

GARJA

**2020 Initial Georgia Agribusiness
and Rural Jobs Act Report**

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Overview

Senate Bill 133, known as the “Georgia Agribusiness and Rural Jobs Act” (GARJA), was approved by the Georgia General Assembly during the 2017 legislative session, and subsequently signed into law by then Governor Nathan Deal. The GARJA Program is administered by the Georgia Department of Community Affairs (DCA). Requirements of GARJA are outlined in Section 33-1-25 of Chapter 1 of Title 33 of the Official Code of Georgia annotated.

GARJA is intended to provide access to capital for Georgia businesses in some of the State’s most rural areas. A rural area means any county in Georgia that has a population of less than 50,000. Eligible businesses must have less than 250 employees with their principal business operation in one or more rural areas. The business must be in an eligible industry sector including agricultural, manufacturing, health care, technology or transportation.

DCA approved five Rural Funds (entities created by private companies) in June 2018 to participate in the GARJA Program. \$100 million was certified by DCA in capital investment authority among the five Rural Funds. Each Rural Fund received approval of \$20 million in capital investment authority, which was required to be used for loans or equity investments to eligible small businesses by June 30, 2020. The Rural Funds must maintain qualified investments equal to 100 percent of their capital investments for an additional three years until June 30, 2023. Please refer to Page 7 for GARJA’s Certified Capital Received and Initial Reporting Status.

The Rural Funds raised capital from rural investors in exchange for tax credits earned against a rural investor’s state tax liability. Amount of the credit claimed by a rural investor cannot exceed the amount of such entity’s state tax liability for the tax year for which the credit is claimed. Also, at least 50 percent of the capital raised by the Rural Funds was composed of capital from sources other than the amount of capital received from the tax credit investors. Please refer to Page 7 for the Schedule of Tax Credits Granted.

The purpose of this publication is to summarize the information provided on the Initial Reports submitted by all Rural Funds for the initial deployment of their collective \$100 million in capital investments.

Accomplishments

At the end of the initial two-year deployment period for GARJA (June 30, 2020), the five Rural Funds deployed a total of 38 investments for a total of \$101,355,000 in 23 counties in 4 of the 5 eligible industry sectors. Together, they expect to create 702 jobs and retain 608 jobs with these investments. Please see Page 8 for the Qualified Investments in Eligible Businesses.

# Inv	Rural Fund	Term Loan	LOC	Equity	Total Investment	Jobs Created	Jobs Retained	* Co.
4	Appalachian Fund 1, LLC	\$18,000,000		\$2,000,000	\$20,000,000	122	299	3
16	Enhanced Capital Georgia, Rural Fund, LLC	\$20,880,000		\$200,000	\$21,080,000	269	197	9
6	Georgia Rural Investment Fund, LLC	\$12,915,000	\$7,150,000	\$210,000	\$20,275,000	54	23	4
6	Southeast Community Development Fund X, LLC	\$18,799,980		\$1,200,020	\$20,000,000	169	21	6
6	Stonehenge Georgia Rural Fund, LLC	\$19,450,000		\$550,000	\$20,000,000	88	68	6
38		\$90,044,980	\$7,150,00	\$4,160,020	\$101,355,00	702	608	

* Number of Counties

- Agricultural investments were 23.78% of the total, or \$24,105,000. By statute, at least 10% of total capital investments had to be in this industry sector, and at least 10% of agricultural investments had to be equity investments. There were \$2,810,000 in equity investments, or 11.65%.
- Healthcare was 7.45%, or \$7,550,000
- Manufacturing was 50.02% or \$50,700,000
- Transportation and Warehousing was 17.76% or \$18,000,000
- Other was .99% or \$1,000,000. This was Soap Creek Marina in Lincolnton that was attached to boat manufacturing and is used to showcase for boat sales
- Technology is not represented

Summary

CHALLENGES

The Rural Funds reported that investments in the technology industry were particularly challenging since they received very few inquiries from technology companies. The technology companies reviewed were difficult to underwrite since they were start-ups or early stage companies. Several of the Rural Funds were unfamiliar with the State and who to partner with or where to go to find the small businesses in need of capital, which slowed their deployment of GARJA funds. Restricting the size of eligible businesses to 250 employees or less was another challenge for the Rural Funds.

