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CHICAGO INFRASTRUCTURE TRUST  
BOARD MEETING  
CITY OF CHICAGO

BOARD MEMBERS:

- MR. JAMES BELL, Chairman
- MS. DIANA FERGUSON (telephonically)
- ALDERMAN JOHN POPE
- MR. DAVID HOFFMAN

September 27, 2012  
10:00 a.m.

541 North Fairbanks Court  
8th Floor Board Room  
Chicago, Illinois

1                   CHAIRMAN BELL: Seeing that we have a  
2 quorum, I would like to call the meeting to  
3 order.

4                   First I would like to thank all of  
5 you for participating with us in attending our  
6 third CIT meeting, and with that I'm going to  
7 jump right into the agenda in the interest of  
8 being mindful of everyone's time.

9                   The first item on the agenda is the  
10 approval of the minutes. The Board all got a  
11 copy. It was sent to you. Do I have a motion?

12                  MR. HOFFMAN: I move.

13                  ALDERMAN POPE: Second.

14                  CHAIRMAN BELL: All in favor?

15                                 (A chorus of ayes.)

16                  Open Acts training. Now, I think  
17 you all know we have an obligation to get this  
18 done by November 1st. It's 90 days after we all  
19 get here. I don't know who has taken it, but I  
20 will show you, this is what the certificate of  
21 completion looks like.

22                  MR. HOFFMAN: I see it's got your name  
23 on it.

24                  CHAIRMAN BELL: It's got my name on it.

1 I have taken it. It's a struggle. It's a  
2 struggle getting in. It's a little time  
3 consuming but you got to -- you have to go to  
4 the home page and register first before they  
5 will even let you into training, and then when  
6 you go through it, you do have to sort of  
7 dedicate an hour to get through it.

8 But actually it's pretty informative  
9 so I would encourage us all to get it done as  
10 quickly as possible. Obviously it's a  
11 requirement to have it done at the end of  
12 90 days, so November 1 is it.

13 ALDERMAN POPE: And, Chairman, we can  
14 submit our records to you or --

15 CHAIRMAN BELL: Why don't you get them  
16 in to Diana and she can just have copies of all  
17 of them, and maybe -- I don't know if we should  
18 put them in the minutes or what or post them on  
19 the website. We'll figure out what to do with  
20 them, but first and foremost let's get the  
21 training done and the certificates in and we'll  
22 figure out how we want to deal with it.

23 Officers and directors insurance,  
24 that's still an item open. We haven't made much

1 progress on it yet. I don't know, Diana, if you  
2 have had any other contact with the person in  
3 the City on this or not. I know I have not. So  
4 if you have, you can comment.

5 MS. FERGUSON: I did not.

6 CHAIRMAN BELL: Okay. Then I think in  
7 our next meeting -- between now and our next  
8 meeting we'll try to make some more headway on  
9 that and we will report out on what our status  
10 is.

11 The status of the application for  
12 the 501 status, is that what you're working on,  
13 David?

14 MR. HOFFMAN: So let me introduce Henry  
15 Kleeman who is a partner at Kirkland & Ellis and  
16 I think this has been discussed at prior  
17 meetings. We are fortunate that we have one of  
18 the nation's premier law firms, a competitor of  
19 our law firm, but a law firm that's one of the  
20 greatest in the country, Kirkland & Ellis, who's  
21 providing work for us pro bono.

22 So we really appreciate it. Scott  
23 Falk and Henry and I have been spending time on  
24 the phone together getting some of these

1 preliminary documents in place. I want to  
2 express publicly what I've said to them over the  
3 phone, how much I appreciate their time and work  
4 on these matters.

5           And so I know that the -- they spoke  
6 to the prior counsel to get up to speed about  
7 what had or had not been done on 501(c)(3) and  
8 I'll let Henry speak for himself, but I think  
9 the very, very short answer is that that process  
10 is just starting.

11           MR. KLEEMAN: That process is just  
12 starting.

13           MR. HOFFMAN: So therefore, you know,  
14 that's something that needs to be checked off in  
15 terms of 501(c)(3). There are -- and I think,  
16 you know, this issue is something that can be  
17 discussed over the next -- you know, until the  
18 next meeting, but the Steve Berlin issue of  
19 whether we are a city agency or not, you know,  
20 the ordinance says we're a not-for-profit  
21 company. When you apply to the IRS you're  
22 applying to the IRS because you're a  
23 non-for-profit company.

