

PBS LUMBER MANUFACTURING

Winnfield, Louisiana



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Winnfield, Louisiana (pop. 5,000) is located in the heart of the state's timber region, but is nearly an hour's drive from the nearest city of over 50,000 residents. It is no surprise then, that PBS Lumber (PBS), the country's 120th largest Southern Yellow Pine (SYP) producer, is the town's largest private employer.

When demand for SYP fell in early 2008, PBS was forced to scale back production and downsize from two shifts to one. With SYP prices stabilizing, PBS wanted to reinstate its second shift, but lacked the resources

to bring production back to earlier levels. With the help of New Markets Tax Credits (NMTCs), PBS is not only able to bring back its second shift, creating 60 new jobs, it has also been able to expand their kiln and drying facilities, making the facility more efficient and reducing the cost per million board feet by approximately 15%, thereby providing PBS with a competitive advantage.

According to impact analysis done by Planning Decisions, this project investment will indirectly create 40 additional jobs, as well as bring in some \$300,000 in state and local tax revenue for the construction phase and nearly \$800,000 in tax revenue on an annual basis once the project is operational.

CEI Capital Management (CCML) has provided for an additional engineered benefit to the project. As part of the NMTC funding, PBS has agreed to spend a minimum of \$20,000 annually over the project's compliance period to pay tuition to Louisiana Technical College for PBS employees, employee candidates or local community residents to improve their work skills and/or to help establish a specific curriculum at the College that could serve as a "feeder program" for PBS employment. Any unused funds at the end of each year may be used to fund a scholarship at the school.

Qualifying Features

- Poverty Rate of 28.3%
- Unemployment Rate 1.81x National Average
- Non-Metropolitan County

CCML allocated \$11 million in NMTC capacity to finance the project in conjunction with an additional \$6 million in allocation provided by U.S. Bancorp CDC. U.S. Bancorp CDC also provided the equity, while PBS Lumber self-funded the debt portion of the deal, which closed November 6, 2009.

Key Benefits

- Preserves 49 jobs and creates 60 new jobs with the addition of the second shift.
- Provides \$140,000 in funding to local technical college.
- Reduces production costs by approximately 15%.
- Brings in \$794,500 in state and local tax revenue during operations annually.

CEI CAPITAL MANAGEMENT LLC

a capital management subsidiary of

Coastal Enterprises, Inc.

2 Portland Fish Pier • Suite 206 • Portland, ME 04101
207.772.5356 • www.ceimaine.org