STRATEGIES

Rural Funds were surveyed regarding how they partnered with other economic professionals throughout the State to achieve their success with the first phase of the program. Some indicated success by partnering with Economic Developers and Chambers, local lunch and learns, local and state representatives and senators for referrals, and the University of Georgia Small Business Development Centers. Others mentioned proprietary relations or direct calling with little assistance from economic professionals. Several mentioned that the most helpful leads came from DCA and commented that the credibility of DCA was the most effective tool they had to get the word out regarding the GARJA Program. DCA worked diligently with local regional representatives to promote GARJA, making it a top priority to discuss at all speaking engagements and meetings with local development authorities in rural areas of eligibility. Regional representatives referred small businesses to the Rural Funds in hopes that they could make their investments in their communities. Open communication among the Rural Funds and DCA has been essential to the success of the program, to date. DCA continues to market the program on behalf of the Rural Funds.

Most of the Rural Funds made the reporting process much easier by submitting their initial detailed reports on each investment as the investment was made instead of waiting until the end of the initial two-year deployment period to submit them. This enabled DCA to monitor the progress of the program over the initial deployment period, as well as generate the initial statistics for management more quickly. The Initial Reports then verified the grand totals and provided compliance certifications necessary to satisfy statute requirements.



Summary, continued

SUCCESSSES

DCA determined the Rural Funds deployed the initial \$100 million of capital investments in compliance with the rules and regulations of the program. In one instance, a Rural fund was able to revolve investments before the initial deployment date deadline. Another Rural Fund found it necessary to add their own investments to make a project work to the advantage of the small business.

Four of five of the targeted industry sectors had significant job creation. Please refer to Pages 10-12 for the Location and Industry Sector of Eligible Businesses Receiving GARJA Investments along with the Pie Chart of Investments by Industry Sector on Page 13 and a Map of Investment Activity in Georgia on Page 14.

DCA observed that almost all of the GARJA investments were first lien investments with turn-down letters from local banks. Without the advantage of the GARJA Program, these small businesses would not have been able to secure any financing. The Rural Funds were able to provide affordable, patient capital at reasonable rates.

The success of the GARJA Program has gotten the attention of other states. DCA has received calls to discuss the details of the GARJA Program from states working to establish a similar, successful program.

A DCA website is available for other states to view along with the contact information of the Rural Funds.

<https://www.dca.ga.gov/community-economic-development/incentive-programs/georgia-agribusiness-rural-jobs-act>

The website has been helpful to market to all development authorities and professional economic developers throughout Georgia.



GARJA's Certified Capital Received and Initial Reporting Status

GARJA Rural Fund	Amount of Certified Capital Received	Initial Amount of Certified Capital Deployed	Initial Reporting
Appalachian Fund I, LLC	\$20,000,000	\$20,000,000	In Compliance
Enhanced Capital Georgia Rural Fund, LLC	\$20,000,000	\$21,080,000	In Compliance
Georgia Rural Investment Fund, L.L.C.	\$20,000,000	\$20,275,000	In Compliance
Southeast Community Development Fund X, L.L.C.	\$20,000,000	\$20,000,000	In Compliance
Stonehenge GA Rural Fund, LLC	\$20,000,000	\$20,000,000	In Compliance
Total Invested in GARJA	\$100,000,000	\$101,355,000	

Schedule of Tax Credits Granted

GARJA Rural Fund	Tax Credits Authorized 2020
Appalachian Fund I, LLC	\$3,000,000
Enhanced Capital Georgia Rural Fund, LLC	\$3,000,000
Georgia Rural Investment Fund, L.L.C.	\$3,000,000
Southeast Community Development Fund X, L.L.C.	\$3,000,000
Stonehenge GA Rural Fund, LLC	\$3,000,000
Total Tax Credits Authorized for 2020	\$15,000,000