24           If you are a public agency, you're

1 not a non-for-profit company. So, you know,  
2 this to me is something that is kind of a  
3 collateral issue and I think will be worked  
4 out, but that's the answer on the upcoming IRS  
5 application.

6 CHAIRMAN BELL: Thank you, David. And  
7 welcome.

8 Retrofit Chicago update, is that  
9 going to be you, Scott?

10 MR. YONOVER: Yes. Mr. Chairman, Board  
11 Members, I'd like -- on behalf of the City, I  
12 would like introduce Courtney Shea. She is the  
13 City's financial advisor from Acacia.

14 To give you an update, we are  
15 accelerating our sequence of meetings. We are  
16 having biweekly meetings to sift through what  
17 our projects -- what we're going to be bringing  
18 to the Trust for consideration.

19 We've got early drafts of proposed  
20 projects and we're trying to make them -- a  
21 financial analysis of each project in terms of  
22 the energy savings consistent so it's  
23 understandable to both the Board as well as  
24 investors so we can ensure the outside investors

1 interest into the data room of these projects,  
2 and we're going to bring them to you in the not  
3 too distant future, but we're trying to make  
4 sure that our data is accurate.

5 CHAIRMAN BELL: All right. Any  
6 comments, questions of Scott?

7 (No response.)

8 We'll wait to hear back as you guys  
9 continue to move forward on that process.

10 The next item of business is our  
11 financial reports, and the first on that list is  
12 the approval of the grant agreement.

13 David, I'll let you lead that  
14 discussion.

15 MR. HOFFMAN: So our lawyers from  
16 Kirkland have talked to the City lawyers. There  
17 were some adds made to these grant agreements  
18 and we've been advised by Kirkland that they are  
19 comfortable.

20 Do you want me to turn it over to  
21 you, Henry, to say anything?

22 MR. KLEEMAN: I was going to say what  
23 you were about to say, David. We're very  
24 comfortable with it. I've spoken to I know

1 Scott, to you, James, and I spoke with David.

2 We're ready to go.

3 CHAIRMAN BELL: I think let me say what  
4 we're concerned with. There are some of the  
5 standard Ts and Cs that are for standard  
6 grantees and we weren't sure that fit us as well  
7 as we'd like, and then David and Kirkland &  
8 Ellis looked at it and they think that it's okay  
9 for us to keep those in. We don't view that to  
10 be an issue for us.

11 MR. HOFFMAN: You know, frankly this is  
12 a grant agreement that covers the money that we  
13 can use for the next few months. It turns out  
14 to be a pretty narrow window and issue.

15 And, you know, the ordinance and the  
16 bylaws are the things that govern who we are and  
17 what we do, and so as advised by Kirkland we're  
18 comfortable frankly because we don't think it  
19 changes anything whatsoever in terms of our  
20 ability to do anything.

21 CHAIRMAN BELL: All right. So do we  
22 have a motion?

23 ALDERMAN POPE: So moved.

24 CHAIRMAN BELL: Second?



1 MR. HOFFMAN: I second.

2 CHAIRMAN BELL: All right. All in  
3 favor?

4 (A chorus of ayes.)

5 Let the record show we approved the  
6 grant agreement.

7 Establishment of the bank account.

8 Diana, I don't know if you have had a chance to  
9 do more work on that yet or not.

10 MS. FERGUSON: Yeah. I will advise  
11 Board on where we are. At first I'll just take  
12 a second to introduce Tom Morsch who's in the  
13 audience from Public Financial Management. He  
14 is the Managing Director of Public Financial  
15 Management.

16 PSM is a nationally renowned  
17 financial adviser that has graciously agreed to  
18 work for the Trust on a pro bono basis.

19 So following up on the discussion we  
20 had at the last meeting, I have had several  
21 conversations with PFM. Given the importance of  
22 having a competitive process to establish our  
23 bank account, PFM has drafted a brief RFP to go  
24 out to a handful of banks with emphasis on



1 out. The Board will have to approve it and be  
2 comfortable with it.

