

Financing Tools for Manufacturers

Grow your manufacturing company in New Jersey

- Low-cost financing
- Loan guarantees
- Incentive grants for new jobs
- Energy improvements funding



We See Opportunity!

For more information on how the EDA can assist your manufacturing company, call 609-777-4898, or email m Bailey@njeda.com



The New Jersey Economic Development Authority (EDA) offers a multitude of programs to support manufacturing companies located in New Jersey, as well as attract those companies from outside of the state that are seeking to relocate or expand. It is a valuable resource to manufacturers by helping them reduce their costs of borrowings and by increasing their access to funding and other business support.

From low-cost, long-term bond financing, to loans, guarantees and incentive grants, the EDA can serve as a one stop service center for the financing and growth needs of the manufacturing industry.

Bond Financing for Buildings and Equipment

Through a federally authorized program, EDA offers affordable tax-exempt bond financing to credit-worthy manufacturing companies seeking financing for capital improvements and equipment. Financing raised through bond issues offers several advantages, including:

- ⇒ Lower interest rates than a conventional bank loan
- ⇒ Longer terms than a traditional commercial loan
- ⇒ Flexibility in choosing a variable or fixed interest rate.

Tax-exempt bonds may fund fixed assets such as real estate acquisitions, machinery, equipment, and building construction and renovations. Manufacturers can borrow from approximately \$750,000 to \$10 million. Terms range up to 10 years for equipment and up to 20 years for real estate.

Loans/Guarantees for Facilities, Equipment and Working Capital

In addition to low-cost bond financing, the EDA can help manufacturers meet their fixed asset needs by lending directly to them at below market interest rates and/or by guaranteeing loans made by private lenders like banks. The EDA also can help producers access capital through the Small Business Administration to finance buildings and equipment. Financings can range up to \$4 million for these purposes for qualified manufacturers through these various loan and guarantee programs.

The EDA also offers working capital financing to help manufacturers fund operating expenses and inventory needs for up to \$1 million.

Incentive Grants for Job Creation

The EDA makes annual grants through the Business Employment Incentive Program (BEIP) to expanding or relocating businesses that create new jobs in New Jersey. Companies must create at least 10 new jobs if they are a high-tech/biotech manufacturer and at least 25 new jobs if they are in other industries. The BEIP program sets a maximum award of up to 50 percent of new state income taxes generated as a result of new employees hired. It also provides an opportunity for grant awards up to 80 percent to companies that promote certain smart growth strategies.

Grants and Low-Cost Funding for Energy Savings

Grants and rebates are available through the Board of Public Utilities to businesses undertaking renewable energy and energy efficiency improvements such as installation of solar panels, and more efficient heating, air conditioning and lighting equipment. Manufacturers also may apply to the EDA for up to \$1 million in low-interest loans and guarantees to finance the balance of the project costs not met by the grants or rebates.

Access to State Resources

Manufacturers locating or expanding in New Jersey also may be able to take advantage of other state programs and resources including customized training grants for enhancing employee skills, tax credits for investments in equipment, and grants for relocations within the state. The EDA works closely with other state agencies, such as the Departments of Labor, Treasury and Environmental Protection as well as the Commerce Commission and the nonprofit New Jersey Manufacturing Extension Program, to ensure that EDA borrowers are aware of the various support that can be made available to help them operate profitably in New Jersey.



Lotito Foods, Inc. of Paterson benefited from a \$4.2 million financing package through EDA.

Success Stories

Erasteel

Erasteel is a high-speed products manufacturer that consolidated its operations in New Jersey with the help of \$4.5 million in low-interest, **tax exempt bond financing**. The company used the funds to acquire and renovate a 55,000-square-foot building in Boonton and add new furnace technology and other equipment to enhance its global competitiveness. The tax exempt bond financing was provided at an initial weekly variable interest rate of 1.25%.



Erasteel of Boonton used \$4.5 million in tax-exempt bond financing provided through the EDA.

Refcon, Inc.

Refcon, Inc., a manufacturer of custom and standard refrigerated and non-refrigerated display cases for the food service and supermarket industries, was looking to grow. To encourage its relocation from New York, the EDA approved a 10-year **Business Employment Incentive Program (BEIP) grant** worth an estimated \$439,320 for the company. The grant was instrumental in Refcon's decision to move to Norwood.

Lotito Foods, Inc.

A \$200,000 EDA **loan** was part of nearly \$4.2 million in financing that enabled Lotito Foods, Inc. to complete an expansion that brought the company to Paterson. The EDA made the loan for five years at an initial interest rate of 3%. The financing helped the company complete acquisition of a three-building complex for its imported cheese products business - its third New Jersey facility - and for working capital operations. Lotito had received \$1.5 million in **tax-exempt bonds** a few months earlier to initiate its acquisition of the Paterson buildings.