

Associated Hardwoods

Family-Owned Lumber Company
Creates Jobs in Gaffney, SC



 **108**
Direct Jobs

TOTAL PROJECT COST:
\$8,500,000

NMTC ALLOCATION:
\$8,319,493

FINANCING COMPLETE:
October 2013

PROJECT SPONSOR:
Associated Hardwoods SC, Inc.

CDE:
CEI Capital Management, LLC

NMTC INVESTOR:
Wells Fargo

LEVERAGED LENDER:
Associated Hardwoods, Inc.

ADDRESS:
470 Gaffney Ferry Road
Gaffney, SC

CENSUS TRACT:
45021970302

LOW-INCOME COMMUNITY:
Poverty Rate: 33.3%
Median Family Income: 52.3%
Unemployment Rate: 15.5%
Unemployment Ratio: 1.96x
Non-Metropolitan County
ARC Distressed Area
State/Local Economic Zone

Project

Associated Hardwoods is a family-owned lumber company specializing in wholesale lumber, specialized lumber, trucking, planed & ripped-to-width, plywood processing, and more. The company will utilize the NMTC funding to build and operate a sawmill in Gaffney, S.C., with an economic impact of \$14.7 million estimated during the first four years of the project. Construction, which begins immediately, is expected to create 93 direct and 23 indirect jobs. Once construction is complete, Associated Hardwoods expects to initially employ 15 full-time workers, expanding to 24 full-time employees in the first three years of operations; all with wages estimated to be 76% higher than the LIC average wage.

As part of its commitment to the area, Associated Hardwoods will purchase a substantial amount of local resources, which, in turn, will provide meaningful work to more than 2 dozen area logging companies. In addition, Associated Hardwoods is implementing programs to support its local small business vendors.

Due to a number of significant actions designed to protect forests and the environment, Associated Hardwoods will help ensure the Gaffney project has environmentally sustainable outcomes. Actions include: investing in new state of the art grinding equipment that converts wood waste into fuel for the boiler; reclaimable wood fibers are used in other consumer products sold to the public; improved recycling methods to decrease landfill waste by 74%; utilizing a new negative draft boiler that increases efficiency while reducing carbon footprint; Associated Hardwoods is FSC, PEFC, and SFI certified, which allows them to provide LEED certified materials to building projects; and Associated Hardwoods is Certified Sustainable by Appalachian Hardwood Manufacturers through the US Forest Service.

The Financing

With total project costs just over \$8.5 million, CEI funded the majority of the project. Project debt was self-leveraged by Associated Hardwoods through a direct loan provided by Wells Fargo Bank. Conventional financing for non-metropolitan projects in high-risk areas is difficult to secure. Without the NMTC subsidy, additional equity funding would have needed to be raised, which would have delayed, if not halted, the project timeline.

Heavily supported by the state and local community, the project has been awarded various inducements to locate including, but not limited to, a Utility Grant, a S.C. Infrastructure Fund Grant, a S.C. Set Aside Grant, a grant from the S.C. Coordinating Council of Economic Development, and a local PILOT (payment-in-lieu-of-taxes).

The New Markets Tax Credits that tag was able to secure for us made this project possible. Associated Hardwoods is extremely pleased to establish operations in Cherokee County and looks forward to creating many long lasting partnerships throughout Gaffney and the entire region."

Rick Jordan

President, Associated Hardwoods

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