



## Cook County Bridge Funding Program Frequently Answered Questions

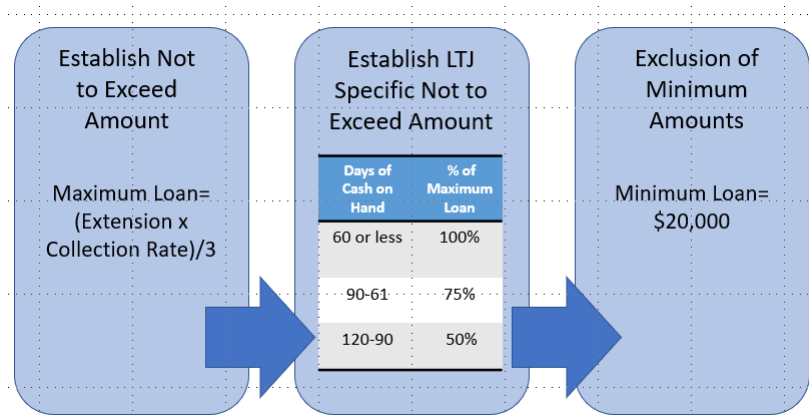
### 1) What is Cook County's Bridge Funding Program?

Understanding that local taxing jurisdictions will experience temporary short-term operational cash flow deficiencies caused by the deferred 2<sup>nd</sup> installment property tax bills, the County created the Property Tax Bridge Fund Program to provide local taxing jurisdictions with a streamlined and fully transparent access to no-interest cost working capital funds.

### 2) How will the Bridge Funding Program be a low-cost option for Local Taxing Jurisdictions?

The program was designed to offer local taxing jurisdictions a lower cost alternative to a stand-alone capital markets transaction. Each local taxing jurisdiction borrower will complete an application, (submit the application fee) and upload the required documents for review by the County. Then the County with its banking partner, PNC, will review the application and approve or deny the requested loan amount based on program eligibility.

Financing documents will be standardized for consistency, and specific directions for board action will be provide to each local taxing jurisdiction borrower. Local taxing jurisdiction borrowers will not be required to prepare monthly cash flows to determine a projected cash deficit. As exhibited below, the loans will be sized in accordance with 1/3<sup>rd</sup> of each borrower's extension multiplied by its collection rate. Each local taxing jurisdiction will have a specific not to exceed amount based on its days cash on hand. The minimum loan amount is set at \$20,000.



### **3) What are the minimum requirements to apply to the Program?**

Local taxing jurisdictions that meet all of the following minimum requirements are encouraged to apply for a working capital loan:

1. Less than 120 Days Cash on Hand: Defined by the total unrestricted cash available as provided in the most recent annual financial report divided by total annual expenses as reported in the most recent annual financial report. If this ratio is less than or equal to 33.00%, the local taxing jurisdiction will be eligible to receive the loan. If the ratio is greater than 33.01%, the local taxing jurisdiction will be ineligible for the loan.
2. A Bond Rating Weaker than the County's: Defined as having a bond rating where at least one rating agency provides a weaker rating than that of the County's based on the most recent ratings reports. The County's current ratings as "A2" from Moody's, "A+" from S&P, and "AA-" from Fitch. In the event that a local taxing jurisdiction does not have an up-to-date rating, then it will be assumed to be weaker than the County's.
3. Located in Suburban Cook County
4. Paper Districts are excluded: All local taxing jurisdictions that pass-through property tax collections to a third party for the provision of services are ineligible.
5. Overlapping Districts are excluded: Any local taxing jurisdiction with more than 1/3<sup>rd</sup> of its jurisdiction outside of the County is also ineligible.

### **4) How will the Local Taxing Jurisdiction borrower repay the County?**

The County would require that each local taxing jurisdiction would evidence their loan via the issuance and sale of a "warrant" to the County. State of Illinois statute allows for warrant authority for each type of local taxing jurisdiction. The statute allows for the issuance of warrants for up to 85% of the uncollected levy for the General/Corporate/Education Fund and the Bond & Interest Fund, net of available working cash fund balance, if any.

