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## Congressman Rush Holt's Office

# New Jersey Economic Development Authority

### *Business Assistance and Incentive Programs*

January 19, 2010

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NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

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## EDA - Who We Are

State financing and economic development agency dedicated to offering:

- Financing Assistance
- Access to Small Business Services
- Real Estate Development Assistance
- International Trade Services

*Mission: To strengthen New Jersey's economy by retaining and growing businesses through financial assistance, by renewing communities, and by promoting the State's strategic advantages to attract domestic and international businesses.*



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# Main Street Assistance Program

- \$50 million fund deployed to assist eligible businesses in three ways:

## - Loan Participations

- \*Up to \$1 million per total transaction for fixed assets; up to \$750,000 for working capital, with EDA loan participation not to exceed 25% of total transaction
- \*Fixed 5-percent interest rate
- \*Collateral subordinate to the bank
- \*Total EDA exposure can not exceed \$2 million or 50% of bank transaction

## - Loan Guarantees

- \*Up to \$2 million guarantee on a term loan for fixed assets; up to \$1.5 million guarantee on a term loan for working capital (*guarantee must be less than 50% of total transaction*)

## - Lines of Credit Guarantees

- \*Up to \$250,000 guarantee on a line of credit (*guarantee must be less than 50% of total transaction and is available through EDA's Preferred Lenders only*)

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# Main Street Assistance Program

## Eligibility

- Business must be located in NJ and in business for at least 2 years
- In good standing with EDA, federal/state agencies and requesting bank
- No bankruptcy within the past 7 years or criminal history
- Minimum credit score of 680 for at least one of the guarantors
- Business should maintain jobs in NJ

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# Main Street Assistance Program

## Abbruzzi and Giunta's Italian Market & Catering



- First Approval under the program
- \$211,000 participation in a \$1.55 million Cornerstone Bank loan
- Will help company consolidate existing debt and expand its catering business.

Diane Abbruzzi, filling cannolis at  
Abbruzzi and Giunta's Italian  
Market & Catering in Mount Laurel

*\*Photo Credit: The Philadelphia Business Journal*

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## Statewide Loan Pool

*The EDA's involvement in a bank loan reduces the bank's credit risk and lowers the cost of borrowing for the customer*

- **Uses:** Fixed assets or working capital
- **Eligibility:**
  - Located in a targeted municipality, or
  - Operating in a targeted industry, and
  - Creates one new job for every \$50,000 of EDA assistance
- **Amount of Assistance:**
  - Fixed assets: Up to \$1.25 million loan/\$1.5 million guarantee: Total of \$2.75 million
  - Working capital: Up to \$750,000 loan/\$1.5 million guarantee: Total of \$2.25 million
- **Interest Rates:** Fixed and variable rates are available
  - Fixed Rate – base rate is the 5-year Treasury plus 100 Basis Points
  - Variable Rate – base rate is the Prime Rate minus 150 Basis Points

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# Small Business Fund

*The EDA can satisfy the financing needs of customers that have been in business from one to three years.*

- **Uses:** Business expenses not related to rent, capital construction, utilities or other indirect costs.
- **Eligibility:**
  - Business must be in operation for at least one year
  - The EDA places a particular emphasis on creditworthiness, cash flow, and collateral
- **Amount of Assistance:**
  - Up to \$300,000 for credit scores greater than or equal to 700
  - Up to \$125,000 for credit scores greater than or equal to 650
- **Interest Rates:** Fixed and variable rates are available
  - Fixed Rate – base rate is the 5-year Treasury plus 100 Basis Points
  - Variable Rate – base rate is the Prime Rate minus 150 Basis Points

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## Preferred Lender Program

EDA-designated Preferred Lenders benefit from quick turnaround, flexible terms, and reduced risk. EDA Preferred Lenders include:

- The Bank
- Bank of America
- Capital One Bank
- Citizens Bank
- Cornerstone Bank
- Columbia Bank
- Peapack-Gladstone Bank
- PNC Bank
- Provident Bank
- Roma Bank
- Sovereign Bank
- Sun National Bank
- Susquehanna Bank
- TD Bank
- Valley National Bank

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# Bond Financing

**IF YOU ARE:** A credit-worthy manufacturing company, a 501(c)(3) nonprofit organization, or an exempt facility in New Jersey, **YOU CAN APPLY FOR** long-term loans under the Bond Financing Program.

