

## **THE ENTERPRISE CENTER COMPLETES FIRST NEW MARKET TAX CREDIT DEAL IN UPSTATE NEW YORK**

Lee Beaulac, Senior VP of Housing and Economic Development for Rural Opportunities, Inc. acted as the master of ceremonies as Senator Hillary Rodham Clinton and Congressman James Walsh joined executives of Fralo Plastech Manufacturing at a ribbon cutting ceremony that marked the successful start of a new business venture that has already created 50 new jobs and put an idle former GM plant in Syracuse, New York into productive reuse in an environmentally-friendly operation.

Fralo Plastech Manufacturing LLC is a new Salina, New York based firm (near Syracuse, NY) that used the critical funding to purchase the world's largest plastic blow-molding machine that is being used to produce exceptionally strong, environmentally friendly wastewater and stormwater tanks, septic tanks and related products. FRALO's plastic tank manufacturing operation has already had a significant positive economic development impact by creating the 50 new well-paying, full-time jobs in the challenged greater Syracuse community.

Rural Opportunities, Inc., through its economic development affiliate the Enterprise Center (ROECI) is under contract with Coastal Enterprises, Inc., a New Market Tax Credit allocatee located in Portland Maine, to market the NMTC program to potential projects in New York State. This agreement allows CEI to concentrate on the projects at hand while ROECI staff recruits additional potential NMTC projects that may qualify for future allocations of tax credits.

"We're very pleased to be partnering with CEI to bring access New Markets Tax Credits to Upstate New York" stated Dana Brunett, President of the Enterprise Center. He further added "Right now we're putting together another four deals here in the Upstate region that could potentially use New Markets Tax Credits to attract investors to their projects"

CEI has a combined federal allocation of \$129 million in NMTC tax credit investment capacity awarded in a competitive process run by the U.S. Treasury Department's CDFI Fund. Its prime service area includes Maine, New Hampshire, Vermont, western Massachusetts and upstate New York..

"Fralo Plastech is pleased to be a successful new business that has been able to secure the financing it needed through the New Markets Tax Credit program that is allowing us to create these new jobs and produce a competitive, environmentally-friendly product," said Francis Lombardi, CEO of Fralo Plastech Manufacturing, LLC. "We are very appreciative of the support that Senator Clinton, Congressman Walsh, and our entire congressional delegation have given to us and to this important federal tax credit program."

But the environmental benefits are even wider in scope. The plastic tanks manufactured by Fralo also use recycled materials making them not only environmentally friendly because they help contain wastewater and pollutants, but also because they make good use of recycled natural resources.

The key to attracting the needed capital to allow Fralo to finance the purchase of the new \$6 million plastic blow-molding machine, which is the centerpiece of the new manufacturing venture, was the use of the federal New Markets Tax Credits (NMTCs).

The New Markets Tax Credit program was authorized by the U.S. Congress and is run by the U.S. Treasury Department's Community Development Financial Institution (CDFI) Fund. The purpose of the NMTC program is to provide financial incentives to help attract significant investment capital to historically underserved communities. The program is expanding the availability of credit, investment capital, and financial services in distressed urban and rural communities.

The NMTCs provide the incentive to debt and equity investors in the form of a 39% federal income tax credit to make investing such capital into qualified projects in designated eligible low-income areas more

attractive. The financial support often helps mitigate the sometimes substantial risks associated with investing large amounts of money in less-accessible, rural, or already economically challenged areas.

This infusion of private-sector capital into urban and rural low-income areas is financing community development projects, stimulating new economic opportunity, and creating jobs in some of the most challenged areas.

Nationally, the New Markets Tax Credit program's approximately 130 sponsoring organizations have been working with \$6 billion of NMTC investment allocation that were awarded in the first two rounds of a competitive application process managed by the CDFI Fund. A third round of NMTC allocation awards is pending and should be announced within the next 30 days. Congress originally authorized \$15 billion in NMTC investment capacity to be awarded and the program is coming up for reauthorization in the next year.



Senator Hillary Clinton-D-NY announces the Fralo Plastec, LLC New Market Tax Credit Project.



A sample of Fralo Plastec's product produced by the world's largest blow molding machine.