

PROJECT BASICS

Type:

Business – Industrial

Total Development Cost:

\$31.3 million

LISC New Markets Tax Credit Allocation:

\$6 million

PROJECT STAKEHOLDERS

LISC Program:

Rural LISC

Investor:

U. S. Bank CDC

Senior Lender:

U. S. Bank N. A.

Junior Lender:

AGP Grain, Ltd.

Sponsor/Developer:

Ag Processing, Inc.

Other CDEs:

MMCDC New Market Fund XXII, LLC

USBCDC Sub-CDE LII, LLC

COMMUNITY NEED

- **8.2% Poverty Rate**
- **Family income 79.2% of the area median**

COMMUNITY IMPACT

- **72 jobs retained and potentially 5 to 7 to be added**
- **75 Construction Jobs**

Project Snapshot:

- Ag Processing, Inc. (AGP) is a federated cooperative which was formed in 1983 and is headquartered in Omaha, NE. The project consists of extensive upgrades and improvements to AGP's existing soy processing plant in Dawson, MN, a 1,500-person community in southwest Minnesota, which currently employs 72 full time workers.
- The Dawson facility had outlived its useful life and was not likely to remain competitive and profitable without the facility improvements. Its two extractors – the key production components for producing vegetable oil – were installed in 1964 and 1972 and were inefficient and outdated compared to current technologies.
- The NMTC investment is anticipated to allow the plant to continue to employ 72 people in full-time, well paying positions, and may allow another five to seven positions to be added as production volumes increase.
- The project is likely to have secondary positive economic impacts on the surrounding community because much of the soy bean is sourced within the region and much of the soy meal produced by the facility is distributed locally.



Project Background:

- AGP processes over 16,000 acres of soybeans daily, making it the largest cooperative soybean processing company in the world. It is also a leading supplier of refined vegetable oil and one of the top five biodiesel producers in the United States.
- AGP's cooperative structure and ownership allows the profits from its operations to be distributed to local cooperatives and their farmer-owners in Dawson and throughout the Midwest. AGP is owned by 190 local cooperatives, representing 250,000 farmers in 16 Midwestern states.
- AGP has had a presence in Dawson for over 25 years and is one of the largest industrial employers in the City. The closing of the facility or its relocation elsewhere would have had an extremely negative impact on the City and the region.

Leveraging Solutions through New Markets Tax Credits (NMTC):

- The total project cost is estimated to be \$31.3 million. U. S. Bank N. A. provided a leverage loan of \$19.0 million to the project and AGP utilized an existing line of credit to finance \$4.0 million in additional leverage in addition to providing \$1.5 million in direct equity. LISC's NMTC allocation combined with the NMTC allocation provided by MMCDC and USBCDC provided the financing needed to fill the financing gap.
- \$6 million in NMTC allocation authority provided a loan with non-traditional/favorable terms including: a below-market interest rate, subordinated debt, lower than standard origination fees, a longer than standard interest-only payment period and a longer than standard amortization period.