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Creating more jobs for today and tomorrow

OFFICE OF THE GOVERNOR

Rod R. Blagojevich – Governor

news

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GOVERNOR BLAGOJEVICH EXTENDS INNOVATIVE FINANCING TOOL TO HELP PIKE COUNTY COMPANY GROW ITS OPERATION AND CREATE NEW JOBS

SPRINGFIELD – Delivering on an *Opportunity Returns* pledge to help stimulate small business growth by increasing access to capital, Governor Rod Blagojevich today announced the awarding of a **\$200,000** revolving line of credit to JIREH, Inc. that will allow the Pike County tire retreading company to expand its working capital and service many more customers. The key financing will result in the creation of two new jobs and the retention of all 16 existing employees.

“To really help catalyze small business growth in today’s economy, state resources need to be customized to meet the unique needs of small firms. Small business credit needs vary dramatically with business cycles. By offering revolving lines of credit to companies like JIREH, we’re recognizing the fluctuating needs of small business and providing the flexibility to grow and expand at a lower cost. We’re getting the message out that every small business, no matter what the size, is important to the vitality of the regional economy and their needs will never be overlooked,” Governor Blagojevich said.

The revolving line of credit is one of three components that make up Governor Blagojevich’s new “*Capital for Tomorrow*” program, an initiative designed to remove the common barrier of accessing capital from business development efforts. The other two components of the program are expanding community revolving loan funds, which will provide communities easier access to key funds to meet the needs of business; and enhancing partnerships with Community Development Financial Institutions (CDFIs), which will open state lending programs to these financial institutions which are invaluable to small business. The “*Capital for Tomorrow*” program was one of 45 initiatives included in *Opportunity Returns*, the Governor’s comprehensive economic development strategy to create jobs and spur growth in the West Central region and throughout the state.

“I’m very pleased to see this new financing tool being offered through *Opportunity Returns*. Governor Blagojevich understands the needs of small businesses in our area, and their tremendous importance to the strength of the local economy. By continuing to find innovative ways to facilitate small business growth, we’re helping fulfill the great economic potential of this region,” State Senator Deanna Demuzio (D-Carlinville) said.

Located in Barry, JIREH, Inc. is a successful franchise tire retreading operation whose customers include trucking companies, tire dealerships, and the Illinois Department of Transportation (IDOT). JIREH has been asked by customers to provide tire exchange service at customer locations, increasing its regular business by picking up more tires to retread. As a result of the added business, JIREH intends to hire two new employees. The projected increase in business will be met by purchasing added casing and tread inventory. In order to finance this increased business and additional employment, JIREH needs to expand its working capital.

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To accommodate that need and help the small firm grow its business, the state will partner with First National Bank of Barry to provide a \$200,000 revolving line of credit. The Illinois Department of Commerce and Economic Opportunity (DCEO) will purchase a 25% interest in this loan.

The Revolving Line of Credit (RLOC) is a response to the needs of small businesses having seasonal or variable working capital demands. A revolving line of credit allows a business to borrow the amount of money needed to meet the demand for its product/service sales and to repay the loan from the sales revenues. The distinction between a RLOC and a term loan is that a RLOC permits a company to borrow, repay and re-borrow in accordance with business needs, without applying for a new loan. Prudent use of a RLOC will save a business interest costs by maintaining a lower average balance outstanding.

“Small business expansion should not be held back solely due to a lack of access to capital. This revolving line of credit will give JIREH the elasticity it needs, allowing the company to service new customers and expand its operations. This is a great example of why Governor Blagojevich’s regional approach to economic development is the right one,” DCEO Director Jack Lavin said.

The \$200,000 line of credit extended to JIREH, Inc. follows a low-interest loan of \$150,000 made to the company through *Opportunity Returns* last October. That loan helped ensure that the company would stay in the community when it had recently come up for sale.

Governor Blagojevich’s *Opportunity Returns* regional economic development plan is the most aggressive, comprehensive approach to creating jobs in Illinois’ history. Since a one-size-fits-all approach to economic development just doesn’t work, the Governor has divided the state into 10 regions – finding areas with common economic strengths and needs, and developing a plan with specific actions for each region. This grassroots effort is a product of significant outreach over several months throughout each region with business, civic and labor leaders, and elected officials. The 45 specific projects that the Governor announced in January for the West Central region are tailored to deliver real results that local businesses will see, feel, and, hopefully, profit from.

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