



## CABINET FOR ECONOMIC DEVELOPMENT

**Matthew G. Bevin**  
Governor

Old Capitol Annex  
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**Terry R. Gill, Jr.**  
Secretary

**Vivek K. Sarin**  
Executive Officer

May 17, 2018

**William M. Landrum III, Secretary**  
Finance and Administration Cabinet  
Room 383, Capitol Annex  
Frankfort, KY 40601

Dear Secretary Landrum:

In accordance with KRS 154.12-100, this letter shall serve as notice of my recommendation for the use of \$1,000,000 in Economic Development Bond (EDB) funds for making a grant to the City of Franklin for the benefit of Fritz Winter North America LP (Fritz Winter).

Fritz Winter specializes in iron cast auto parts such as brake rotors, drums, flywheels and more. The company constructed a 240,000 square foot facility in Franklin for the processing, storage and distribution of automotive and commercial products. The proposed EDB grant funds will be used to offset the cost associated with this project.

In consideration of this EDB grant, Fritz Winter will be required to create 265 new, full-time Kentucky resident jobs (excluding contract or temporary employees) in Simpson County in accordance with the following compliance schedule:

Compliance Date	Full-time, Kentucky-Resident Jobs Required	Job Type	Average Wage Required	Average Wage Type
December 31, 2021	160	Create	\$22.00	Total Hourly Compensation (includes benefits)
December 31, 2022	210	Create	\$22.00	Total Hourly Compensation (includes benefits)
December 31, 2023	235	Create	\$22.00	Total Hourly Compensation (includes benefits)
December 31, 2024	265	Create	\$22.00	Total Hourly Compensation (includes benefits)

\* Compliance periods will be annually and first compliance period may be accelerated. Subsequent compliance periods will be adjusted if acceleration occurs.

Fritz Winter will be required to pay these 265 new jobs an average hourly wage of not less than \$22.00, including benefits.

Secretary William M. Landrum III  
May 17, 2018  
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Under the terms of the EDB grant agreement, disbursement of grant funds will occur after the annual compliance reporting has occurred. The amount of the disbursements will be based on the performance requirements achieved. If Fritz Winter fails to create or maintain the job target as of each compliance date, then the amount of the grant payable after each compliance measurement date will be reduced by the sum of \$1,150 for each new, full-time job not created or maintained by the company at each of the four annual measurement dates. Furthermore, if Fritz Winter fails to pay these new jobs the average hourly wage of \$22.00, including benefits, the amount of the grant payable after each compliance measurement date will be reduced by a pro rata portion of the EDB grant based on a formula to be outlined in the EDB grant agreement.

Any funds repaid to the City of Franklin by Fritz Winter must be used for economic development purposes as approved by the Cabinet for Economic Development (Cabinet). In no event will the repayment of EDB grant proceeds exceed the EDB grant amount of \$1,000,000.

I respectfully request your concurrence in the funding of this project. If KEDFA approves this proposal, I would ask that you place this project on the next agenda of the State Property and Buildings Commission. Please feel free to contact me if you have any questions.

Sincerely,



Terry R. Gill, Jr  
Secretary



Vivek K. Sarin  
Executive Officer

cc: John Bevington  
Katie Smith  
Sandy Williams  
John Brady

AGREED TO AND APPROVED BY:



Secretary, Finance and Administration Cabinet

21 May 2018  
Date

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY  
ECONOMIC DEVELOPMENT BOND (EDB) PROJECT REPORT**

**Date:** May 31, 2018  
**Grantee:** City of Franklin  
**Beneficiary:** Fritz Winter North America LP  
**City:** Franklin **County:** Simpson  
**Activity:** Manufacturing  
**Bus. Dev. Contact:** T. Simon **OFS Staff:** D. Phillips

**Project Description:** Fritz Winter is a family owned German company founded in 1951. The company specializes in iron cast auto parts such as brake rotors, drums, fly wheels and more. The company constructed a 240,000 square foot facility in Franklin for the processing, storage and distribution of automotive and commercial products.

**Anticipated Project Investment - Owned**

	<b>Total Investment</b>
Land	\$0
Building/Improvements	\$38,850,000
Equipment	\$154,870,000
Other Start-up Costs	\$0
<b>TOTAL</b>	<b>\$193,720,000</b>

**Anticipated Project Funding**

	<b>Amount</b>	<b>% of Total</b>
Economic Development Bond Grant (State)	\$1,000,000	0.5%
Company Equity	\$192,720,000	99.5%
<b>TOTAL</b>	<b>\$193,720,000</b>	<b>100.0%</b>

**Job and Wage Requirement Table**

Compliance Date	Full-time, Kentucky- Resident Jobs Required	Job Type	Average Wage Required	Average Wage Type
December 31, 2021	160	Create	\$22.00	Total Hourly Compensation (includes benefits)
December 31, 2022	210	Create	\$22.00	Total Hourly Compensation (includes benefits)
December 31, 2023	235	Create	\$22.00	Total Hourly Compensation (includes benefits)
December 31, 2024	265	Create	\$22.00	Total Hourly Compensation (includes benefits)

\* Compliance periods will be annually and first compliance period may be accelerated. Subsequent compliance periods will be adjusted if acceleration occurs.

**Collateral Required:** Not applicable - Grant is performance-based and disbursement will not occur until after annual compliance is confirmed.

**Job Reduction Provision:** 2021-2024 \$1,150 Per job not created or maintained

**Wage Reduction Provision:** Pro rata portion of EDB grant based on a formula outlined in the EDB grant agreement

**Disbursement:** Disbursement of grant funds may occur after each annual compliance period when requirements have been reviewed by the Cabinet. Funds will flow through the Grantee/local government entity to the Beneficiary/company.

	<b>CED</b>
December 31, 2021	\$184,000
December 31, 2022	\$241,500
December 31, 2023	\$270,250
December 31, 2024	\$304,250
	<b>\$1,000,000</b>

**RECOMMENDED ECONOMIC DEVELOPMENT BOND AMOUNT:** **\$1,000,000**

**Ownership (20% or more):**  
Fritz Winter Eisengieberei GmbH & Co., KG - Stadtallendorf, Germany

**Active State Participation at the Project Site:**

<u>Date</u>	<u>Program</u>	<u>Status</u>	<u>Amount</u>
Dec 10, 2015	KBI	Approve-Prelim	\$5,000,000
Dec 10, 2015	KEIA	Approve-Final	\$690,000

**Unemployment Rate:**  
County: 3.9%                      Kentucky: 4.4%

**Recommendation:**  
Staff recommends approval of this EDB grant subject to the terms set forth in this report and the recommendation letter from the Secretary of the Cabinet for Economic Development (CED). In accordance with KRS 154.12-100, KEDFA's approval of this EDB grant is subject to CED's receipt of the Secretary of the Finance and Administration Cabinet's concurrence to CED's use of the EDB funds for this project.