



CABINET FOR ECONOMIC DEVELOPMENT

Andy Beshear
Governor

Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 40601

Larry Hayes
Interim Secretary

March 16, 2020

Holly M. Johnson, Secretary
Finance and Administration Cabinet
Room 383, Capitol Annex
Frankfort, KY 40601

RE: Economic Development Fund Grant - \$1,500,000 to the Ballard County Fiscal Court on behalf of Phoenix Paper Wickliffe LLC

Dear Secretary Johnson:

In accordance with KRS 154.12-100, this letter shall serve as notice of my recommendation for the use of \$1,500,000 in Economic Development Fund (EDF) funds for the purpose of making a grant to the Ballard County Fiscal Court for the benefit of Phoenix Paper Wickliffe LLC.

Phoenix Paper Wickliffe LLC is a wholly owned subsidiary of Shanying International Holdings and headquartered in Shanghai, China. The company is restarting a mill in Wickliffe and converting it to a pulp and brown paper packaging facility. The proposed EDF grant funds will be used to offset the cost associated with this project.

In consideration of this EDF grant, Phoenix Paper Wickliffe LLC will be required to make investment and create new, full-time Kentucky resident jobs (excluding contract or temporary employees) in Ballard County in accordance with the following schedule:

Compliance Date	Full-time, Kentucky- Resident Jobs Required	Job Type	Average Wage Required	Average Wage Type
December 31, 2023	250	Create	\$33.00	Total Hourly Compensation (includes benefits)
December 31, 2024	300	Create	\$33.00	Total Hourly Compensation (includes benefits)
December 31, 2025	400	Create	\$33.00	Total Hourly Compensation (includes benefits)
December 31, 2026	500	Create	\$33.00	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.

Secretary Holly M. Johnson
March 16, 2020
Page Two

Phoenix Paper Wickliffe LLC will be required to pay the 500 new jobs an average hourly wage of not less than \$33.00, including benefits.

Under the terms of the EDF 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 Phoenix Paper Wickliffe LLC 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 \$1,035 for each new, full-time job not created or maintained by the company at each of the four annual measurement dates. Furthermore, if Phoenix Paper Wickliffe LLC fails to pay these jobs the average hourly wage of \$33.00, including benefits, it will be required to pay to the Ballard County Fiscal Court a pro rata portion of the EDF grant based on a formula to be outlined in the EDF grant agreement. If the company closes, shuts down or ceases operation at any time during the term of the EDF agreement, then the entire amount of the grant will be due and payable to the Ballard County Fiscal Court.

Any funds repaid to the Ballard County Fiscal Court by Phoenix Paper Wickliffe LLC must be used for economic development purposes as approved by the Cabinet for Economic Development (Cabinet). In no event will the repayment of EDF grant proceeds exceed the EDF grant amount of \$1,500,000.

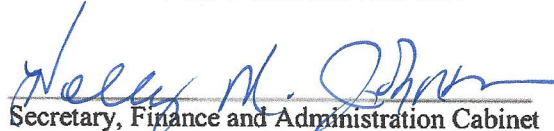
I respectfully request your concurrence in the funding of this project. If KEDFA approves this proposal, I would ask that you place this project on the next agenda of the State Property and Buildings Commission. Please feel free to contact me if you have any questions.

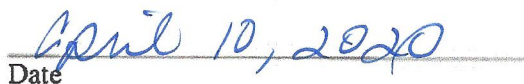
Sincerely,


Larry Hayes
Interim Secretary

cc: Jeff Taylor
Kristina Slattery
Katie Smith

AGREED TO AND APPROVED BY:


Secretary, Finance and Administration Cabinet


Date

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY
ECONOMIC DEVELOPMENT FUND (EDF) PROJECT REPORT**

Date: April 30, 2020
Grantee: Ballard County Fiscal Court
Beneficiary: Phoenix Paper Wickliffe LLC
City: Wickliffe **County:** Ballard
Activity: Manufacturing
Bus. Dev. Contact: C. Peek **OFS Staff:** K. McCane

Project Description: Phoenix Paper Wickliffe LLC is a wholly owned subsidiary of Shanying International Holdings and headquartered in Shanghai, China. The company is restarting a mill in Wickliffe and converting it to a pulp and brown paper packaging facility.

Anticipated Project Investment - Owned

	Total Investment
Land	\$10,000,000
Building/Improvements	\$15,000,000
Equipment	\$95,000,000
Other Start-up Costs	\$30,000,000
TOTAL	\$150,000,000

Anticipated Project Funding

	Amount	% of Total
Economic Development Fund Grant (State)	\$1,500,000	1.0%
Bank Loan	\$75,000,000	50.0%
Company Equity	\$73,500,000	49.0%
TOTAL	\$150,000,000	100.0%

Job and Wage Requirement Table

Compliance Date	Full-time, Kentucky-Resident Jobs Required	Job Type	Average Wage Required	Average Wage Type
December 31, 2023	250	Create	\$33.00	Total Hourly Compensation (includes benefits)
December 31, 2024	300	Create	\$33.00	Total Hourly Compensation (includes benefits)
December 31, 2025	400	Create	\$33.00	Total Hourly Compensation (includes benefits)
December 31, 2026	500	Create	\$33.00	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: 2023-2026 \$1,035 Per job not created or maintained

Wage Reduction Provision: Pro rata portion of EDF grant based on a formula outlined in the EDF 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.

