



Texas Industrial Park Gets First Major Anchor Tenant, Thanks to NMTC Equity

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An industrial park in Corsicana, Texas, will get its first anchor tenant, thanks largely to \$9.1 million in new markets tax credit (NMTC) equity.

Audubon Metals LLC is building its second major facility to produce secondary aluminum alloys for the manufacturing of die-castings. The company's first site is in Henderson, Ky.

"We want to expand and we found a great location that was also part of a NMTC program area," said Scott Robling, chief financial officer for Audubon Metals. "The NMTC equity was a large driving force to make the expansion in Corsicana."

Construction began this spring after a brief delay due to the COVID-19 pandemic and the development is expected to be completed in June 2021. Investment in the project is expected to create 100 jobs in the first 24 months and 240 permanent jobs over five years, with average earnings well above the living wage for Navarro County, where Corsicana is located.

"This brings both high levels of quality, accessible jobs and access to workforce development," said Terri Preston, executive director of The Valued Advisor Fund, which allocated \$14 million in NMTCs to the development, closing as a single community development entity (CDE) structure in May. "It's a significant example of opportunity, benefit and hope. We are very encouraged by the amount of growth and benefit of the dual structure of training and job access will bring to this rural community."

For Corsicana, landing the project was a major win in an industrial park created in 2007.

"It will be very catalytic at attracting additional companies and additional facilities to that park," said Steven Hattier, managing principal for HRH Community Partners, a consultant that helps

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companies expand operations. “This is the first mover—it was a huge win for the city.”

John Boswell, Corsicana’s economic development director, agreed.

“In most communities, industrial development areas look to recruit primary employers,” said Boswell. “It takes the first one to get it started. Our first one is Audubon Metals.”

For Audubon Metals, it was the end of a multistate, multiyear search.

Searching for a Site

Audubon Metals has operated a facility in Henderson, Ky., for more than two decades, recycling metals for end-use consumers. The metals are separated and the aluminum portion is melted to create specification secondary aluminum alloys. Audubon is a subsidiary of Koch Enterprises, a 150-year-old company with six companies in its portfolio.

“We have expanded in Henderson, but to meet the growing needs of key customers and relationships we’ve built, we looked for a second location with better logistics for our existing customers in Mexico,” said Jimmy Garren, vice president of business development for Audubon Metals.

Audubon took two years and visited more than 50 sites before settling on Corsicana early this year.

“We researched Texas, Louisiana and other states, looking at good areas and realizing what we need, then looked at properties and what they had to offer,” Garren said. “[Corsicana] had schools, colleges and training, to bring the project to the level comparable to Henderson. We were looking for something that mirrored what we have today in Henderson.”

Boswell said it was a good fit.

“They were looking for a location for better access to some of their markets,” said Boswell. “They had some things they were looking for and one of the key things was they needed rail. We had rail and also have easy access to Interstate 45 and state Highway 31 as well as good transportation.”

Corsicana approached Audubon.

“When we were searching, the city made us aware the NMTC program was available for the site,” Garren said. “From that, we reached out and researched different consultants that work with companies like Audubon that have no experience with NMTCs.”

NMTCs Play Key Role

Those involved said NMTCs were crucial in the financial package and Boswell said the city was familiar with the NMTC program, but this is the first time it’s been involved in a property with the incentive.

“It all goes into the recipe for success,” Boswell said. “I say recipe, because you can leave an ingredient out and it may work or may not. New markets tax credits were the big deal”

Robling said that once Audubon learned about the possibility of NMTCs, the company was very interested. “It wasn’t something we considered from Day 1, since our search for a new location had been close to five years,” said Robling. “As we got closer, we were considering what incentives are offered and what was available. As soon as the tax credits became an option, that was a large factor. You have to work for the [NMTC] money and it’s a very tedious process, but we couldn’t build the kind of facility we have without that kind of money.”

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Audubon relied on HRH to help navigate the NMTC-related details of the transaction. HRH also worked with Corsicana.

“[NMTCs were] part of the city’s pitch,” Hattier said. “The city wrote up in the proposal to Audubon that this was in a NMTC-qualified census tract. It was extremely important.”

NMTC investor U.S. Bank went through two closings on equity: first with The Valued Advisor Fund, then with AMCREF Community Capital and Consortium America.

For AMCREF, this was a textbook partnership.

“We focus on operating businesses that provide environmental benefits and quality job creation and we often invest in rural CDEs,” said Susan Seagren, managing director at AMCREF. “We love recycling businesses, which also tend to be strong job creators. ... Audubon is a huge recycler of aluminum and has a proven business model.”

Jobs, Benefits of Development

When complete, the positions at the Corsicana Audubon facility will offer benefits and opportunities for advancement. Audubon will participate in training programs for low-income residents. The company will coordinate with Navarro College and the Corsicana Independent School District’s Career and Technical Education program.

“My favorite part is that they’re focused on working with the tech support commission and are working to support Navarro College and the independent school district, because they’re working with people to have jobs going forward,” said Preston.

The city is also expanding infrastructure, including a new railroad tie that can be expanded as other companies come to the 95-acre industrial area.

COVID-19 Impact

Just as Audubon and the city were preparing to close the first round of financing, the COVID-19 pandemic hit.

“The pandemic slowed us down for about a month, but we never stopped consideration of the project,” said Robling.

Preston said it helped to have just one CDE for the first closing.

“We didn’t see COVID-19 coming, which put pressure on the closing,” Preston said. “As a single CDE closing this deal, we were able to work through that tightening in the market and get to closing, even though it was delayed.”

U.S. Bank was impressed with how Audubon continued through the pandemic.

“We anticipated that there would be problems due to COVID-19,” said Maria Bustria-Glickman, vice president of business development at U.S. Bancorp Community Development Corporation (USBCDC), the tax credit and community investment subsidiary of U.S. Bank. “But because the project was so well-vetted with community stakeholders, they were ready to move forward. We thought maybe there would be some sort of delay, but the sponsor committed to moving forward and bringing in its own capital.”

AMCREF’s Seagren, part of the second closing, agreed. “Another aspect of the project we loved is they are not slowing down the development because of the pandemic,” said Seagren. “That was very compelling.

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The timing of the project will magnify the benefits for this rural community.”

Benefits to Audubon Metals, Corsicana

When complete, Audubon will be able to serve clients in a wider geographical area and Corsicana will get a community-based company that will create jobs.

“We are finally fulfilling our expansion that we’ve needed by servicing our customer base from a second location,” said Garren. “As far as the community goes, people in that area will get another good business relationship family.”

“Obviously, there are new full-time jobs with good benefits for another strong business partner in the community,” Robling said. “Our jobs are such that you don’t need a degree to come work for Audubon in the plant environment. As long as you’re willing to do hard work, this is the job for you.”

Hattier said the Audubon property will drive other development.

“Besides catalyzing additional development in industrial park, Audubon has strong business plans that should support growth over time,” Hattier said. “New markets tax credits will allow them to stay on course with this project.”

He said the benefit goes beyond the city limits.

“This is big not just for Corsicana, but for the region,” Hattier said. “For rural, low-income areas in the region, it will ripple through. The multiplier effect is enormous.”

Courtney Edwards, project manager at U.S. Bank, cited the social impact of the investment.

“USBCDC prioritizes deals that aim to reduce the racial wealth gap,” Edwards said. “Within Navarro County, the percentage of people of color is 45 percent. Given that high percentage, we hope that Audubon Metals will have a positive impact on local communities of color.” ❖

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