

Georgia

NMTC Allocatee

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Premium Peanut

To be a peanut farmer in Southern Georgia is an exercise in taking leaps of faith and short-term planning. Under current practices, contracts between growers and processors usually last no more than one year and vary widely in availability and pricing from one year to the next. This dynamic disproportionately benefits the buyers and creates uncertainty in the farmer's revenue stream, making it difficult to plan for crop rotation, capital needs and other issues.

The development of the Premium Peanut shelling facility in Douglas, Georgia, aims to bring more stability to these farmers by helping them gain better access to the market, improve their profitability, and help smooth out the common boom or bust cycles through vertical integration. In order to achieve these goals, Premium Peanut has brought together 225 member farmers from within a 70-mile radius of the facility in a cooperative-like arrangement that exchanges investment in Premium Peanut with guaranteed multi-year contracts that include a pricing premium over the government standard, as well as a proportional distributions of Premium Peanut profits.

As a start-up with large capital needs and 225 individual partners, securing conventional non-recourse financing to complete its new facility and fund initial operations was challenging. To assist Premium Peanut with these financing hurdles, CEI Capital Management LLC (CCML) utilized the New Markets Tax Credit (NMTC) program to provide flexible and affordable private capital to the project. CCML allocated \$20 Million in NMTC financing for the project. Suntrust Community Capital provided an additional \$3 Million in NMTC allocation, as well as the NMTC equity, while Premium Peanut provided the debt financing for the transaction, which closed October 30, 2015.

In addition to supporting 225 small to medium-sized farms, the shelling facility will create approximately 100 direct jobs, plus an additional 31 indirect jobs at the storage facilities. The majority of direct jobs will be unskilled positions available to low-income individuals and all will pay a living wage for single adult in the county and include benefits such as paid time off, a 401(k), and subsidized health insurance. Premium Peanut will also offer training opportunities and has approached the local technical college regarding job placement and workforce training.

Community Profile

Douglas, GA

Poverty Rate 28.6%

Unemployment Rate 9%

Project Highlights

- Investor: Suntrust Community Capital
- Co-Allocatee: Suntrust Community Capital
- NMTC: \$23M
- Jobs: 70 construction jobs, 100 direct full-time jobs, 31 indirect full-time jobs

