued commitment to making Illinois a renewable energy manufacturing powerhouse," **said Lt. Gov. Juliana Stratton**. "We are providing real solutions and new opportunities for our residents to push forward with us. I thank Governor Pritzker for his steadfast leadership for a greener tomorrow."

"Energy and environmental protection are our common challenges. To address them, solar power, wind, and energy storage systems are becoming the backbone of a new energy system and accelerate the revolution in the global energy landscape," **said Li Zhen, Chairman of Gotion High-tech**. "All that we see here [in Illinois] are of enormous value to us: an enabling business environment, a supportive state government for the new energy industry and their highly efficient work, as well as the prospects of the State of Illinois in the coming years. When we come to Illinois, we are not building a new factory but are planning to reuse an existing one and bring it back to life again as our way of cherishing and conserving resources. We believe that Gotion's battery technology will help to

boost e-mobility in North America and the economic and trade exchanges between China and the U.S."

Gotion's new state-of-the-art EV battery plant will help bolster the supply chain and meet growing demand for batteries across the EV sector, including Gotion's partners, as well as additional EV manufacturers across North America. The facility will focus on lithium-ion battery cell, battery pack production, and energy storage system integration. Once completed, the facility in Manteno is expected to produce 10 GWh of lithium-ion battery packs and 40 GWh of lithium-ion battery cells, which will strengthen the American EV battery supply chain. The site will cover approximately 150 acres.

With competitive incentives through REV Illinois, unmatched infrastructure, access to markets, as well as an abundant and qualified workforce, Gotion selected Illinois to locate its gigafactory after a competitive nationwide search. Illinois' assets combined with a comprehensive REV Illinois incentive package and the state's new Invest in Illinois Fund helped secure Gotion's historic investment in Illinois.

Gotion's total incentive package from the State of Illinois, which includes REV, Invest in Illinois, and other incentives, is valued at \$536 million. Through REV, Gotion is eligible to receive tax benefits totaling \$213 million over 30 years. The REV agreement specifies a minimum company investment of \$1.9 billion and the creation of 2,600 full-time jobs that are paid at least 120% of the average wage of similar job classifications in Kankakee County. A link to the executed REV agreement can be found [here](#).

Gotion will also be the first recipient of Invest in Illinois funding in the amount of \$125 million in capital funding to the company. The Fund was signed into law in early 2023 to make Illinois more attractive when vying for large projects in highly competitive sectors like clean energy. A link to the executed Invest in Illinois agreement can be found [here](#).

Gotion was also approved by local authorities for property tax abatement for 30 years.

As part of Illinois' commitment to build out comprehensive EV hubs and support Illinois' workforce, the state will also fund a new manufacturing training academy nearby, as well as award an additional grant to workforce providers to expand training and prepare regional employees for the new jobs.

"The legislature and Governor have worked diligently to create a stable, predictable economic climate in which business can thrive," **said Illinois Senate President Don Harmon (D-Oak Park)**. "Our partnership with Gotion is possible thanks to years of hard work and investment. Illinois is one of the best places in the world to do business."

"This exciting project is another step toward putting Illinois on the cutting edge of the electric vehicle market—while also uplifting communities across our state," **said House Speaker Emanuel 'Chris' Welch**. "Working together, the majority in the General Assembly and Governor Pritzker have made strides to rebuild Illinois' fiscal house, pair 21st Century job creators with smart incentives, and show

the world that Illinois is a hub of opportunity. There's more work to be done and we're going to continue moving Illinois forward, strengthening our economic future, and creating new opportunities across our state."

"I am thrilled to see this groundbreaking development of Gotion's state-of-the-art EV battery plant right here in Kankakee County," **said State Senator Patrick Joyce (D-Essex)**. "This facility not only represents a step forward in strengthening the EV supply chain, but also highlights Illinois' commitment to innovation and job creation."

"Illinois is emerging as a nationwide leader in the electric vehicle industry," **said Senator Elgie Sims Jr. (D-Chicago)**. "To see our state government providing more opportunities for long-term careers in this ever-growing industry is exciting and shows that we are committed to sustainable innovation."

"This \$2 billion investment in Kankakee County is also an investment in the future of our region and our state," **said State Rep. Nicholas Smith (D-Chicago)**. "We're powering tomorrow's in-demand vehicles right here in Manteno, and that will power good-paying jobs and economic development for the entire community."