3 ALDERMAN POPE: Thank you.

4 MR. HOFFMAN: Let me welcome Tom and  
5 PFM. This is I think the first time they have  
6 appeared here. As with Kirkland, I think it's a  
7 really good boost for us and the process that we  
8 have an advisor on the financial front that,  
9 number one, is very experienced in this area,  
10 and, number two, in my mind, just as  
11 importantly, is committed to advice relating to  
12 our independence and to being a truly  
13 independent advisor. You know, that's along the  
14 lines of what they do and what they are.

15 But I know we all believe that for  
16 us to be successful that having that  
17 independence and having experienced advisors who  
18 will help us to achieve that independence and  
19 get independent guidance is very important.

20 So, you know, I know Tom and I know  
21 Julia who are going to -- among other people,  
22 who are going to work on this.

23 And as it relates to both Retrofit  
24 Chicago and future projects, I think it's a

1 great boost for us that we're going to be able  
2 to rely on them for independent advice, and I  
3 appreciate the continuing updates from the City,  
4 Scott, Lois' office on what they're thinking  
5 about and the actions they are taking internally  
6 on Retrofit Chicago, all of which assumes that  
7 at some point we will have some sort of more  
8 substantive discussion publicly about what makes  
9 sense and from the beginning of whether as a  
10 project it makes sense and what the experience  
11 is around the country and the world of people  
12 who have done this kind of private financing of  
13 retrofit.

14 And in that regard I think Tom and  
15 PFM will be a great independent leader for us in  
16 sort of allowing us to publicly talk about, you  
17 know, where the risk areas are and what makes  
18 sense.

19 So preliminary comments to say  
20 welcome and glad you're on board.

21 MR. MORSCH: Thank you, David.

22 CHAIRMAN BELL: Thank you, David, and I  
23 echo those comments. Also I just want to  
24 acknowledge the fact that these two fine

1 companies, along with Spencer Stuart who's our  
2 executive search, have stepped up to do this pro  
3 bono.

4 They really have a keen interest in  
5 the City and helping the City to be the best  
6 that they can be, and so the Board really wants  
7 to acknowledge that and express our appreciation  
8 for you doing this pro bono. So thank you very  
9 much.

10 Any other comments?

11 (No response.)

12 Let's move on to the status of our  
13 search for the executive director. As I  
14 mentioned in our last meeting, Spencer Stuart  
15 has decided -- has agreed to provide -- to do  
16 that search for us on a pro bono basis.

17 I have met with Spencer Stuart a  
18 week ago Friday. We spent a lot of time going  
19 through the job description that we have put  
20 together and we've shared publicly with all here  
21 and the general public.

22 We started talking about how can  
23 they put more specifics to that in order to  
24 really go out and conduct this search, and

1           they're in the process of doing that, putting it  
2           in their format.

3                         I think, as you know, Spencer Stuart  
4           has a far wide stretching reach, not only here  
5           in the City of Chicago, they have offices  
6           globally. Clearly we talked about the fact that  
7           this -- we wanted to follow the best practices  
8           that the City had provided us in our discussions  
9           several months ago, and I gave them that list  
10          and they assured me they could do that, but the  
11          fact is they will have the wide reach to really  
12          get this thing out publicly.

13                        Now, we talked a lot about, you  
14          know, what's our process going to be, and the  
15          Board really hasn't completely decided that.  
16          Obviously they've authorized me to go out and do  
17          the initial -- work the initial effort with  
18          Spencer Stuart, but once they get a job  
19          description and once we get an idea of what the  
20          market looks like, I will bring that back to the  
21          Board so we can be all comfortable that we're  
22          heading in the right direction.

23                        The other thing I've asked them to  
24          do and they are working on is one, give me a

1 timeline on what it's going to look like to  
2 conduct this search and complete it in the way  
3 and in the manner we want it done, and so they  
4 owe that to us and they are working on it.

5 The other thing I have no idea what  
6 the compensation should be for this position,  
7 and I've asked them to provide some data that  
8 would allow us to, you know, evaluate that  
9 appropriately. I did tell them we don't want to  
10 pay them more than we pay the Mayor, but other  
11 than I didn't give them much guidance.

12 So they are in the process of trying  
13 to pull together comparable compensation data  
14 for positions that they think that this one  
15 probably would fit in conceptually and the space  
16 it would fit in. So they're going to work on  
17 that. So I expect to get that from them  
18 sometime in the near term.

