

**MINUTES OF THE OCTOBER 17, 2013, MEETING OF THE INFRASTRUCTURE,  
TRANSPORTATION AND ENERGY COMMITTEE OF THE BOARD OF DIRECTORS OF  
THE ILLINOIS FINANCE AUTHORITY**

The Board of Directors (“the Board”) of the Illinois Finance Authority (“IFA”), pursuant to notice duly given, held an Infrastructure, Transportation and Energy Committee Meeting on October 17, 2013 at 3:30 p.m. in the Chicago Office of the IFA, 180 North Stetson Avenue, Suite 2555, Chicago, Illinois 60601.

**IFA Board Members Present:**

1. Michael W. Goetz, Chair (via telephone)
2. James J. Fuentes (via telephone)
3. Lerry Knox (via telephone)
4. Roger E. Poole (via telephone)
5. Bradley A. Zeller (via telephone)

**IFA Board Members Absent:**

6. Heather D. Parish
7. Mayor Barrett F. Pedersen

**IFA Staff Present:**

Christopher B. Meister, Executive Director (via telephone)  
Dennis Anosike, Chief Financial Officer  
Brad R. Fletcher, Legal and Financial Analyst

**Others Present:**

None.

**I. Call to Order**

The Meeting was called to order at 3:33 p.m. by Mr. Goetz. Mr. Fletcher called the roll. There being five Members present, a quorum was constituted.

**II. Adoption of the Minutes**

Mr. Goetz requested a motion to accept the Minutes of the Infrastructure, Transportation and Energy Committee Meeting held on October 7, 2013. Mr. Poole made a motion to accept the Minutes and Mr. Zeller seconded the motion. The motion carried unanimously.

**III. Resolution Approving the Terms of Trustee/Custodian Services**

Mr. Anosike explained that on October 7, 2013 the Illinois Finance Authority published a Request for Proposal (“RFP”) on the Authority’s website and on the Illinois Procurement Bulletin requesting proposals from qualified financial institutions with the experience, capability and expertise in providing Trustee/Custody services.

The State Revolving Fund Revenue Bonds (SRF) approved by the IFA Board of Directors on October 8, 2013 requires a Trustee to enforce the terms of the Bond Indenture and to provide trust administration including registration, transfer, payment of bonds and accounting services for the Clean Water Initiative. In addition to such customary trust functions, the Illinois Environmental Protection Agency (IEPA) also needs the Trustee to perform additional functions necessary for the administration of the SRF program. Specifically, unpledged loans under the 2014 SRF Bonds which the Authority and IEPA are currently structuring would require the Trustee to perform the services of a receiving agent which shall include, but are not limited to receipt and management of IEPA's unpledged loan repayments, disbursement of unpledged funds, investment of unpledged funds if necessary, financial transaction records maintenance and responding to requests from and providing reports to the Authority/IEPA. These services are ancillary to the basic bond trust responsibilities and therefore fall outside the Master Trust Agreement. However, it is highly recommended that these additional services be provided by the Bond Trustee in order to ensure efficiency and coordinated reporting for the SRF program.

In addition, the Authority has approximately \$63 million of both agency and fiduciary funds invested in short-term securities including the State of Illinois Treasurer's Fund. In recent years, these assets have generated minimal returns due to portfolio concentration in ultra-liquid investments. In order to maximize portfolio returns, the Authority will utilize external asset managers with the expertise to deploy assets across a broader investment spectrum consistent with the State Public Funds Investment Act and the Authority's Investment Policy. These external asset managers would require a trustee or custodian to hold the assets for safekeeping on behalf of the Authority.

Responses to the RFP were due on October 15, 2013 and the Authority received three responses: Bank of New York, US Bank and Amalgamated Bank of Chicago. Following review and ranking of all proposals based on responsiveness, experience, customer service and price, Amalgamated Bank of Chicago was rated highest by the Evaluation Committee. Staff recommends Amalgamated Bank of Chicago to serve as Trustee for the SRF program and to hold other assets under the control or management of the Authority.

Mr. Goetz inquired if Seaway Bank responded to IFA's outreach efforts to submit a proposal for this procurement. Mr. Anosike confirmed that Seaway Bank did not respond.

Mr. Knox questioned if Amalgamated Bank of Chicago, as a result of this procurement, will be providing investment management for the \$63 million of both agency and fiduciary funds. Mr. Anosike confirmed that while Amalgamated Bank of Chicago *may* manage some or all of the investments of IFA assets as they related to the SRF transaction, this will only be the case if IFA and IEPA choose not to utilize their own external investment managers. That is, Amalgamated Bank of Chicago will only be in a default position to manage the aforementioned investments should IFA and IEPA not utilize other firms.

Mr. Anosike further explained at the behest of Mr. Goetz that because of the default position as it relates to investment management, Amalgamated Bank of Chicago did not factor this into their proposed price, as expected by IFA staff. This was expected because there is no guarantee they will be providing such services to IFA and/or IEPA, and, in fact, they will not be.

Mr. Goetz, Mr. Knox and Mr. Anosike engaged in a discussion of federal tax law that requires bond proceeds to be spent in a timely manner, and the effect these requirements have upon the ability of the bond proceeds to be invested during a short period of time.

Mr. Poole inquired as to the fees being charged by Amalgamated Bank of Chicago; Mr. Anosike explained the differences in fees among the respondents, confirming Amalgamated Bank of Chicago offered the best price.

Mr. Goetz requested a motion to adopt the Resolution Approving the Terms of Trustee/Custodian Services. Mr. Zeller so moved and Mr. Poole seconded the motion. The motion carried unanimously upon roll call.

**IV. Other Business**

None.

**V. Public Comment**

None.

**VI. Adjournment**

A motion to adjourn was made by Mr. Poole and seconded by Mr. Knox. The motion carried unanimously.

The Infrastructure, Transportation and Energy Committee Meeting adjourned at 3:50 p.m.

Minutes submitted by:

Brad R. Fletcher

Assistant Secretary of the Board