



PROJECT DESCRIPTION

Master Group (the “Company” or “Sponsor”) is a privately held, 100% minority-owned Puerto Rican manufacturing company that produces cement, paints and chemicals used in commercial and residential construction around the globe. Master Group undertook several capital investments, including the construction and equipment installation for the company’s concrete repair products and specialty manufacturing line, along with a corresponding warehouse to increase productivity and expand its product offerings (the “Project”). The Sponsor is sought an \$8 million allocation from Prestamos CDFI, LLC (“Prestamos”) to enable the Project to come to fruition on a parallel path with the Company’s other developments throughout Puerto Rico.

The proceeds from the NMTC transaction were utilized to construct a concrete repair products manufacturing facility, purchase related equipment, add a warehouse for a new landscaping product line, and develop office space for the Company’s headquarters and personnel training center. The demand for the Company’s products have grown significantly, even during the COVID-19 pandemic, where the Company is continuing to operate full shifts to fill orders on a timely basis. The new facility, warehouse and equipment help to materially reduce the downtime in production which was a lingering problem, as the outdated equipment required stoppages for repairs and maintenance.

COMMUNITY ALIGNMENT

In order to assess the community alignment of the Project, the Puerto Rico Comprehensive Economic Development Strategy (the “Plan”) was reviewed. The Plan identifies an overarching goal of growing the island’s knowledge-based economic development strategies. Specifically, the Plan highlights the significant downturn in the manufacturing industry from 2003-2013, in which the sector registered a net loss of 4,000 jobs. Further, the Plan highlights the labor force participation rate decline during this period. Based on data and modeling from Trading Economics, the rate as of November 2019 was estimated to be 40%, indicating a continuing decline throughout Puerto Rico. The Plan indicates a need to continue investment in the manufacturing sector, development of new initiatives and utilization of incentives in order to maintain competitiveness on an international scale.

After review of the Plan, it appears the Project is in direct alignment with the goals and economic development outcomes listed. First, the Project will result in the addition of quality, accessible jobs in the manufacturing industry. Already one of the largest employers in the community, Master Group sought to add new positions to handle the expected growth in capacity. This helped mitigate the major loss of jobs in the manufacturing industry and with providing high wages and benefits, improved labor force participation in low-income communities. Further, the Project reflects a large investment towards new equipment and facilities, enabling the Sponsor to capitalize on increased demand and remain competitive going forward.

TOTAL PROJECT COSTS	\$8,429,867
TOTAL NMTC ALLOCATION	\$8,000,000
CLOSING DATE	1/15/2021

DISTRESS CRITERIA

Census tract: 72137121802

- 41.8% poverty rate
- 17.6% unemployment rate (2.12 x the national rate)

Census tract: 72059740400

- 60.3% poverty rate
- 70.3% area median income
- 16.9% unemployment rate (2.03 x the national rate)

COMMUNITY IMPACTS

- 44 construction jobs created
- 400 full time jobs created / retained