



# *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	0.50%
+	FI's Maximum Spread	<u>3.00%</u>
=	<u>Maximum Rate to Borrower:</u>	<u>3.50%</u>

# Linked Deposit Impact

Loan Amount: \$500,000

Conventional Loan Rate: 7.5%\*

Linked Deposit Rate: 3.5%

**Savings to Borrower: \$90,000**

# 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*

# 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

# 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

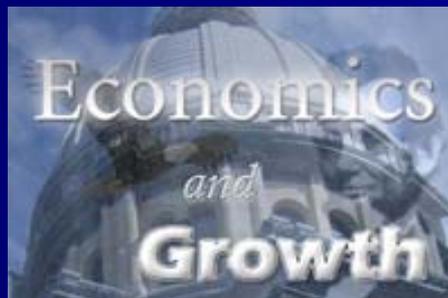
*“Working with the Treasurer’s Office was absolutely the easiest part of the process.”*

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



# Employ Illinois

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



# For More Information

*Call us at:*

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*Or visit us on the Web at:*

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