

Craft3 helps Fry Foods bring 304 jobs to Ontario, Oregon

by Jennifer Janda | Apr 15, 2015

\$10 million loan to boost local economy in area of high poverty and unemployment

Today, Craft3 announced its investment in Fry Foods. Craft3's loan is the first piece of financing needed by Fry Foods to reopen the former Select Onion facility in Ontario, Oregon. The expanded processing facility will bring more than 300 jobs to Ontario and boost the economy.

Fry Foods is family-owned and operated, with a 75-year history in the food industry. It processes onions, mushrooms and assorted vegetables for food service and retail throughout North America.

When its West Coast processing facility in Weiser, Idaho reached capacity, Fry Foods sought a larger location. It found the former Select Onion process facility. This 302,000 square foot facility was used to process onions until its close in 2012. The facility is five times larger and located just 20 miles away in Ontario, Oregon, one of the largest onion producing regions in the country.

With Ontario's personal income levels trailing the state average by 31% and more than a quarter of the population living below the poverty line, bringing 180 existing employees to the area and creating 124 new jobs for locals will be a huge boost to Ontario's economy.

"Malheur County has been plagued with higher unemployment and higher poverty levels that many other counties in Oregon," explained Kit Kamo, Snake River Economic Development Alliance's Executive Director. "Having Fry Foods expand into the county will be a positive economic boost for the community and will offer the opportunity for full-time jobs to those folks who are currently working part-time."

Craft3 originally planned to participate at a much smaller level, but when the lead lender fell through, Craft3 stepped up to finance over 90% of the purchase price.

"Craft3 was a key partner in providing financing for Fry Foods new production plant acquisition in Ontario, Oregon. They were able to secure a \$10 million loan that could be integrated with New Market Tax Credits," shared David Fry, Fry Foods President. "Craft3 is one of a few financial institutions that have the experience and knowledge to execute a very complex financial transaction. Fry Foods would have not been able to complete the purchase without the help of Craft3."

"We were interested in this project from the start because we saw the large impact this transaction would have in a small rural community like Ontario, including residual impacts down the road and in other industries," said Turner Waskom, Craft3 Senior Business Lender. "When the initial plan for bond financing fell thru, we decided to step up the plate because we knew there were few, if any, other lenders who understood both the complex nature of such a New Markets Tax Credit transaction and would be willing to take the kind of risks necessary to have such impacts. Ultimately, we saw Fry Foods as a strong company and one we felt comfortable partnering with to help the business expand and help the community with job creation."

In partnership with the U.S. Department of Agriculture, Craft3 provided Fry Foods with a \$10 million loan to finance the purchase of the existing Select Onion facility. Additional loans were made to Fry Foods as well; \$195,000 from Business Oregon and a \$550,000 forgivable loan through the State of Oregon's Strategic Reserve Fund.

"Craft3's support allowed Fry Foods to complete the purchase of the building, provide financing for renovations on building, create 300 to 350 new jobs for the local economy and help the farming community by purchase more agriculture products from local farmers," Fry added.

Craft3's loan would not have been possible without a USDA loan guarantee and capital support from Oregon Community Foundation and Wells Fargo.