

NEWWOOD MANUFACTURING, INC.

Elma, WA

Located in western Washington state, Elma is the third largest city in Grays Harbor County, a region heavily dependent on the forestry and fishing industries. So when western paper giant Weyerhaeuser recently closed a local sawmill and veneer facility, the loss of over 220 jobs was felt deeply in the community, which now had an unemployment rate over 15%.

NewWood Manufacturing, Inc. (NewWood), saw an opportunity to re-open another shuttered plant in area for the manufacture of a wood-plastic composite. The NewWood product utilizes 100% recycled materials, including recycled wood fibers, to create an eco-friendly product with a number of uses including fruit bins, reusable concrete forms, and pallets, with the potential for private-label home siding and other technical applications. At peak production, the plant will divert over 170 million pounds of waste from landfills, in addition to creating nearly 200 new “green collar” jobs.

The NewWood project utilizes a unique financing structure that combines New Markets Tax Credits (NMTCs) with a USDA-guaranteed loan, reflecting the USDA’s interest in finding ways to work collaboratively with the New Markets program.

In addition to the direct benefits of the project, the re-activation of the plant will support a number of indirect jobs in related industries and help to spur development in an underused industrial park, a top priority of the local development agency.

CCML allocated \$25 million in NMTC capacity to finance the project, with mission-based community development entities (CDEs) EcoTrust and Enterprise Cascadia combining to provide an additional \$17.7 million. U.S. Bancorp CDC provided the equity, while NewWood Corporation provided the

debt financing for the transaction, which closed October 27, 2010.

Qualifying Features

- Non-Metropolitan County
- Unemployment Rate 1.33x National Average
- Washington State Distressed County

Key Benefits

- Stabilizes local economy and directly creates 150-200 new “green-collar” jobs.
- Production of a sustainable alternative to traditional building and packing materials.
- Diverts over 170 million pounds of urban wood and plastic waste from regional landfills.
- Re-commissions an idle asset.
- Facility's success will act as a magnet to attract other business to the underused, municipally-operated, industrial park

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