	CED
December 31, 2023	\$258,750
December 31, 2024	\$310,500
December 31, 2025	\$414,000
December 31, 2026	\$516,750
	\$1,500,000

RECOMMENDED ECONOMIC DEVELOPMENT FUND AMOUNT: **\$1,500,000**

Ownership (20% or more):
Shanying International Holdings - Shanghai, China

Active State Participation at the Project Site:			
<u>Date</u>	<u>Program</u>	<u>Status</u>	<u>Amount</u>
Mar 26, 2020	KBI	Approve-Final	\$25,000,000

Unemployment Rate:
County: 5.8% Kentucky: 4.3%

Recommendation:
Staff recommends approval of this EDF 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 EDF grant is subject to CED's receipt of the Secretary of the Finance and Administration Cabinet's concurrence to CED's use of the EDF funds for this project.



CABINET FOR ECONOMIC DEVELOPMENT

Andy Beshear
Governor

Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 40601

Larry Hayes
Interim Secretary

April 21, 2020

Holly M. Johnson, Secretary
Finance and Administration Cabinet
Room 383, Capitol Annex
Frankfort, KY 40601

RE: Economic Development Fund Grant - \$500,000 to the City of Elizabethtown on behalf of the Elizabethtown-Hardin County Industrial Foundation, Inc.

Dear Secretary Johnson:

In accordance with KRS 154.12-100, this letter shall serve as notice of my recommendation for the use of \$500,000 in Economic Development Fund (EDF) funds for the purpose of making a grant to the City of Elizabethtown on behalf of The Elizabethtown-Hardin County Industrial Foundation, Inc.

The City of Elizabethtown in partnership with the Elizabethtown-Hardin County Industrial Foundation, Inc. is seeking to perform site leveling and grading, construct a regional detention basin and assure utilities are available in the TJ Patterson Industrial Park. The City of Elizabethtown has committed general funds to match the EDF grant. This project was one of eight potential infrastructure projects identified by an independent site selection consultant contracted by the Kentucky Association for Economic Development as having the potential for future investment/location of an economic development project.

Under the terms of the EDF grant agreement, requests may be submitted no more than monthly and funds shall be disbursed on a reimbursement basis. Supporting documentation of invoices, proof of payment, matching funds, etc. and a progress report will be required to be submitted with each request. Upon staff's review and approval of all documentation, funds will be disbursed to the local government entity to provide to the project applicant.

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,


Larry Hayes
Interim Secretary

cc: Jeff Taylor
Kristina Slattery
Katie Smith

AGREED TO AND APPROVED BY:

 4-22-2020
Secretary, Finance and Administration Cabinet Date

**TEAM
KENTUCKY**

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY
ECONOMIC DEVELOPMENT FUND (EDF) PROJECT REPORT**

Date: April 30, 2020
Grantee: City of Elizabethtown
Beneficiary: The Elizabethtown-Hardin County Industrial Foundation, Inc.
City: Elizabethtown **County:** Hardin
Bus. Dev. Contact: M. David-Jacobs **OFS Staff:** K. McCane

Project Description: The City of Elizabethtown in partnership with The Elizabethtown-Hardin County Industrial Foundation, Inc. is seeking to perform site leveling and grading, construct a regional detention basin and assure utilities are available in the TJ Patterson Industrial Park. The City of Elizabethtown has committed general funds to match the Economic Development Fund grant. This is a Product Development Initiative project recommended for approval under the EDF program. The project was identified by an independent site selection consultant contracted by the Kentucky Association for Economic Development as having the potential for future investment/location of an economic development project.

Select Owned or Leased

Land
 Building/Site Improvements
 Equipment
 Other Start-up Costs
TOTAL

Total Investment
\$0
\$1,000,000
\$0
\$0
\$1,000,000

Anticipated Project Funding

Economic Development Fund Grant (State)
 City of Elizabethtown General Funds
TOTAL

Amount	% of Total
\$500,000	50.0%
\$500,000	50.0%
\$1,000,000	100.0%

Other Terms:

In accordance with the grant agreement, disbursement requests may be submitted no more than monthly requesting funds to be disbursed on a reimbursement basis. Supporting documentation of invoices, proof of payment, matching funds, etc. and a progress report will be required to be submitted with each request. Upon staff's review and approval of all documentation, funds will be disbursed to the local government entity to provide to the project applicant.

RECOMMENDED ECONOMIC DEVELOPMENT FUND AMOUNT:

\$500,000

Active State Participation at the Project Site:

<u>Date</u>	<u>Program</u>	<u>Status</u>	<u>Amount</u>
Jan 30, 2003	Direct Loan	Monitor	\$1,500,000
Apr 29, 1999	Direct Loan	Monitor	\$2,500,000

Recommendation:

Staff recommends approval of this EDF 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 EDF grant is subject to CED's receipt of the Secretary of the Finance and Administration Cabinet's concurrence to CED's use of the EDF funds for this project.