



J.P. Grant says his company's backlog will let him weather the downturn.

Playing matchmaker with cities, banks brings profits

TIM HYLAND | CONTRIBUTOR

J.P. Grant remembers precisely where he got the idea for his company, Grant Capital Management.

It was the late 1990s and Grant was working at IBM in Baltimore, selling computers to state and city governments across the country. Demand for the computers was high, Grant said, so making the sales really wasn't all that difficult.

The financing, though? That was a different story.

"There were some really large transactions," Grant said. "But I kept seeing governments that just didn't have the money to pay cash. These projects were taking 18 to 24 months to complete, and I saw an opportunity that if there was a company that could finance these projects, that cycle could be cut down to maybe a year."

In 2000, Grant decided to put his idea to the test. He founded Grant Capital Management, a Columbia firm that specializes in providing tax-exempt financing to city and state governments. The financing provided by Grant Capital ranges from \$50,000 to \$70 million and helps governments purchase everything from parking meters to software systems, police cars to school buses.

Companies investing in the firm's tax-exempt transactions include JPMorgan Chase, SunTrust Banks Inc., Bank of America and Citicorp, Grant said.

The company serves as a "lease broker," bringing municipalities, investors and banks together. The company says it can save governments time and money and deliver results to investors, too, because when a government entity enters into these transactions, the interest portion of their payments is tax-exempt.

The company also has recently carved out a niche in energy management, providing both financing to purchase energy management systems and consulting services to help governments make smart energy decisions.

In 2000, the company posted \$20 million in revenue.

This year, Grant said he expects that number to reach \$350 million or more.

And even in a treacherous economy, Grant said he believes his company can continue to thrive in years to come.

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Management

"I think we're in a pretty good position," he said. "What we're seeing now, I've been around long enough to know that this is no real news. Business goes in cycles."

Grant said his business has a "huge backlog of committed business" to weather the ongoing downturn.

Grant was always confident in the idea behind his company.

But in the earliest days of Grant Capital, he also learned that reputation plays a big role in business. When he was working for IBM, he had one. With Grant Capital, though, he was starting from scratch.

"When you don't have that IBM stamp, you're just another company," Grant said. "These governments, they don't get paid to take risks. They want the tried and true."

Fortunately for Grant, his young company got a big break when it landed a contract with the University of Maryland Medical Center to finance a \$500,000 phone system. That infusion carried the firm for about six months, Grant said, and soon after it was doing business with the State of Maryland.

From that point, Grant said, growth has been steady.

Today, Grant Capital clients include the District of Columbia, Fulton County, Ga., Howard University, the San Bernardino, Calif., Housing Authority, the Prince George's County Public Schools and Baltimore City, which has used Grant Capital for a number of financings, said Steve Kraus, chief of the Bureau of Treasury Management for Baltimore City.

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