Qualified Investments in Eligible Businesses

GARJA Rural Fund	Investment Date	Name of Business	Amount of Certified Capital Invested
Appalachian Fund I, LLC	12/31/19	Eagle Railcar Services	\$6,500,000
Appalachian Fund I, LLC	12/31/19	Elixir Extrusions, LLC	\$6,500,000
Appalachian Fund I, LLC	6/17/20	FarmGrowth Management Services, LLC	\$2,000,000
Appalachian Fund I, LLC	6/17/20	Gordon Switching Company	\$5,000,000
Amount of Certified Capital Invested			\$20,000,000
Enhanced Capital Georgia Rural Fund, LLC	12/12/18	Blackdirt Farm Management, LLC	\$2,000,000
Enhanced Capital Georgia Rural Fund, LLC	10/30/19	Blackdirt Farm Management, LLC	\$587,850
Enhanced Capital Georgia Rural Fund, LLC	5/20/20	Blackdirt Farm Management, LLC	\$500,000
Enhanced Capital Georgia Rural Fund, LLC	1/7/19	Cabinet Concepts	\$1,500,000
Enhanced Capital Georgia Rural Fund, LLC	7/2/19	Cabinet Concepts	\$325,000
Enhanced Capital Georgia Rural Fund, LLC	4/10/20	Cornucopia Farms Avera, LLC	\$345,000
Enhanced Capital Georgia Rural Fund, LLC	4/30/20	Habersham Vintners, Inc.	\$800,000
Enhanced Capital Georgia Rural Fund, LLC	2/21/20	Highline Structures, LLC	\$1,500,000
Enhanced Capital Georgia Rural Fund, LLC	4/17/19	Horton Cargo Haulers, LLC	\$2,000,000
Enhanced Capital Georgia Rural Fund, LLC	3/8/19	Keith Griffin Farms	\$1,800,000
Enhanced Capital Georgia Rural Fund, LLC	4/10/20	Lake Country Brewing, LLC	\$250,000
Enhanced Capital Georgia Rural Fund, LLC	9/17/18	Luther Griffin Farm	\$3,800,000
Enhanced Capital Georgia Rural Fund, LLC	6/4/20	Luther Griffin Farm	\$1,072,150
Enhanced Capital Georgia Rural Fund, LLC	12/12/19	Second Century AG, LLC	\$3,000,000
Enhanced Capital Georgia Rural Fund, LLC	3/29/10	Soap Creek Marina & Resort, LLC	\$1,000,000
Enhanced Capital Georgia Rural Fund, LLC	3/20/20	White Oak Pastures, Inc.	\$600,000
Amount of Certified Capital Invested			\$21,080,000

Qualified Investments in Eligible Businesses

GARJA Rural Fund	Investment Date	Name of Business	Amount of Certified Capital Invested
Georgia Rural Investment Fund, L.L.C.	5/15/19	Bhugesh Investments, LLC	\$2,960,000
Georgia Rural Investment Fund, L.L.C.	5/15/20	Bhugesh Investments, LLC	\$2,300,000
Georgia Rural Investment Fund, L.L.C.	5/29/19	Georgia Earth and Pipe, LLC	\$2,320,000
Georgia Rural Investment Fund, L.L.C.	6/25/19	Hellman-Chang, LLC	\$2,595,000
Georgia Rural Investment Fund, L.L.C.	4/9/20	Revive Milling, LLC	\$3,600,000
Georgia Rural Investment Fund, L.L.C.	12/27/19	Soteria Solar Services, LLC	\$6,500,000
Amount of Certified Capital Invested			\$20,275,000
Southeast Community Development Fund X, L.L.C.	8/21/19	1115 Smith OpCo LLC	\$4,250,000
Southeast Community Development Fund X, L.L.C.	6/17/20	Cady Bag Company LLC	\$5,000,000
Southeast Community Development Fund X, L.L.C.	5/15/20	GAXtracts LLC	\$2,000,000
Southeast Community Development Fund X, L.L.C.	11/1/19	Global Environmental Enterprises, LLC	\$500,000
Southeast Community Development Fund X, L.L.C.	3/13/19	Meridian Holdings Group, Inc. & Danimer Scientific Holdings, LLC	\$6,500,000
Southeast Community Development Fund X, L.L.C.	12/10/20	StruXure Outdoor, Inc.	\$1,750,000
Amount of Certified Capital Invested			\$20,000,000
Stonehenge GA Rural Fund, LLC	6/10/20	CFactor Leasing Corp.	\$4,100,000
Stonehenge GA Rural Fund, LLC	12/20/19	Custom Structures, Inc.	\$5,100,000
Stonehenge GA Rural Fund, LLC	4/26/19	Door Kraft Products, Inc.	\$5,500,000
Stonehenge GA Rural Fund, LLC	1/17/20	Georgia Dental Management, LLC	\$3,300,000
Stonehenge GA Rural Fund, LLC	3/25/19	Holton Cattle & Consulting, LLC	\$1,500,000
Stonehenge GA Rural Fund, LLC	11/16/20	Conner Holdings, LLC	\$500,000
Amount of Certified Capital Invested			\$20,000,000
Total GARJA Certified Capital Deployed			\$101,355,000

