

New Markets Tax Credit

MINNESOTA

NMTC ALLOCATEE

National New Markets Tax Credit Fund, Inc.*

Minneapolis, MN

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*An Affiliate of Community
Reinvestment Fund, USA

COMMUNITY PROFILE

- Grand Rapids, MN
- 79.3% median family income
- State Job Z Zone

PROJECT HIGHLIGHTS

- Manufacturing expansion and streamlining
- Total Project Cost: \$1.4 million
- NMTC: \$203,058
- Investor: Multi-investor small business lending pool
- Jobs: 74 retained



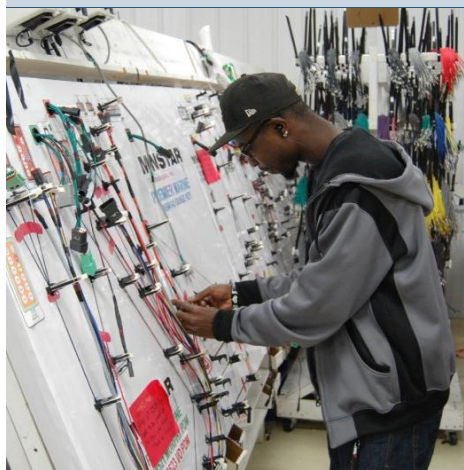
MNSTAR Technologies Inc.

In 1997, Mike Rhodes, an electrician and former equipment supervisor for the Minnesota Department of Natural Resources, created MNSTAR Technologies Inc. (MNSTAR) to manufacture the wiring needed to operate lights, sirens, two-way radios, radar, and computers in emergency and law enforcement vehicles.

The company is located in Grand Rapids, a rural community in northern Minnesota where the poverty rate is high and jobs are scarce. In 2006, MNSTAR's key customers were experiencing strong sales growth. MNSTAR needed to streamline its manufacturing process in order to meet the increased demand for its products while remaining competitive in the global market.

In February 2006, a group of local lenders, including Grand Rapids State Bank, Northland Foundation, and Arrowhead Regional Development Commission, came together to help the company put together the \$1.4 million in financing needed to expand and improve its facilities and purchase new equipment. While the financing for the facility expansion was in place, there was a gap in the funding needed to purchase new, state-of-the-art equipment. To secure the purchase of this new equipment, the Minneapolis-based community development entity National New Markets Tax Credit Fund, Inc. stepped in with \$203,058 in NMTC financing, which allowed MNSTAR to purchase the new equipment needed to increase production, step up efficiency, and retain its 74 employees with plans to increase that number in the coming years.

CRF's NMTC loan, along with the financing from local institutions, helped MNSTAR to expand its operations, stay competitive in the marketplace, and most importantly, survive the financial crisis. Unlike many small businesses, this firm was able to pay their debts through the economic downturn. MNSTAR emerged from the recession and recently refinanced its obligations, including its NMTC loan, into new financing provided by CRF that restructures their balance sheet and positions the company for significant growth, including adding new employees.



Top: MNSTAR employee tests a harness jig for a wiring harness that will be used by law enforcement

Above: MNSTAR employee builds a wiring harness that will be used in a boat