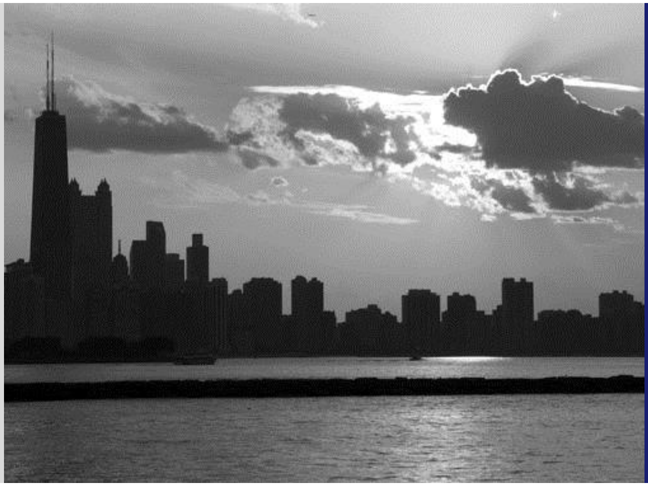
WINTRUST
COMMERCIAL BANKING



Municipal and Township Borrowing Options and Treasury Management Requirements

Presented by
Wintrust Government Funds and
Barrington Bank & Trust Company
April 30, 2014

Wintrust Government Funds

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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 villages, townships and other local government agencies
- Wintrust is the Chicago area's most active buyer of municipal bonds of $2 million or less

Borrowing Authority By Category

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City or Village Home Rule	City or Village Non-Home Rule	Township Non-Home Rule	Special Entity Non-Home Rule
Few Restrictions	Many Restrictions	Many Restrictions	Many Restrictions
Carpentersville	Barrington	Algonquin	Fox Waterway
Lake Barrington	North Barrington	Antioch	McHenry Fire Protection
Lake Forest		Grafton	McHenry Public Library
		New Trier	
		Nunda	
		Palatine	
		Shields	

Borrowing Options Overview

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Payment Source	Instrument	Home Rule City/Village	Non-HR City/Village	Township
Property Taxes	GO Bonds (ULT)	Yes, without voter approval	Yes, up to ½% of EAV or with voter approval	Yes, with voter approval
	GO Limited Tax Bonds	Not applicable	Yes. Paid from existing DSEB	No
Targeted Taxes	TIF, SSA or Assessment	Yes, backdoor referendum	Yes, backdoor referendum	No
Operating Funds	Installment Contracts	Yes, without voter approval	Yes, without voter approval	Yes, without voter approval
	Leases	Yes, without voter approval	Yes, without voter approval	Yes, without voter approval
	Alternate Bonds	Yes, without voter approval	Yes, backdoor referendum	Yes, backdoor referendum
Enterprise Revenues	Revenue Bonds	Yes, without voter approval	Yes, backdoor referendum	Yes, limited purposes

General Obligations ("GO") Bonds

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- GO Bonds are payable from a separate tax levy
- GO Bonds do not divert operating funds to be debt service
- Most creditworthy type of debt
- Home Rule Municipalities can issue GO Bonds without referendum approval
- Non-Home Rule Municipalities can issue the following GO Bonds without referendum approval:
  - Refunding Bonds
  - Judgment Bonds or Refunding of Judgment Indebtedness
  - Working Cash Fund Bonds
  - Bonds issued to abate pollution under the Environmental Protection Act

General Obligation Bonds, (continued)

- Non-Home Rule Municipalities other non-referendum GO Bond options:
  - Bonds issued to acquire water or wastewater treatment facilities mandated by the US EPA or the Illinois Pollution Control Board
  - Bonds issued under Municipal Code Section 8-5-16 in total up to ½% of EAV
- Township issuance of GO Bonds:
  - Generally requires voter petition and referendum approval
  - 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

GO Limited Tax Bonds

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- Municipalities subject to the Property Tax Extension Limitation Act are permitted to issue Limited Tax Bond in lieu of General Obligation Bonds that are otherwise permitted under Illinois law.
- Limited bonds are payable from a tax levy limited as to amount but not rate.
- That amount ("the debt service extension base") is the extension for the applicable tax year for the payment of non-referendum GO Bonds (excluding Alternate Bonds and bonds that refunded referendum GO Bonds).
- The Base grows by the lesser of 5% or CPI beginning in tax year 2009.
- A municipality can establish or increase its base by referendum approval.

Special Service Area Bonds

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- A municipality can establish a special service area and levy taxes on taxable property located there to pay for services.
- A municipal must hold a public hearing before levying taxes and before or within 60 days of adopting an ordinance proposing to establish the SSA.
- Any interested person may object verbally or in writing
- A municipality may issue bonds secured by the General Obligation of the SSA to pay for the services
- SSA Bonds are payable from a levy of property taxes unlimited as to rate or amount on taxable property in the SSA.
- A municipality must hold a public hearing before issuing bonds.
- The municipality cannot establish the SSA, levy taxes or issue bonds if it receives a petition signed by at least 51% of electors living in the SSA and 51% of landowners within 60 days of the public hearing.

Special Assessment Bonds

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- A municipality can establish a special assessment area and levy assessments on taxable property located there to pay for services.
- The special assessments are levied against individual properties in amounts equal to the benefit received.
- Each assessment is a lien and is payable in annual installments with interest.
- Municipalities may finance special assessment projects by selling (usually at a discount) vouchers in lieu of payment or by exchanging all vouchers with special assessment bonds.