Location and Industry Sector of Eligible Businesses Receiving GARJA Investments

GARJA Rural Fund	Business Name	County	2017 NAICS*	NAICS Title/Sector
Enhanced Capital Georgia Rural Fund, LLC	Highline Structures, LLC	Appling	321992	Prefabricated Wood Building Manufacturing
Southeast Community Development Fund X, L.L.C.	Cady Bag Company LLC	Atkinson	339999	All Other Miscellaneous Manufacturing
Stonehenge GA Rural Fund, LLC	CFactor Leasing Corp.	Bryan	333120	Construction Machinery Manufacturing
Enhanced Capital Georgia Rural Fund, LLC	White Oak Pastures, Inc.	Clay	11211	Beef Cattle Ranching and Farming, including Feedlots
Stonehenge GA Rural Fund, LLC	Conner Holdings, LLC.	Clinch	113310	Logging
Appalachian Fund I, LLC	Elixir Extrusions, LLC	Coffee	331318	Other Aluminum Rolling, Drawing, and Extruding
Georgia Rural Investment Fund, L.L.C.	Soteria Solar Services, LLC	Coffee	493110	General Warehousing and Storage
Georgia Rural Investment Fund, L.L.C.	Georgia Earth and Pipe, LLC	Dawson	327320	Ready-Mix Concrete Manufacturing
Georgia Rural Investment Fund, L.L.C.	Hellman-Chang, LLC	Dawson	337122	Nonupholstered Wood Household Furniture Manufacturing
Enhanced Capital Georgia Rural Fund, LLC	Keith Griffin Farms	Decatur	112111	Beef Cattle Ranching and Farming
Enhanced Capital Georgia Rural Fund, LLC	Luther Griffin Farm	Decatur	112111	Beef Cattle Ranching and Farming
Enhanced Capital Georgia Rural Fund, LLC	Luther Griffin Farm	Decatur	112111	Beef Cattle Ranching and Farming
Southeast Community Development Fund X, L.L.C.	Meridian Holdings Group, Inc. & Danimer Scientific Holdings, LLC	Decatur	339999	All Other Miscellaneous Manufacturing
Stonehenge GA Rural Fund, LLC	Georgia Dental Management LLC	Dodge	621210	Offices of Dentists
Enhanced Capital Georgia Rural Fund, LLC	Lake Country Brewing, LLC	Greene	312120	Breweries
Enhanced Capital Georgia Rural Fund, LLC	Second Century AG, LLC	Irwin	115114	Postharvest Crop Activities (except Cotton Ginning)
Enhanced Capital Georgia Rural Fund, LLC	Blackdirt Farm Management, LLC	Jefferson	115116	Farm Management Services
Enhanced Capital Georgia Rural Fund, LLC	Blackdirt Farm Management, LLC	Jefferson	115116	Farm Management Services
Enhanced Capital Georgia Rural Fund, LLC	Blackdirt Farm Management, LLC	Jefferson	115116	Farm Management Services

Location and Industry Sector of Eligible Businesses Receiving GARJA Investments

GARJA Rural Fund	Business Name	County	2017 NAICS*	NAICS Title/Sector
Enhanced Capital Georgia Rural Fund, LLC	Cornucopia Farms Avera, LLC	Jefferson	11141	Food Crops Grown Under Cover
Stonehenge GA Rural Fund, LLC	Custom Structures, Inc.	Laurens	332311	Prefabricated Metal Building and Component Manufacturing
Enhanced Capital Georgia Rural Fund, LLC	Soap Creek Marina & Resort, LLC	Lincoln	713930	Marinas
Southeast Community Development Fund X, L.L.C.	StruXure Outdoor, Inc.	Lumpkin	33232	Ornamental and Architectural Metal Products Manufacturing
Stonehenge GA Rural Fund, LLC	Holton Cattle & Consulting, LLC	Mitchell	112111	Beef Cattle Ranching and Farming
Georgia Rural Investment Fund, L.L.C.	Bhugesh Investments, LLC	Morgan	336320	Motor Vehicle Electrical and Electronic Equipment Manufacturing
Georgia Rural Investment Fund, L.L.C.	Bhugesh Investments, LLC	Morgan	336320	Motor Vehicle Electrical and Electronic Equipment Manufacturing
Appalachian Fund I, LLC	FarmGrowth Management Services, LLC	Morgan	115116	Farm Management Services
Southeast Community Development Fund X, L.L.C.	GAXtracts LLC	Oconee	111421	Nursery and Tree Production
Enhanced Capital Georgia Rural Fund, LLC	Cabinet Concepts, LLC	Putnam	337110	Wood Kitchen Cabinet and Countertop Manufacturing
Enhanced Capital Georgia Rural Fund, LLC	Cabinet Concepts, LLC	Putnam	337110	Wood Kitchen Cabinet and Countertop Manufacturing

