Largest PACE-financed Ag project in U.S. completed
Energy financing, specialty farming combine for unique operation in Missouri

Overview

Moon Ridge Foods LLC, a specialty hog processing facility in southwest Missouri, used PACE financing when retrofitting a 75,000-sq.-ft. facility to accommodate the progressive production and processing methods used in their farm-to-plate hog processing operation. Completed in July, 2016, it is the largest agricultural PACE project in the U.S.

PACE provided a way for Moon Ridge Foods to implement its strategic plan to significantly reduce energy costs and its carbon footprint. The project is a unique blend of a commitment to healthy food production, sustainable farming and preservation of natural resources. The driving force of facility owner/operator Moon Ridge Foods is to produce the safest, highest-quality, best-tasting pork products possible while enhancing the lives of their workers, local communities and supplying farmers - all while being good stewards of the environment.

The $4 million in improvements included energy-efficient hog processing equipment, HVAC, lighting, roofing, and a solar photovoltaic system.

RAHILL Capital of St. Louis served as the PACE project consultant, working with the Moon Ridge Foods management team to identify and quantify eligible improvements, securing a PACE capital provider and facilitating the clean energy district application process. Twain Financial Partners of St. Louis was the PACE capital provider for this project, which was the largest PACE project completed in Missouri at the time it was approved by the Show Me PACE Clean Energy District.

Project Highlights

Total PACE financing: $4,000,000
Interest Rate: 6%
Term 10.71 years
Annual assessment: $169,386
Energy savings: 2.1 million kwh annually
Onsite renewable capacity: 65.52 kw
Lender: Twain Financial Partners

List of improvements

HVAC upgrades
High-efficiency boiler
Solar photovoltaic system
Energy-efficient hog harvesting system
Insulated roof upgrade
LED lighting
Energy-efficient packaging equipment

Building Details

Type: Agricultural
Sq feet: 75,000
Stories: 1 story, steel-framed
Owner: Moon Ridge Foods
Location: Pleasant Hope, MO
(20 miles north of Springfield)
The Site and Project Idea

Russ Kremer, a past president of the Missouri Pork Producers Association and member of the U.S. Department of Agriculture’s 21st Century Agriculture Advisory Committee, was clear in what he wanted for the Moon Ridge Foods Company when the company bought a vacant hog-processing facility. They are committed to sustainability. Their energy efficiency efforts complement their dedication to the safe, humane handling of hogs.

“We’ve developed strict heirloom standards for genetics and feed,” noted Kremer, Moon Ridge Foods co-founder and CEO. “Our pork is from Duroc hogs raised on a vegetarian-based diet without the use of steroids, hormones and routine antibiotic usage.”

“Since we’ve secured arrangements with several large-scale customers for the purchase of our premium pork products, we hope to establish 50 new sustainable farms in the region,” he added.

The energy measures at Moon Ridge are expected to save 2.1 million kwh/year. Approximately $4.1 million in energy, water, operation and maintenance costs are expected to be avoided during the term of the PACE financing.

“This project is a great partnership - we were able to break the mold and finance the largest PACE Ag project in the country,” noted Andrew Meyer, vice-president at Twain Financial Partners. “This proves that PACE can work anywhere, including in agricultural and rural settings.”

Appeal of PACE Financing

Established by Missouri state statute, PACE uses private capital to pay for energy and water improvements to a property. The fixed interest rate loans are repaid through annual property tax assessments. Missouri legislation requires projects to be cash-flow positive with energy and water savings greater than the assessments.

“PACE is very attractive to commercial property owners because it offers up to a 20-year fixed interest rate and can be considered ‘off-book’,” explained Josh Campbell, chairman of Show Me PACE. “In Missouri it also requires savings to offset the cost of the loan, so the projects are cashflow-positive.”

“PACE is a fiscally-responsible way for property owners and developers to pay for energy and water cost improvements, whether they’re retrofitting an existing building or building new - without commitment or risk to the local municipality,” he added.
Economic Development Benefit

A multi-million project like Moon Ridge Foods has a substantial impact on a rural community, and Polk County was no exception.

“When Moon Ridge Foods opened its doors this summer, it represented the culmination of nine years of dedication, volunteer effort, and grit on the part of so many people who wanted to make Polk County Missouri's economic future brighter,” explained Paula Hubbert, co-chair of the Polk County Economic Enterprise Zone. “The process through which it was created has changed the course and culture of our county.”

“Newly-created, skilled jobs that pay a living wage and provide health and other benefits are so rare in rural America. To have the number of jobs and the investment of time and capital into our area on the scale of the Moon Ridge project means more than can ever be measured in dollars and cents or quantified on the bottom line of a balance sheet. It means hope for the future and opportunity for us and for our children,” she added.

Principal Project Partners

**PACE program: Show Me PACE Clean Energy District**
Administered by the non-profit Missouri Energy Initiative, Show Me PACE is an open-market program that uses multiple capital providers and has low-cost overhead. The statewide-program has facilitated a number of PACE projects in Missouri since it was created in 2015.

**Project Developer: RAHILL Capital**
RAHILL Capital, a St. Louis-based PACE consultant, works with property owners and real estate developers nationwide to simplify and expedite the process of securing PACE funding. RAHILL’s scope of work includes energy engineering, PACE legislative issues, district PACE applications, and underwriting and term negotiation with PACE capital providers. The Moon Ridge Foods financing was RAHILL’s fifth successfully-closed PACE transaction in Missouri.

**PACE Lender: Twain Partners**
Twain Financial Partners is a St. Louis-based capital provider dedicated to providing PACE financing for energy efficiency, renewable energy and water conservation projects. Twain’s vast network of lenders and energy contractors allows for an efficient, streamlined process for obtaining on-demand capital for commercial, agricultural and industrial PACE projects.