



Department of Communications
401 Broadway • Suite 211 • Gary, Indiana 46402-1236
Phone 219.881.1314 • Fax 219.881.1337
Email ldburns@ci.gary.in.us

Karen Freeman-Wilson
Mayor

LaLosa Dent Burns
Director of Communications

A LETTER FROM THE MAYOR:
August 31, 2018

WHY THE U.S. STEEL INVESTMENT MATTERS TO GARY

Recently, U.S. Steel CEO David Burritt, Indiana Governor Eric Holcomb, Council President Ron Brewer and I announced that U.S. Steel will make a \$750,000,000 capital investment in the Gary Works plant. Many have asked, “What’s in this investment for the city?” or “What’s in it for me?” The answer is this investment is a win for our city for a variety of reasons.

1. The city of Gary, the Gary Community School Corporation and the Gary Public Library will receive revenue on the first day of the investment. Historically, companies have come to the city requesting tax abatements and other incentives to invest in the city. Previously, it might have been customary to give companies a 100% abatement to encourage investment. However, in this case, our city team negotiated a Payment in Lieu of Tax Increment which allows the taxing units and U.S. Steel to share the benefit of the investment. The taxing units will receive \$35 million and U.S. Steel will receive \$35 million over the course of the amortization period. Eighty percent of these dollars will be realized during the first ten years of the investment. We are also exploring whether there may be an opportunity to monetize these dollars to receive some or all of them earlier in a lump sum. Further, the investment provides added security for existing jobs.

2. U.S. Steel has always acknowledged that the company’s flagship plant is located in Gary, Indiana. The company’s decision to make an investment of this magnitude underscores the importance of the Gary plant to the overall enterprise. Yes, U.S. Steel considered other communities for this investment, but Gary was chosen because we were able to develop a framework for the investment which includes a \$12 million contribution from the State of Indiana. The investment is a benefit for all concerned. Nothing is ever a guarantee, but this investment signifies a commitment to this operation.

3. There have been extensive discussions about the relationship between U.S. Steel and the city of Gary. In fact, during some of our early meetings, we expressed a feeling of abandonment from the standpoint of civic participation and corporate philanthropy. We also suggested that there could have been mutual benefits from better communications in the past. U.S. Steel acknowledged the validity of our concerns, and we both identified the opportunity to signal a new commitment to a strong relationship between U.S. Steel and the city of Gary. Important aspects of this discussion include employment opportunities for local residents in the face of an aging workforce, support for local development efforts, business development for local vendors to do business with U.S. Steel and the availability of real estate owned by U.S. Steel. These discussions are ongoing.

4. A community fund of up to \$100,000 will be established during each of the next 25 years. This will be an opportunity to support worthwhile organizations and initiatives that have struggled with funding.

Please know this agreement did not occur in a vacuum. We are well aware of pending talks between the United Steelworkers and the company. We trust both parties to work in earnest to achieve an agreement that serves the best interests of working families. Finally, I would offer my sincere thanks to the members of the Gary Common Council and the city's Redevelopment and Economic Developments teams for their efforts in working towards this agreement. In order for local residents to see the full benefits of this agreement, continued vigilance is required. We are committed to ensuring that our relationship with U.S. Steel inures to the full benefit of Gary citizens and all who will be positively impacted by this investment.

Sincerely,

Karen Freeman-Wilson, Mayor

City of Gary