

United States Senate

WASHINGTON, DC 20510

COMMITTEES:
APPROPRIATIONS
COMMERCE
HEALTH, EDUCATION,
LABOR, AND PENSIONS

September 29, 2020

Mr. Adam St. John
President and Chief Executive Officer
Verso Corporation
8540 Gander Creek Drive
Miamisburg, OH 45342

Dear Mr. St. John:

As Verso considers how it will divest from the Wisconsin Rapids facility it idled at the end of July, I write to encourage you to be a good steward of the paper and pulp assets that have provided good jobs to North Central Wisconsin for over one hundred years. During most of that time, the mill's owners have been more than just employers, but active members of a vibrant community in Wisconsin Rapids. As such, I ask that you consider the impact of the sale on all the people in the North Central Wisconsin region, and not just your shareholders. The shared prosperity of the Wisconsin Rapids community depends on the continued operation of the pulp and paper mill, free from any unreasonable conditions placed on its sale by Verso.

While the mill has been producing paper since 1904, it has been more than just an employer to the people of Wisconsin Rapids. The owners of the Consolidated Water Power & Paper Co., the Mead family, provided assistance for public projects, served in local government, and used the mill's resources to meet the community's needs—especially in difficult times. Similarly, during a rough patch in the Great Depression, the unionized workers agreed in 1931 to move to a five-day work week to prevent layoffs.¹ This type of cooperation allowed the company and the community to have a close relationship that was mutually beneficial for decades.

Unfortunately, after the sale of the company by the Mead family in 2000, the relationship between the owners and the city frayed. Two of the mill's owners, NewPage and later, Verso, went bankrupt while under the control of New York-based private equity firms. The private equity model relies heavily on debt—which increases the risk of bankruptcy. Instead of making long-term investments, private-equity owned companies are more likely to aggressively cut costs and sell off assets to cover their debts. While Wisconsin Rapids was largely spared from these bankruptcies—the stress from the uncertainty was very real. Other cities in Wisconsin weren't so lucky and lost their mills for good. Since 2000, Wisconsin has lost over 20 paper mills and one-third of its paper mill jobs.

¹ Caitlin Shuda. "Unfolding 126 years of history at Wisconsin Rapids paper mill." Wisconsin Rapids Tribune. 22 September 2020. Accessible at: <https://www.wisconsinrapidstribune.com/in-depth/money/2020/09/22/wisconsin-rapids-paper-mill-unfolding-126-years-history-consolidated-papers-verso/3401093001/>

It is with this recent, painful, history in mind that I ask you to consider yourself a steward of these assets as you search for a buyer. In order for the mill to be set up for success, the buyer must be free from any unreasonable conditions on the mill's operation, specifically any limitations on the paper grades that the buyer may produce at the facility. I would also encourage you to sell the mill to a buyer that is committed to keeping the proceeds from the mill's operation in the community to the maximum extent possible.

The operation of the pulp and paper machines is important not just to the 900 plus workers who might remain employed at the facility, but also the thousands of workers in Wisconsin who work in industries upstream and downstream from Verso as well as the small business owners who depend on those workers spending their income. A report by the University of Wisconsin estimates more than 1,600 indirect job losses and statewide economic losses of more than a \$250 million annually if the mill were to close.²

I firmly believe that the pulp and paper assets have more value to contribute to this Wisconsin Rapids community. My office has been in close contact with the elected officials and stakeholders in the North Central Wisconsin region and continues to participate in task force meetings to ensure the best possible outcome for the sale. Please do not hesitate to reach out to my office if you would like to discuss my request further.

Sincerely,



Tammy Baldwin
United States Senator

CC: The Verso Corporation Board of Directors:

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Mr. Marvin Cooper
Mr. Jeffrey E. Kirt
Mr. Randy J. Nebel
Mr. Adam St. John
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² Deller, Kures, Parr. "Addendum on Impact of Verso Corporation Closure of the Wisconsin Rapids Paper Mill." University of Wisconsin-Madison. August 2020. *Accessible at:* https://legis.wisconsin.gov/rapidstogether/media/1071/impact-of-verso-closure_6-august-2020.pdf