Location and Industry Sector of Eligible Businesses Receiving GARJA Investments

GARJA Rural Fund	Business Name	County	2017 NAICS*	NAICS Title/ Sector
Stonehenge GA Rural Fund, LLC	Door Kraft Products, Inc.	Putnam	337110	Wood Kitchen Cabinet and Countertop Manufacturing
Enhanced Capital Georgia Rural Fund, LLC	Horton Cargo Haulers, LLC	Putnam	336214	Travel Trailer and Camper Manufacturing
Southeast Community Development Fund X, L.L.C.	1115 Smith OpCo LLC	Thomas	623312	Assisted Living Facilities for the Elderly
Southeast Community Development Fund X, L.L.C.	Global Environmental Enterprises, LLC	Washington	326199	All Other Plastics Product Manufacturing
Georgia Rural Investment Fund, L.L.C.	Revive Milling, LLC	Washington	115114	Postharvest Crop Activities (except Cotton Ginning)
Enhanced Capital Georgia Rural Fund, LLC	Habersham Vintners, Inc.	White	111332	Grape Vineyards
Appalachian Fund I, LLC	Eagle Railcar Services	Wilkinson	488210	Support Activities for Rail Transportation
Appalachian Fund I, LLC	Gordon Switching Company	Wilkinson	488210	Support Activities for Rail Transportation

***NAICS is the North American Industry Classification System**

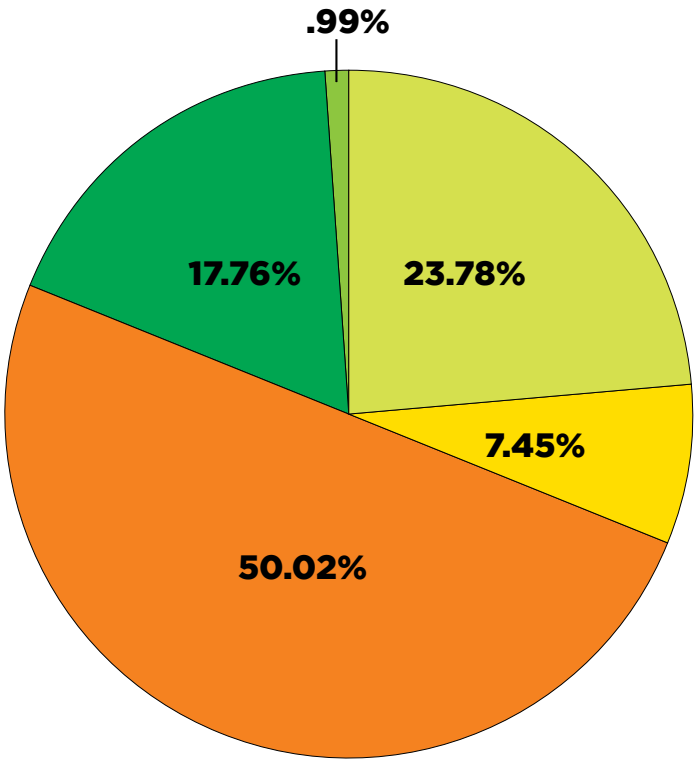
Georgia Agribusiness and Rural Jobs Act

Investments by Industry Sector in 23 Counties (as of 6/30/2020)

Key:

- Manufacturing: \$50,700,000
- Agricultural: \$24,105,000
- Transportation & Warehousing: \$18,000,000
- Healthcare: \$7,550,000
- Other: \$1,000,000

Total Amount: \$101,355,000



Georgia Agribusiness and Rural Jobs Act Program

Investment Activity
as of 6/30/2020

GARJA Loan Totals

