



Township Borrowing Options and Treasury Management Requirements

Presentation by
Wintrust Government Funds and
Barrington Bank & Trust Company
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- Wintrust Government Funds is an entity within Wintrust Financial Corporation
- Wintrust Government Funds assists Barrington Bank & Trust and other Wintrust Community Banks in arranging loans to, and treasury management solutions for, area governments
- Wintrust Community Banks have been rapidly building relationships with townships and other local government agencies
- Wintrust is the Chicago area's most active buyer of municipal bonds of \$2 million or less

Illinois Townships may issue:

- Installment Contracts, Leases and Debt Certificates payable from legally available funds
- Alternate Bonds, payable from pledged revenues with a back-up pledge of property taxes
- Voter-Approved General Obligation Bonds, payable from an separate ad valorem tax levy
- Revenue Bonds, payable from pledged revenues
- Refunding Bonds
- Tax Anticipation Warrants, payable from pledged taxes

Debt Payable from Legally Available Funds

- Payable from unrestricted operating funds, which diverts funds from other operating purposes.
- Not payable from a separate property tax levy
- Voter approval is not required
- Debt (included in debt cap at 2.875% of EAV)
- Borrowing vehicles include:
 - Installment Contracts: Binding, enforceable promise to pay. Payment obligation is not subject to appropriation. Limited to 20 years.
 - Leases: Payment obligation may be subject to appropriation. Lessor may have rights to take property in the event of nonpayment. Often used for essential purpose equipment.
 - Debt Certificates: Evidences the township's payment obligation under an Installment Contract or a Lease.

- Alternate Bonds offer lenders two payment sources:
1) pledged revenues and 2) a back-up pledge of property taxes.
- The pledged revenues must cover debt service by 1.25 times (1.1 times if governmental source)
- Requires completion of a backdoor referendum
- The backup tax pledge may encourage lenders to offer lower interest rates and/or better terms.
- Does not count as debt, unless taxes (other than pledged revenues) are used to repay the bonds.

General Obligations (“GO”) Bonds

- GO Bonds are payable from a separate tax levy
- GO Bonds do not deplete operating funds
- Most creditworthy type of debt
- Generally requires voter petition and referendum approval
- Permitted for qualifying projects, including:
 - Open Space Land (townships in counties over 150,00 people)
 - Town Parks
 - Township Halls or Senior Centers
 - Community Buildings
 - Township Hospitals
 - Roads
 - Self Insurance Funds

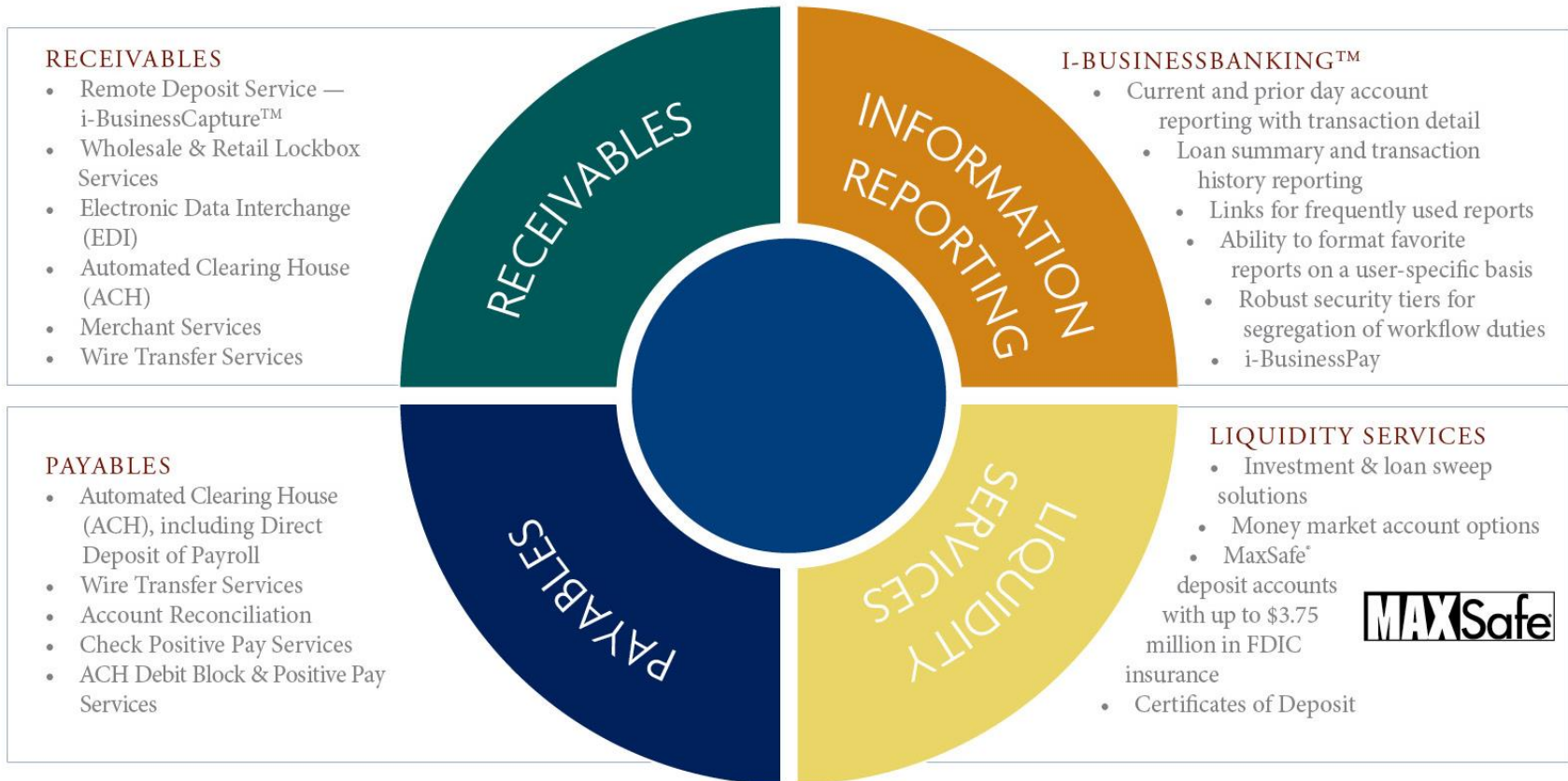
- Payable solely from revenue generated by the financed facility
- Not township debt. Not counted in debt cap
- Permitted purposes include:
 - Public Hospitals
 - Waterworks and Sewerage Systems
 - Roads (payable from State motor fuel taxes)
 - Senior Citizens Housing