## IN THE AMOUNT OF:

- \$500,000 to \$10 million in tax-exempt bonds for for-profit companies, with either a fixed or variable interest rate, and terms up to 20 years for real estate and 10 years for equipment.
- \$500,000 with no dollar limit in tax-exempt bonds for qualified nonprofit organizations.

## ELIGIBLE USES:

- To finance capital improvements and expansions, including real estate acquisitions, new equipment, machinery, building construction, and renovations for eligible for-profit companies.
- To fund land and building acquisitions, new construction and renovations, equipment purchases, debt refinancing and working capital for nonprofit organizations seeking capital to expand community services.
- Government tax-exempt bonds can be used for projects that are owned and operated for the benefit of local, county and state government bodies.
- Taxable bonds may be used for working capital and debt refinancing, and are permitted only under certain circumstances for tax-exempt financing for nonprofit borrowers.

***\*Taxable bonds are also available for a wide variety of businesses, such as manufacturing, commercial, warehouse, and distribution, etc. Taxable bonds offer similar flexibility in structuring rates and terms but are not subject to the restrictions placed on tax-exempt financing under the IRC.***

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## Business Employment Incentive Program (BEIP)

- Grants to businesses that expand or relocate and create jobs in New Jersey within two years.
- Grants may be awarded for up to 10 years and range from 10% to 80% of the total amount of income taxes withheld by the company for new employees hired during the calendar year.
- Companies are only eligible if the grants are a material factor in the company's decision to remain in or relocate to New Jersey.

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## Business Retention and Relocation Assistance Grant (BRRAG)

- Grants to businesses relocating operations within New Jersey and retaining jobs. Company must relocate a minimum of 50 retained full-time jobs.
- Grants of up to \$1,500 per job retained, payable as a tax credit against a company's corporate tax liability.
- Companies are only eligible if the grants are a material factor in the company's decision not to relocate outside of New Jersey.

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## Technology Business Tax Certificate Transfer Program (NOL)

- Qualified biotechnology or technology businesses in NJ can sell unused net operating losses and research and development tax credits to unrelated profitable NJ corporations for at least 80% of their value.
- Proceeds can be used to finance growth and operations either as working capital or to fund research.
- Annual \$60 million allocation prorated among qualified candidates.

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## Edison Innovation Zones

“**Technology neighborhoods**” in Camden, the greater New Brunswick area and Newark designed to spur collaborative efforts and encourage the rapid transfer of discoveries from the laboratory to the marketplace.

### *Enhanced Benefits*

- \$10 million of the \$60 million in the NOL program set aside for companies located in Edison Innovation Zones.
- Boost to grant formula scoring under the Business Employment Incentive Program, which increases grant size.



### *Technology Centers*

- State-of-the-art technology centers with laboratory, office and production facilities anchor two of New Jersey’s three Edison Innovation Zones.



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# Edison Innovation Clean Energy Manufacturing Fund (CEMF)

- Designed to support companies looking to site a Class I renewable energy or energy efficiency product manufacturing facility in New Jersey.
- New Jersey clean technology manufacturers can receive funding under two separate components: project assessment and design, and project construction and operation.
- In total, up to \$3.3 million in grants and interest-free loans available.
  - Up to \$300,000 for predevelopment
  - Up to \$3 million as a zero-interest, 10-year loan to support site improvements, equipment purchases, and facility construction and completion.
- Capitalized through partnership with BPU.

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## Petra Solar, Inc.

*A South Plainfield-based provider of innovative photovoltaic (PV) solutions for utilities*

- First business to be awarded funding under CEMF.
  - \$3.3 million to support the purchase of equipment and machinery and the planning/design process.
  - Project will result in total public/private investment of over \$7.6 million.
  - Petra expects to create more than 164 new jobs over the next two years.
- Also received a \$200 million contract from PSE&G to install 200,000 solar panels on utility poles and street lamps following BPU approval of PSE&G's *Solar 4 All* program.



*Governor Jon Corzine toured Petra Solar's facility in South Plainfield with President & CEO Shihab Kuran in August.*

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# QUESTIONS?

**New Jersey Economic Development Authority**

**(866) 534 – 7789**

**[www.njeda.com](http://www.njeda.com)**

**[www.newjerseybusiness.gov](http://www.newjerseybusiness.gov)**



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