Alabama

NMTC Allocatee

Valued Advisor Fund
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Revolving Loan Pool Finances Bon Secour Valley, Inc.

The Valued Advisor Fund (VAF) partnered with PNC Bank and a CDFI Bank, United Bank of Alabama, to finance a revolving loan pool serving small businesses in rural Alabama and the Florida panhandle. The pool utilizes a New Markets Tax Credit (NMTC) allocation and bank debt to provide below-market financing and flexible underwriting terms to small businesses and start-ups in rural communities to support expansions, working capital and new businesses. The size and location of these projects create significant challenges for securing traditional debt. The loans range in size from $160,000 to $3 million, and principal payments are redeployed into future projects. To date, the loan pool has provided loans totaling $13.5 million to eight businesses and nonprofits.

PNC Bank was the tax credit investor and also provided $2 million of NMTC allocation for the loan pool, with VAF providing an additional $10 million of allocation, and United Bank providing an $8.6 million leverage loan. VAF worked with United Bank to identify and underwrite projects that required the subsidized financing and ensure alignment with community goals to create jobs or provide services to low-income communities. United Bank of Alabama is a CDFI Bank that had not had prior access to NMTCs to serve its disadvantaged communities. One of the goals of VAF is to help provide opportunities for partner CDFIs and CDEs to gain NMTC resources to serve their communities, grow capacity, and increase their understanding and networking base.

Through the loan pool, VAF financed start-up projects like Bon Secour Valley, Inc. VAF provided a $2.7 million loan to the start-up operator for the development of a new business, which uses local sweet potatoes from area farmers to manufacture dehydrated, cut vegetables for pet treats and dehydrated powders for human consumption (food additives, baby foods, sweeteners). The operations are located at a City-sponsored aggregation facility and the company will work with a local distributor housed in the same building where the produce is received and graded. The culls will go to the subject operation and the grade A produce will go to the produce distributor, allowing one point of sale for local farmers, saving on shipping cost and spoilage.

The start-up nature of the business and high equipment costs made financing the project unachievable without the flexible underwriting terms. The project is expected to create 37 full-time jobs paying an average salary of $14.00 per hour, plus generous benefits, in a highly-distressed rural Alabama community. Of these jobs, 30 are expected to be available to low-income persons. The project will also promote the continued growth of local produce in the community.

Community Profile

Foley, AL

Poverty Rate	20.6%
Unemployment Rate	7.9%

Project Highlights

- Investor: PNC Bank
- Co-Allocatee: PNC Community Partners, Inc.
- NMTC: $12M
- Jobs: Loan pool is projected to create 132 full-time jobs and retain 78
- Non-metropolitan, Local Development District