

NMTC Case Study for SWISS KRONO

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The Project

SWISS KRONO Group is one of the world's leading manufacturers of wood-based materials. The company's U.S. subsidiary established operations in Barnwell County in 2005 and quickly became one of the county's largest employers. The Swiss-based company is building a 250,000 square foot expansion to its existing manufacturing facility, with help from the New Markets Tax Credit (NMTC) program. The expansion includes a new multi-density fiberboard manufacturing line, ancillary wood yard, energy plant and waste treatment facilities, and a fourth laminate flooring line.

SWISS KRONO's expansion will have an economic ripple effect across the region. The company will source its wood products locally, which will bolster the local timber industry. By sourcing wood locally, SWISS KRONO will reduce its carbon dioxide emission by 2,500 tons annually.

In addition to its direct job creation, The Innovate Fund, one of the four CDEs in the transaction, estimates the expansion could create 375 indirect/induced permanent jobs in the region. It is projected that 86% of the jobs will be available to low-income people.

As part of this expansion, SWISS KRONO will run an apprenticeship program in partnership with local high schools and Apprenticeship Carolina™, a division of the South Carolina Technical College System. It also has a college co-op program to collaborate with local technical schools to provide programs that align with the skills and trades utilized in their operations. Such workforce development programs are critical to enhancing the quality and accessibility of jobs to local community residents.

The Financing

NMTCs played a vital role in financing the expansion of the Barnwell facility. Four CDEs came together to provide \$45.25 million in NMTC allocations: National New Markets Fund (\$17 million), The Innovate Fund (\$11.25 million), Dakotas America (\$10 million), and SunTrust (\$7 million). SunTrust was the sole NMTC equity investor, providing \$14.5 million in NMTC equity. Development financing was completed with an intercompany loan from the parent company, \$2 million in grants from the state of South Carolina and SCE+G, and over \$5 million in vendor financing.

TOTAL PROJECT COST:
\$230,000,000+

NMTC ALLOCATION:
\$45,250,000

FINANCING COMPLETE:
September 2018

PROJECT SPONSOR:
Swiss Krono SC, LLC

CDES:
The Innovate Fund / National New Markets Fund / Dakotas America /SunTrust Community Capital

NMTC INVESTOR:
SunTrust Bank, N.A.

LEVERAGED LENDER:

Swiss Krono
Tec, AG

ADDRESS:

810
Technology
Way
Barnwell, SC

**CENSUS
TRACT:**

45011970500

**COMMUNITY
OUTCOMES:**

250,000 SF
272 Direct
Jobs
2,500 tons
Reduced
Emissions

**LOW-INCOME
COMMUNITY:**

Poverty Rate:
21.8%
Unemployment
Rate: 8.80%
Unemployment
Ratio: 1.06x
Non-
Metropolitan
County
FEMA Disaster
Area
Federal
Promise Zone
State/Local
Economic
Zone