

CABINET FOR ECONOMIC DEVELOPMENT

Andy Beshear
Governor

Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 40601

Jeff Noel
Secretary

June 15, 2022

Holly M. Johnson, Secretary
Finance and Administration Cabinet
200 Mero Street, 5th Floor
Frankfort, KY 40622

RE: Economic Development Fund Grant - \$500,000 to City of Berea on behalf of the Berea Development Corporation, Inc. dba Berea Industrial Development Authority

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 Berea on behalf of the Berea Development Corporation, Inc. dba Berea Industrial Development Authority.

The City of Berea in partnership with Berea Development Corporation, Inc. dba Berea Industrial Development Authority is seeking the construction of a 150,000-sf pre-engineered pad, tree clearing for the lot and installation of a gravel road from Mayde Road to the proposed pad on track 7. This project is a potential infrastructure project identified by an independent site selection consultant 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,

Jeff Noel
Secretary

AGREED TO AND APPROVED BY:

DocuSigned by:

Holly M. Johnson

6/17/2022

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Secretary, Finance and Administration Cabinet Date

cc: Kristina Slattery
Katie Smith



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

Date: June 30, 2022
Grantee: City of Berea
Beneficiary: Berea Development Corporation, Inc. dba Berea Industrial Development Authority
City: Berea **County:** Madison
Activity: Manufacturing
Bus. Dev. Contact: A. Chilton **OFS Staff:** D. Phillips

Project Description: The City of Berea in partnership with the Berea Development Corporation dba Berea Industrial Development Authority (IDA) is considering the development of its 87-acre parcel at the end of Mayde Road Industrial Park. The funding will be used to build a 150,000 sf pre-engineered pad, tree clearing for the lot and installation of a gravel road from Mayde Road to the proposed pad on track 7. Berea IDA has committed funds to match the Economic Development Fund Grant.

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.

Anticipated Project Investment - Owned

Land
 Building/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)
 Company Equity
TOTAL

	Amount	% of Total
Economic Development Fund Grant (State)	\$500,000	50.0%
Company Equity	\$500,000	50.0%
TOTAL	\$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

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.



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June 17, 2022

Holly M. Johnson, Secretary
Finance and Administration Cabinet
200 Mero Street, 5th Floor
Frankfort, KY 40622

RE: Economic Development Fund Grant – \$1,000,000 to the Todd County Fiscal Court on behalf of Novelis Corporation

Dear Secretary Johnson:

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 Fund (EDF) funds for the purpose of making a grant to the Todd County Fiscal Court on behalf of Novelis Corporation.

Novelis Corporation operates an integrated network of technically advanced aluminum rolling and recycling facilities across North America, South America, Europe and Asia. Novelis is the leading producer of flat-rolled aluminum products and the world's largest recycler of aluminum as well as the world's leading supplier of aluminum sheet to the automotive industry. The company is considering the construction of a large sheet, ingot casting, shredding and recycling center to serve the automotive market. The proposed EDF grant funds will be used to offset the cost associated with this project.

In consideration of this EDF grant, Novelis Corporation will be required to make investment and create new, full-time jobs (excluding contract or temporary employees) paying the following wages in Guthrie in accordance with the following compliance schedule:

Compliance Date	Full-time Jobs Required	Job Type	Average Wage Required	Average Wage Type
December 30, 2025	138	Create	\$38.00	Total Hourly Compensation (includes benefits)
December 30, 2026	138	Create	\$38.00	Total Hourly Compensation (includes benefits)
December 30, 2027	138	Create	\$38.00	Total Hourly Compensation (includes benefits)
December 30, 2028	138	Create	\$38.00	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.

TEAM
KENTUCKY

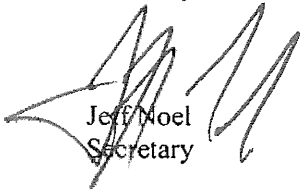
Secretary Holly M. Johnson
June 17, 2022
Page Two

Under the terms of the EDB grant agreement, if Novelis Corporation fails to create or maintain 138 new, full-time jobs, then Novelis Corporation will be required to pay to the Todd County Fiscal Court the sum of \$1,812 for each new full-time job not created or maintained by the company at each of the four annual measurement dates. Furthermore, if Novelis Corporation fails to pay these jobs the average hourly wage of \$38.00, including benefits, it will be required to pay to the Todd County Fiscal Court a pro rata portion of the EDB grant based on a formula to be outlined in the EDB grant agreement. If the company closes, shuts down or ceases operation at any time during the term of the EDB agreement, then the entire amount of the grant will be due and payable to the Todd County Fiscal Court.

Any funds repaid to the Todd County Fiscal Court by Novelis Corporation 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 \$1,000,000. Novelis Corporation will be required to provide a letter of credit or other form of collateral satisfactory to the Cabinet as security for the repayment of EDB grant proceeds to the Todd County Fiscal Court.

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,



Jeff Noel
Secretary

cc: Kristina Slattery
Katie Smith

AGREED TO AND APPROVED BY:

DocuSigned by:
Holly M. Johnson 6/20/2022
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Secretary, Finance and Administration Cabinet Date

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

Date: June 30, 2022
Grantee: Todd County Fiscal Court
Beneficiary: Novelis Corporation
City: Guthrie **County:** Todd
Activity: Manufacturing
Bus. Dev. Contact: C. Peek **OFS Staff:** M. Elder

Project Description: Novelis Corporation operates an integrated network of technically advanced aluminum rolling and recycling facilities across North America, South America, Europe and Asia. Novelis is the leading producer of flat-rolled aluminum products and the world's largest recycler of aluminum as well as the world's leading supplier of aluminum sheet to the automotive industry. The company is considering the construction of a large sheet, ingot casting, shredding and recycling center to serve the automotive market.

Anticipated Project Investment - Owned

Land
 Building/Improvements
 Equipment
 Other Start-up Costs
TOTAL

Total Investment
\$0
\$155,600,000
\$173,400,000
\$35,200,000
\$364,200,000

Anticipated Project Funding

Economic Development Fund Grant (State)
 Other- Novelis Corporation Credit Facility
TOTAL

Amount	% of Total
\$1,000,000	0.3%
\$363,200,000	99.7%
\$364,200,000	100.0%

Job and Wage Requirement Table

Compliance Date	Full-time Jobs Required	Job Type	Average Wage Required	Average Wage Type
12/31/2025	138	Create	\$38.00	Total Hourly Compensation (includes benefits)
12/31/2026	138	Create	\$38.00	Total Hourly Compensation (includes benefits)
12/31/2027	138	Create	\$38.00	Total Hourly Compensation (includes benefits)
12/31/2028	138	Create	\$38.00	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 Penalty Provision: \$1,812 per job not created or maintained

Wage Penalty 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.

12/31/2025	\$250,000
12/31/2026	\$250,000
12/31/2027	\$250,000
12/31/2028	\$250,000

RECOMMENDED ECONOMIC DEVELOPMENT FUND AMOUNT:

\$1,000,000

Ownership (20% or more):

Active State Participation at the Project Site:

<u>Date</u>	<u>Program</u>	<u>Status</u>	<u>Amount</u>
Jan 23, 2018	KBI	Approve-Prelim	\$8,500,000
Jan 23, 2018	KEIA	Approve-Final	\$3,000,000
Jan 11, 2022	KBI	Approve-Prelim	\$5,000,000
Jan 11, 2022	KEIA	Approve- Final	\$4,000,000

Unemployment Rate:

County: 2.9%

Kentucky: 3.4%

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.