



# VERSO PAPER QUINNESEC MILL

## QUINNESEC, MI

### Equipment and Facility Upgrades

#### PROJECT BASICS

Type:  
**Industrial-Biomass Energy Production**

Total Development Cost:  
**\$50.3 million**

LISC New Markets Tax Credit Allocation:  
**\$17 million**

#### PROJECT STAKEHOLDERS

LISC Program:  
**Rural LISC**

Investor:  
**J. P. Morgan Chase Bank, N.A.**  
Lender:  
**Verso Paper Finance Holdings LLC**

Developer:  
**Verso Paper Corp.**

Other Allocates:  
**Michigan Magnet Fund (\$10 million) and Great Lakes Capital Fund (\$5 million)**

#### COMMUNITY NEED

- **8.3% Poverty rate**
- **Unemployment rate 1.14 times the national average**
- **Family income 78.8% of the area median**
- **State of Michigan designated Forest Products Processing Renaissance Zone**

#### COMMUNITY IMPACT

- **90 construction jobs**
- **50 indirect permanent jobs**

#### Project Snapshot:

- The project includes equipment and facility upgrades to a paper mill in Quinnesec, MI. Located in the Upper Peninsula of Michigan, the primary purpose of the project is to increase the renewable electricity generation capabilities of the mill through the installation of a new 28 MW steam turbine generator, upgrades to the existing biomass boiler to allow for increased steam output, purchase and installation of biomass material handling equipment, and construction or installation of related improvements, infrastructure, and equipment.
- The mill plans to produce electricity from biomass in support of both State and Federal renewable energy goals. With this project, the mill will double its average annual production of electricity from biomass to about 50 MW.
- Since the infrastructure to provide the additional biomass to support the projected operational requirements does not currently exist, it is anticipated that the project will create up to 50 new jobs in the region to support the collection and transportation of the biomass needed to run the facility.



#### Project Background:

- Verso Paper Corp. is a pulp and paper company based in Memphis, TN. The company has approximately 3,000 employees and operates four paper mills in the United States: Jay, ME, Bucksport, ME, Sartell, MN, and Quinnesec, MI.
- This project is anticipated to improve the cost competitiveness of the mill by reducing dependence on purchased electricity and creating a new revenue stream with Renewable Energy Credit sales. Both of these factors will increase the long-term viability of the mill, which is a critical economic driver for the local economy. The mill will also purchase approximately \$6M annually in biomass to support the project. This will create new long-term employment in the Forest Products industry in the region.
- The replacement of fossil fuel based generation with biomass based generation will reduce green house gas emissions by approximately 147K metric tons of carbon dioxide equivalents per year.

#### Leveraging Solutions through New Markets Tax Credits (NMTC):

- LISC NMTC financing offered the opportunity to significantly reduce the cost of capital to finance the project and to help insure its financial success.
- The \$17 million in NMTC allocation authority provided by LISC provided a custom financing product featuring non-traditional/favorable terms, including: below-market interest rate; lower than standard origination fees; higher than standard loan-to-value ratio; longer than standard amortization period; longer than standard interest-only payment period; lower than standard loan loss reserve; and nontraditional forms of collateral.