taxadvantagegroup

Sweet Street Desserts

GREENVILLE, SC

Background

The New Markets Tax Credit (NMTC) Program permits taxpayers to receive a credit against federal income taxes for making Qualified Equity Investments (QEIs) in designated Community Development Entities (CDEs). Substantially all of the QEIs must in turn be used by the CDE to provide investments in Low-Income Communities (LICs).

The credit provided to the investor totals 39 percent of the cost of the investment and is claimed over a seven-year credit allowance period. Investors may not redeem their investments in CDEs prior to the conclusion of the seven-year period. The NMTC program provides financing availability for projects in underserved geographic areas and with extremely favorable terms for businesses and real estate developers or owners. The result of these investments fulfills financing gaps for projects to be completed, and it allows projects to be enhanced with community-oriented components, which generate measurable community impacts.

Project

Sweet Street Desserts, which has more than 700 employees and is headquartered in Reading, Pennsylvania, is considered the premier gourmet dessert manufacturer in the world, providing a wide range of dessert products in more than 60 countries globally. Many of the world's leading foodservice establishments — including well-known hotels, restaurants, cafes and upscale supermarkets — serve Sweet Street products as their own, and Sweet Street is consistently voted by food service professionals as the most innovative and one of the Top 10 food service suppliers in the United States.

Sweet Street purchased a vacant bakery in Greenville County, formerly used by Sara Lee Corporation until its closure in 2009. They are renovating the 120,049 SF building and equipping it to produce dessert and pasta products. The project will revitalize the long-dormant facility with new machinery and equipment, transforming it into a state-of-the-art manufacturing plant capable of handling multiple baking processes. At the time the facility closed, most of Sara Lee's 200 employees either lost their jobs or were forced to relocate. Sweet Street Desserts will bring employment opportunities back to this LIC. Of note, Sweet Street hired the former Sara Lee plant manager as its plant manager, and efforts are underway to locate additional Sara Lee employees.

Community Impact

The project supports 271 direct jobs (100 permanent and 171 construction) with permanent jobs paying an average wage 189% higher than the LIC's per capita income. In addition, employees will be offered benefits such as health and dental insurance, disability insurance, life insurance, profit sharing and 401K plans, and paid vacation. Employees will have access to opportunities for job training and advancement, including financial assistance for educational courses that are closely related to the employee's present job or that allow for advancement within the company. Recruitment assistance and training will be provided by ReadySC, a division of the S.C. Technical College System.

To encourage the accessibility of jobs to LIC residents and to support wage progression, Sweet Street created, in partnership with Apprenticeship Carolina™ and Greenville Technical College, a no-charge registered apprenticeship program for nine separate apprenticeship tracks. Each track, certified by the U.S. Department of Labor and part of the S.C. Technical College System, will be maintained throughout the 7-year compliance period.

"We are extremely pleased to establish new operations in Greenville, and very appreciative of the New Markets Tax Credit funding from GNMO II. It allows our company to maintain industry leadership while bringing new jobs to South Carolina — a win/win for all." - *Sandy Solmon, Founder and CEO, Sweet Street Desserts, Inc.*

"This is a tremendous example of the benefits New Markets Tax Credits can have on a local economy. We are indebted to U.S. Senators Tim Scott and Lindsey Graham and U.S. Congressman Trey Gowdy for helping to secure the Round 11 GNMO II Allocation, which has quickly produced positive results for the citizens of Upstate South Carolina." - *Tammy Propst, President, taxadvantagegroup*

Sweet Street Desserts QUICK FACTS

PROJECT NAME:
Sweet Street Desserts

LOCATION:
1916 Piedmont Highway
Greenville, SC 29605

TOTAL DEVELOPMENT COST:
$61,700,000

GNMO II ALLOCATION:
$10,000,000

DEVELOPER:
Sweet Street Desserts, Inc.

SQUARE FOOTAGE:
120,049

LEVERAGED LENDER:
Sweet Street Desserts, Inc.

NMTC INVESTOR:
Capital One, N.A.

PERMANENT JOBS:
100 Direct
194 Indirect/Induced

CONSTRUCTION JOBS:
171 Direct
31 Induced/Indirect

LOW INCOME COMMUNITY:
Poverty Rate: 29.6%
Median Family Income: 64.2%
Unemployment Rate: 19.8%
Unemployment Ratio: 2.5x
State Enterprise Zone

FINANCING COMPLETE:
May 2015

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