

Employ Illinois Linked-Deposit Loan Program

Office of Illinois State Treasurer Alexi Giannoulias



What is a Linked Deposit Loan?

- Loan at below-market interest rates
- Provided by State Treasurer's Office in partnership with Illinois financial institution
- Provides targeted benefit to State of Illinois and its residents

How Does It Work?

- Treasurer's Office deposits state funds at discounted interest rate into financial institution
- Financial institution lends funds to borrower at below-market interest rate
- Participation for first 5 years of loan

Rate Calculation

- Treasurer's Discounted Deposit Rate = U.S. Treasury Rate - 1.5%
- Financial Institution's Spread = 3% maximum

Rate Calculation

	Deposit Rate	2.00%
+	FI's Maximum Spread	<u>3.00%</u>
=	<u>Maximum Rate to Borrower:</u>	<u>5.00%</u>

Linked Deposit Impact

Loan Amount: \$500,000

Conventional Loan Rate:	6.00%*
Linked Deposit Rate:	5.00%

Savings to Borrower: \$30,000

* *Current prime rate*

Linked Deposit Impact

Loan Amount: \$500,000

Conventional Loan Rate:	7.00%*
Linked Deposit Rate:	5.00%

Savings to Borrower: \$50,000

* Current prime rate + 1%

Application Process

1. Borrower secures financial institution's loan approval and agreement to use program.
2. Borrower completes and submits program application.
3. Financial institution completes and submits application for deposit.
4. Application package is forwarded for review by Loan Committee.

Program Features

- Easy to use
- Low paperwork
- Short turnaround time

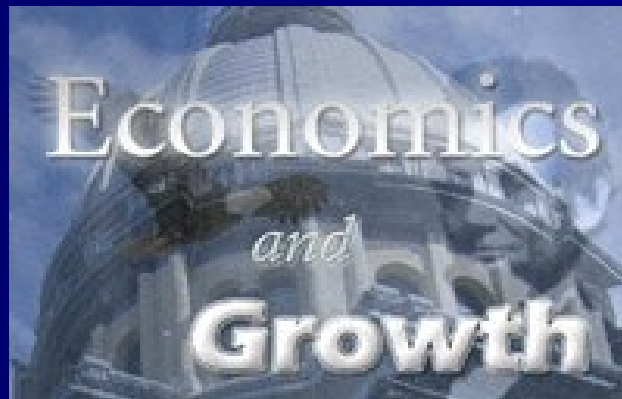
Financial Institutions

- Banks, credit unions, savings and loans located in state of Illinois
- Over 400 financial institutions (1000s of branches) are approved lenders

Employ Illinois

- ***Business Loans***
- ***Child Care Loans***

Employ Illinois: *Business Loans*



Program Objective

To create jobs for Illinois residents through the start-up and expansion of Illinois businesses, and support existing businesses

Business Loans

- ***Small Business***
- ***Job Creation***
- ***Reserve Forces***

Small Business

- For Illinois businesses with gross annual receipts of up to \$3M
- Businesses in low-income areas may have gross annual receipts of up to \$5M
- Maximum deposit per project = \$1M

Job Creation

- Business must create new jobs in order to qualify for loan
- Businesses typically use program to start up or expand
- Deposit amount based on annual payroll + benefits costs associated with jobs created

Example

- Illinois business looking to expand
- Expansion will create 20 new jobs, each paying \$40,000 per year
- Business qualifies for Employ Illinois loan of up to \$800,000

Economic Hardship for Reserve Forces

- Owner or key employee of the business has been activated for duty
- Member of National Guard or Reserves
- Maximum deposit per project = \$250,000

How Can Loan Funds Be Used?

- Real Estate
 - Purchase of land
 - Purchase of building(s)
- Construction
 - New construction
 - Rehab/renovation
 - Expansions/additions

How Can Loan Funds Be Used?

- Furniture, Fixtures & Equipment (FF&E)
- Inventory
- Working Capital

Employ Illinois: Business Success Story

- New Metal Fabrication – Centralia
- Start-up business
- \$409,000 **Employ Illinois: Business** loan
- Purchase of equipment



Employ Illinois: Business Success Story

- Reggio's Pizza – Chicago
- Expansion of business
- \$1.1M **Employ Illinois: Business** loan



Employ Illinois: Business Success Story

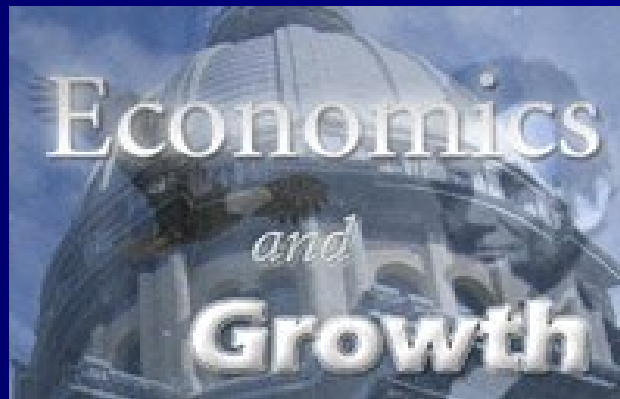
- Opening of new location
- Expansion of existing location
- Project created **63 new jobs** for Illinois residents

“Without the Treasurer’s Office, we may not be where we are today.”

– Mr. John Clark, Chairman/CEO – Reggio’s Pizza, Inc.



Employ Illinois: *Child Care*



Program Objective

To increase and expand access to child care in Illinois through the start-up and expansion of child care facilities

How Does It Work?

- Qualifying projects must generate *new DCFS-licensed child care spaces*
- Start-ups & expansions
- Treasurer's Office deposits up to \$10,000 per space created

How Can Loan Be Used?

- Real Estate
- Construction
- Equipment
- Working Capital

Employ Illinois: Child Care Success Story

- House of Children – Woodstock
- Opening of new facility
- \$800,000 **Employ Illinois: Child Care** loan
- Construction of center
- Purchase of furniture & equipment



Employ Illinois: Child Care Success Story

- House of Children – Woodstock
- Creation of 80 new spaces for Illinois children

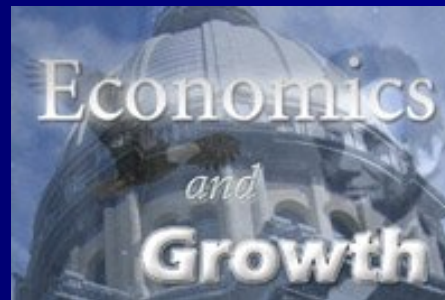
“Working with the Treasurer’s Office was absolutely the easiest part of the process.”

– Ms. Debbie Louise, Owner/Director – House of Children



Employ Illinois

- *Creating jobs*
- *Growing the economy*
- *Investing in our future*



For More Information

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