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SECRETARY OF COMMERCE  
Clint O'Neal  
EXECUTIVE DIRECTOR,  
ARKANSAS ECONOMIC  
DEVELOPMENT COMMISSION

November 27, 2023

Senator Terry Rice, Chair  
Representative Jeff Wardlaw, Chair  
Arkansas Legislative Council  
Room 315, State Capitol  
Little Rock, AR 72201

Dear Senator Rice and Representative Wardlaw:

Please find enclosed for your review, an annual report submitted by the Arkansas Economic Development Commission (AEDC) to the Arkansas Legislative Council for committee distribution addressing each of the requirements specified by ACA §15-4-3224.

The State of Arkansas, through the Arkansas Development Finance Authority, issued \$125 million in general obligation bonds in support of the \$1.3 billion Big River Steel project in Osceola. To date, this project is the only project to have been supported with general obligation bonds issued under Amendment 82. The general obligation bonds funded a grant totaling \$75 million for infrastructure needs and a \$50 million loan used to finance the construction of the buildings. Big River Steel completely repaid the \$50 million loan that was funded with Series B of the general obligation bond issue, and the Arkansas Development Finance Authority used those proceeds to completely call in that series of bonds on September 22, 2017.

If you have any questions, or if we can be of any assistance, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Clint O'Neal", written over a series of horizontal lines.

Clint O'Neal  
Executive Director

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Enclosure

**15-4-3224 (b) (2) (A) A description of the infrastructure needs and other needs provided by the state under Arkansas Constitution, Amendment 82, and this subchapter and costs associated with each item;**

The \$125 million general obligation bonds were issued in two series of bonds, Series A for \$75 million, which was designated to help finance the infrastructure needs and costs of issuance for the whole bond issue and Series B for \$50 million, which as designated to fund a \$50 million loan to Big River Steel to finance the construction of the buildings of the project. In September of 2017, Big River Steel completely repaid the \$50 million loan and the State called in the entire Series B bonds with the repayment proceeds. As of September 30, 2023, the balance of the Series A bonds is \$46,550,000.

The infrastructure needs financed by Series A were subdivided into a \$50 million grant to help finance general infrastructure needs/costs including buildings foundations, engineering, environmental remediation, excavation, grading, on-site electrical infrastructure, on-site rail installation, other earthwork, permanent roads, piling, and underground utilities.

The Series A proceeds also funded a \$20 million grant for the associated piling costs. These included specific piling costs, separate and apart from other infrastructure needs, including dewatering, engineering, footers, grading, excavation, and subsurface stabilization. This \$20 million grant required a 50% match from the company and the company would be responsible for any additional costs once the \$20 million was disbursed. The piling costs totaled more than \$40 million and all of the piling grant proceeds were expended.

**15-4-3224 (b) (2) (B) A description of how the sponsor has satisfied the investment and job creation requirements of the Amendment 82 agreement, including performance benchmarks and economic goals as specifically defined in the Amendment 82 agreement;**

Big River Steel has satisfied all of the investment thresholds that were agreed upon in the Amendment 82 Agreement. The initial major investment threshold was the Capital Commitments requirement that stipulated that at least Three Hundred Million Dollars (\$300,000,000) of private equity investments would be raised before the Termination Date, June 30, 2014. Big River Steel met that requirement, and the bonds were issued. The second investment threshold was an agreement that Big River Steel would expend at least Two Hundred Fifty Million Dollars (\$250,000,000) in other funds before any Amendment 82 proceeds would be disbursed. Big River Steel met that requirement in May of 2015 and thereafter, Amendment 82 proceeds were disbursed as the project continued to be constructed. The final thresholds, the Investment Requirement and the Position Creation Requirement were both to be met before the expiration of the Preliminary Period, June 30, 2017.

Big River Steel agreed to create and maintain at least 525 full-time positions, as they are defined in the Amendment 82 Agreement with an average annual salary of at least \$75,000 for those positions. For the period ended June 30, 2017, Big River Steel reported it had created 541 positions meeting the requirement and those positions earned an average annualized wage that greatly exceeded the required average annual wage of \$75,000.

**15-4-3224 (b) (2) (C) The number of jobs created by each qualified Amendment 82 project and average hourly wages for each project;**

As the only finalized Amendment 82 project to date, Big River Steel has officially reported 636 full-time positions with an average annual wage of \$105,216.58 for the period ending June 30, 2018, 640 full-time positions with an average annual wage of \$117,848.60 for the period ending June 30, 2019, 749 full-time positions with an average annual wage of \$118,403.75 for the period ending June 30, 2020, 820 full-time positions with an average annual wage of \$140,630.42 for the period ending June 30, 2021, and 851 full-time positions with an average annual wage of \$214,822.22. The official report for the period ending June 30, 2023, included 1,266 full-time positions with an average annual wage of \$135,216.78.

**15-4-3224 (b) (2) (D) A description of the benefits package, including, without limitation, health and retirement benefits received by hourly employees;**

Permanent employees receive a benefits package through an existing, Arkansas-based provider that includes basic health coverage for the employee, spouse and children, a health savings account that allows the member to put aside money to pay eligible medical expenses on a pre-tax basis, life and disability insurance options, and dental and vision coverage. The retirement plan is also administered by an existing professional organization and the retirement plan provides employees with the option to participate in traditional (pre-tax) or Roth (post-tax) contributions.

**15-4-3224 (b) (2) (E) A comparison of the total number of new jobs and annual payroll by the sponsor pertaining to the qualified Amendment 82 project on the date the Amendment 82 agreement was executed and the end date of the calendar year before the filing of this report; and**

Big River Steel was a start-up company and needed to construct a facility before it could begin operations. The only permanent employment in place when the Amendment 82 Agreement was executed on May 22, 2013, was the Chief Executive Officer who was not receiving an annual salary at that point in time. On December 31, 2022, Big River Steel reported it had created 840 new, full-time Direct Employees at an annual payroll of \$112,812,462.

**15-4-3224 (b) (2) (F) The application of any penalties for failure of the sponsor to satisfy its commitments under an Amendment 82 agreement.**

There are no penalties or repayments due as a result of Big River Steel failing to satisfy its commitments for the period ended June 30, 2023. Big River Steel exceeded the requirement for the minimum capital investment so there will be no penalty under that claw back formula since it was a one-time measurement.