"Businesses that are looking to invest in their future are looking at the investments Illinois is making in our transportation infrastructure, our workforce, and in long-term partnerships with innovators," **said State Rep. Marcus Evans (D-Chicago)**. "We're building a 21st Century economy that works for everybody, and this an exciting example of the businesses that are ready to be a part of that."

"This exciting project is a win for the entire Southland region, made possible by south suburban lawmakers and the governor working together to invest in growing our business community and creating good-paying jobs for our region," **said State Rep. Thaddeus Jones (D-Calumet City)**. "I look forward to continuing to work for opportunity and investment in our local economy."

"This announcement is a huge win for Manteno, Kankakee County, and the State of Illinois, and will only enhance and strengthen our robust manufacturing sector," **said Timothy O. Nugent, Mayor of Manteno**.

"Between today's announcement, recent investments in the electric vehicle space throughout the state, and thanks to our skilled and diverse talent pool, world-class universities, and key infrastructure, it's clear Illinois is well-positioned to be a leader in the electric vehicle space," **said Jack Lavin, President & CEO, Chicagoland Chamber of Commerce**. "Today's announcement will set us on a course to secure significant jobs and investment for years to come. We thank Governor Pritzker for his commitment to investing in industries that drive our economic growth and create jobs and his leadership in the effort to secure this facility. We look forward to continuing to work together to attract more generational economic development opportunities across the state."

"At Nicor Gas, we are proud to serve the Manteno community and are excited to welcome Gotion as they expand their state-of-the-art battery and energy storage operations into Illinois," **said Wendell Dallas, President and CEO of Nicor Gas**. "We look forward to working with the State of Illinois and

economic development partners with an 'all of the above' net-zero energy mix that will result in manufacturing jobs coming to Kankakee County."

"Illinois' strategic location and skilled workforce make it an attractive location for EV companies," **said Intersect Illinois CEO Dan Seals**. "Gotion will not only bring thousands of jobs and billions of dollars in investment to Illinois, but will also help advance the state's thriving EV ecosystem."

"Today's announcement is a huge win for Governor Pritzker and Illinois. It builds on our state's long history of auto manufacturing, and we are thrilled to welcome Gotion to Illinois as we work diligently to create an innovative ecosystem that supports our growing electric vehicle sector," **said Mark Denzler, President & CEO of the Illinois Manufacturers' Association**. "We are proud to have partnered with Gov. JB Pritzker's administration and lawmakers on both sides of the aisle to put in place incentives to help bring these businesses to Illinois, and we look forward to the continued success of this important industry."

"This project is an important step forward for Illinois," **said Rob Karr, President & CEO, Illinois Retail Merchants Association**. "While the investment itself is significant, the broader impacts of the new jobs and related economic developments will be a significant boost for existing business. We congratulate Governor Pritzker, our legislative leaders, and everyone promoting Illinois."

"Team Illinois has a bold vision to lead our country's efforts to decarbonize transportation. This exciting announcement is a critical step and a sign of many more transformative contributions to come," **said Brad Henderson, CEO of P33**.

"The Illinois Economic Development Association is proud to support the state's new business attraction tools," **said IEDA Chairman Michael Cassa**. "The announcement of the EV project proves the tools are working."

"The Illinois Climate Equitable and Jobs Act (CEJA) empowered the Illinois Finance Authority to use finance to combat climate change as the Climate Bank," **said Chris Meister, Executive Director, Illinois Finance Authority/Climate Bank**. "Through an economic development loan, and potentially other financial assistance to this project, we are proud to advance Governor Pritzker's vision of a zero-carbon transportation future that will help families across our State and create good paying Illinois jobs."

"Gotion's decision to choose Illinois speaks volumes to our unmatched infrastructure, workforce, and incentives. The historic \$2 billion commitment represents the largest EV battery plant investment in Illinois, bolstering the state's EV battery supply chain and helping to attract and retain other heavy hitters in the industry. Most importantly, the gigafactory will create thousands of good-paying, clean energy jobs for hardworking Illinoisans," **said DCEO Director Kristin Richards**. "With global demand soaring, we're proud to add Gotion's EV batteries to the extensive list of products proudly made in Illinois."