Tax Anticipation Warrants

- Short-term borrowing for working capital
- Townships may borrow up to 85% of the tax levy of the fund for which the warrants are issued
- Warrants are secured by a levy of taxes, which must be set aside and held to pay the Warrants.
- Fund borrowed must be used for the purpose for which the tax or taxes were levied.
- Funds borrowed must be repaid from the pledged property taxes within 60 days after the Township has received them.
- Warrants must mature within the greater of 13 months or within 60 days of the delinquency date of anticipated taxes.

- Wintrust offers a full range of Treasury Management products to assist our clients in managing their cash.
- Our products help our clients to minimize internal administration and maximize use of their excess funds.
- Our products are flexible and are designed to accommodate each customer's unique needs.
- Wintrust Government Funds offers Treasury Management expertise and solutions that are tailored for state and local government agencies.
- Our product offerings for public agencies are summarized on the following page.

Treasury Management Services



Illinois Public Funds Investment Act

- State law regulating the investment of funds held by Illinois public agencies
- Requires public agencies to:
 - Follow a written investment policy
 - Invest only in Authorized Investments, such as:
 - Bonds and Bills issued by the Treasury and US agencies
 - Interest bearing savings accounts, certificates of deposit or time deposits or other direct obligations of any bank as defined by the Illinois Banking Act
 - Short-term debt of large, highly rated corporations
 - Money Market Mutual Funds that invest in US Treasury or Agency debt or agreements to repurchase these obligations

Securing Public Funds Via FDIC Insurance

- Many Illinois Public Agencies rely on insurance offered by the Federal Depository Insurance Corporation (FDIC) to safeguard their funds
- Recent changes in federal banking law have impacted the availability of FDIC insurance:
 - Standard FDIC insurance coverage per depositor increased to \$250,000 in 2008
 - Unlimited FDIC coverage for non-interest bearing transaction accounts expired at the end of 2012
 - Congress recently authorized increased FDIC coverage for certain government deposits

- Public funds held in an insured depository institution within the state the public unit is located receive:
 - \$250,000 coverage for combined savings and time deposits (including NOW accounts and Money Market accounts)
 - \$250,000 coverage for demand deposit transaction accounts (interest bearing or non-interest bearing)

- Wintrust created MaxSafe Municipal accounts; an innovative and unmatched offering that provides up to 15 times the FDIC insurance coverage of a typical public fund deposit
- MaxSafe Municipal meets the requirements of the Illinois Public Funds Investment Act
- The MaxSafe process increases the amount of FDIC insurance provided to a government entity, by spreading deposits at increments of \$250K across Wintrust's 15 banks.
- A MaxSafe Account offers public agencies FDIC coverage of up to \$3.5 million in transaction account balances, plus an additional \$3.75 million in interest bearing balances

Pledged Securities

- Held by a custodian bank or trust department through a tri-party agreement
- Obligations issued by the U.S. Federal Government

Letters of Credit

- Usually written by a FHLB (Government Agency)
- Acceptable form of collateral in the Illinois Public Funds Investment Act if issued by a FHLB

For More Information, Please Contact:



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