Each local taxing jurisdiction would be required to direct the Cook County Treasurer to intercept the first dollars of the second installment sufficient to repay the warrant. The Cook County Treasurer would send such intercepted funds to the County Trustee for repayment of the loan.

### **5) How does my local taxing jurisdiction apply for the loan?**

The County provides an online application portal for a streamlined, secure, eco-friendly application process. Please visit the website: [cookcountyiil.gov/bridgefund](http://cookcountyiil.gov/bridgefund) to access the program portal.

### **6) What supporting documents will each applicant need to submit with the application?**

The following are required supporting documents needed to submit an application:

- 1) Last 2 years of annual financial reports
- 2) Most recent rating reports (if available)
- 3) Truth in taxation or tax levy ordinance

The following are documents that will be needed to receive a loan once approved:

- 1) Form Warrant Resolution (County will provide template)
- 2) Tax Escrow Direction (County will provide template)
- 3) Tax Escrow Agreement (County will provide template)
- 4) Bond Counsel Opinion\*
- 5) Board Approved Borrowing Resolution

\* A bond counsel opinion will be required from each approved taxing district borrower participating in this program. The County will pay up to \$1,000 to cover the cost of bond counsel for each taxing district borrower which will be paid at the closing. If a borrower doesn't have current bond counsel, Chapman & Cutler has agreed to provide the opinion for the taxing district borrower. Approved taxing district borrowers will be required to cover any bond counsel fees in excess of \$1,000.

\*\*Special accommodation for certain local taxing jurisdictions: In the event that a local taxing jurisdiction is unable to provide the required information for the eligibility requirement or not to exceed amount calculation, the County has the ability to waive the documentation requirements contingent on a proforma estimate certified by the Chief Financial Officer and Principal Executive of the local taxing jurisdiction that also certified that the audited or official documentation is not otherwise available.

#### **7) How will an equity lens be applied to the Program?**

Due to limited resources, loan distributions will be prioritized starting with an equity lens. The CFO's office will leverage the County's CARES Act equitable distribution model, the State of Illinois school funding metrics, and 3-year average collection rates for each taxing district applicant. Additionally, the taxing district applicants that provide vital services will be prioritized. Local taxing districts that are determined to be most in need will be given priority if the total amount of loan requests exceeds the available amount of the line of credit.

The local taxing jurisdictions that the County wants to reach most will also be the hardest to reach. The County will provide any technical assistance needed for a borrower to complete the application. Please contact: [bridgefund@cookcountyil.gov](mailto:bridgefund@cookcountyil.gov) if you need help with completing the application form and submitting the appropriate supporting documents.

#### **8) When does the application process begin and end?**

Applications will be open to all local taxing jurisdictions on August 1, 2022. The application window will close on August 31, 2022.

#### **9) When will the local taxing jurisdictions receive funds?**

The County will begin dispersing funds in September 2022.

**10) When can I expect to receive my property tax receipts?**

The County is currently working on expediting the property tax bills. At this time, we believe that property tax bills will be mailed on December 1, 2022, with payment due approximately 30 days later.

**11) Who can I contact with questions?**

Questions regarding the Loan program can be directed to [bridgefund@cookcountyil.gov](mailto:bridgefund@cookcountyil.gov).

The County will be holding open office hours every Tuesday and Thursday from 12pm-1pm.

**12) How will the loans be repaid?**

In order to receive the loan the local taxing jurisdiction will have to enter into a warrant agreement which dedicates the first dollar received in property taxes to the repayment of the loan once the funds from the second instalment of the property tax bill are received.

**13) How much will the Program Cost?**

We have conservatively estimated that this program will cost the County approximately \$5 million dollars in direct expenses.