Tax Increment Financing

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- Municipalities can use Tax Increment Financing to redevelop blighted conservation or industrial park conservation areas.
- Municipalities may use incremental property taxes to pay for redevelopment costs and pay debt service on tax increment bonds
- A municipality may issue bonds payable from incremental taxes generated in the redevelopment area.
- Incremental taxes are property taxes generated from increased valuation generated from development over a certified valuation base.
- A municipality must hold a public hearing and convene a joint review commission before passing ordinances to create the redevelopment area.
- A redevelopment plan and project must be adopted to create a TIF area.
- A municipality may pledge its full faith and credit to secure TIF bonds.
- The municipality must publish a notice of intent to pledge its GO. Voter approval is required if 10% of voters petition within 30 days of the notice .

Debt Payable from Legally Available Funds

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- 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
- Counts as Debt together with GO Bonds in debt cap at 6.825% of EAV for Non-Home Rule municipalities and 2.875% for townships
- 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 for Non-Home Rule Entities

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- 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.

Revenue Bonds

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- Payable solely from revenue generated by the financed facility
- Not supported by a pledge of full faith and credit.
- Not counted in the entity's debt cap.
- For non-Home Rule entities, the bond's purpose must be authorized by statute and revenues related to purpose.
- Non-Home Rule Municipalities generally must pass a backdoor referendum prior to issuing Revenue Bonds
- Township must pass backdoor or traditional referendums prior to issuing some types of Revenue Bonds (see following detail)

Revenue Bonds—Permitted Purposes

Wintrust Commercial Banking

Non-Home Rule Municipalities may issue Revenue Bonds for:

- Conservation Plan Areas
- Redevelopment
- Cultural Centers and Recreation Areas
- Airports, Subways, Parking and Street Railways
- Public Utilities (Water, Sewer, Gas and Electric)
- Hospitals

Townships may issue Revenue Bonds for:

- Public Hospitals
- Waterworks and Sewerage Systems (backdoor referendum)
- Roads (payable from State motor fuel taxes)
- Senior Citizens Housing (voter referendum)

Tax Anticipation Warrants

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- Short-term borrowing for working capital
- Municipalities and 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 generally must be repaid from the pledged property taxes within 60 days after the borrower receives them.
- Warrants must mature within the greater of 13 months or within 60 days of the delinquency date of anticipated taxes.

Wintrust Treasury Management

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- 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

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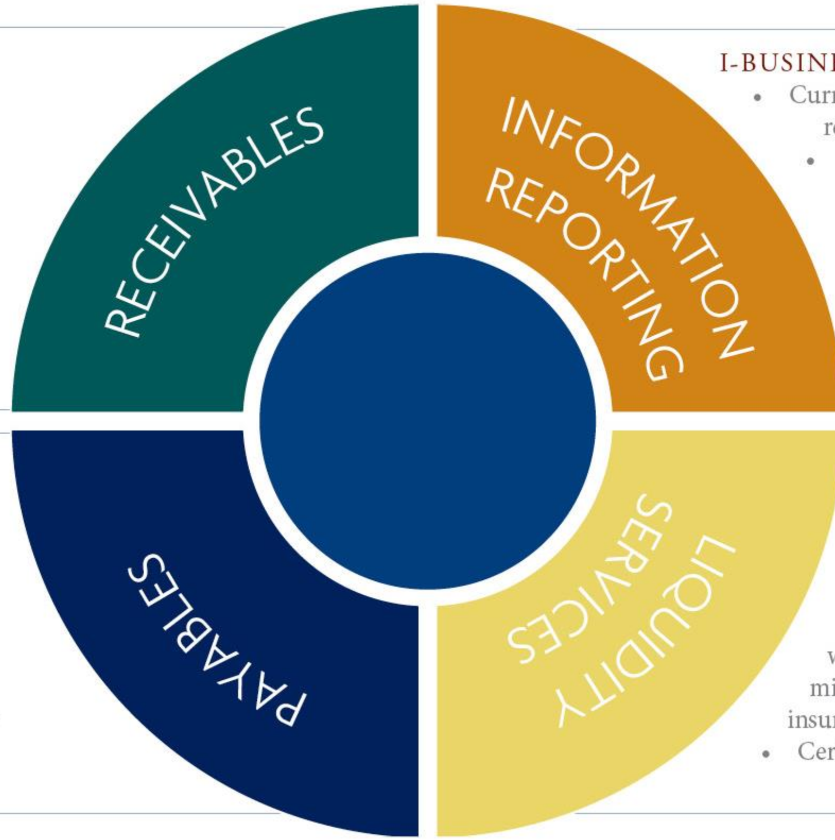
RECEIVABLES
- Remote Deposit Service — i-BusinessCapture™
- Wholesale & Retail Lockbox Services
- Electronic Data Interchange (EDI)
- Automated Clearing House (ACH)
- Merchant Services
- Wire Transfer Services



I-BUSINESSBANKING™
- Current and prior day account reporting with transaction detail
- Loan summary and transaction history reporting
- Links for frequently used reports
- Ability to format favorite reports on a user-specific basis
- Robust security tiers for segregation of workflow duties
- i-BusinessPay

PAYABLES
- Automated Clearing House (ACH), including Direct Deposit of Payroll
- Wire Transfer Services
- Account Reconciliation
- Check Positive Pay Services
- ACH Debit Block & Positive Pay Services

LIQUIDITY SERVICES
- Investment & loan sweep solutions
- Money market account options
- MaxSafe® deposit accounts with up to $3.75 million in FDIC insurance
- Certificates of Deposit

MAXSafe

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

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- 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

FDIC Insurance for Public Deposits

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- 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 MaxSafe Municipal

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- 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 <u>additional</u> $3.75 million in interest bearing balances

Other Options for Securing Public Funds

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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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