19 Anyway, that is the sum and  
20 substance of the progress on the executive  
21 search. Any questions?

22 MR. HOFFMAN: Will we be able to see  
23 the job description assuming it's edited before  
24 it gets finalized?

1                   CHAIRMAN BELL: Absolutely. I want to  
2 bring it back -- as I said, I want to bring it  
3 back to the Board. It's the job description,  
4 you know, how far and wide reaching the search  
5 should be, what the compensation looks like.

6                   I think the Board needs to be  
7 comfortable with all of that. And then how do  
8 we -- you know, how do we -- and they're looking  
9 at how do they post it so we are comfortable  
10 with the most public exposure.

11                   So before we go out, once they give  
12 me the timeline and all that information, I'm  
13 bringing it back to the Board so we can all be  
14 comfortable that that's the right approach and  
15 before I give them the okay to go out and do it.  
16 Other questions?

17   (No response.)

18                   Then let's move into the status of  
19 other services. Why don't we start with you,  
20 David, on the legal?

21                   MR. HOFFMAN: Well, I covered it  
22 mostly. I think the update is that Kirkland is  
23 on board, that they worked on the grant  
24 agreement, that they are taking a look at -- and



1           they really jumped into this. I would say that  
2           was maybe a couple of weeks ago when it started.  
3           So I think our hope is that by the next meeting,  
4           whenever that is, that some of these other  
5           documents, including the conflict of interest  
6           policy and some I would classify them as  
7           relatively minor, but some recommendations I  
8           think they have to clean up some mistakes in the  
9           bylaws.

10                         Those are the two things along with  
11           the IRS application that are on the table, and  
12           there's a continuing discussion regarding this  
13           Board of Ethics statement about our being a City  
14           agency. Those are I think the agenda items  
15           relating to the legal issue.

16                         CHAIRMAN BELL: You might want to  
17           mention, David, that we got a pretty extensive  
18           rewrite of the conflict of interest policy, and  
19           that's why it's going to take us a little longer  
20           to work our way through it.

21                         MR. HOFFMAN: Right. I mean, the Board  
22           of Ethics asked to be involved. They very late  
23           last week had some significant suggestions that  
24           assume that we're a City agency and not a

1 non-for-profit agency, and frankly I think that  
2 while that's -- I can understand intellectually  
3 that issue, and there should be clarity and  
4 consistency on that, which in my mind has  
5 already been provided by the ordinance, at the  
6 end of the day I'm not sure it's going to make  
7 much difference in terms of what the substantive  
8 terms of the conflict policy are, but in terms  
9 of the language that's used and how that relates  
10 to the City ordinances, we have to get that  
11 right.

12 And frankly we have, you know, some  
13 time because obviously we don't have deals in  
14 front of us, so we have the time to get it right  
15 and the time frame of that is probably right  
16 around the next meeting.

17 CHAIRMAN BELL: Thank you very much,  
18 David.

19 Diana, would you like to introduce  
20 the topic of where we are with our advisors?

21 MS. FERGUSON: Sure. Thank you,  
22 Mr. Chairman.

23 In addition to the first priority  
24 which we talked about already in terms of

1       establishing a banking relationship, the scope  
2       of work that we have discussed with our pro bono  
3       financial advisor really falls into a total of  
4       four areas.

5                 The first being establishing our  
6       banking relationship, and in that regard, as I  
7       mentioned, we are doing some benchmarking with  
8       kind of comparable entities to make sure that we  
9       are soliciting for best practices in our RFP  
10       process.

11                The second area is really helping  
12       the Board develop our knowledge base in terms of  
13       reviewing and cataloging all proposals or deals  
14       that come before us even in their preliminary  
15       state to evaluate or just keep a catalog of  
16       everything that someone might think is -- might  
17       be of interest to the Board in the future so  
18       that we get familiar with the types of  
19       transactions that we might be asked to  
20       consider.

21                In terms of the third area would be  
22       helping us with our -- maintain our  
23       communications and outreach to financial  
24       partners, benchmarking again with best practices

1 the types of transactions that are out there,  
2 building our knowledge around investor  
3 preferences, transactions, different sources of  
4 what types of preferences different investors  
5 might have and parameters we might be expected  
6 to consider.

7 And then fourth and finally only as  
8 a specific deal comes before us with maybe, as  
9 David mentioned, our independent advisor and  
10 due diligence provider on any specific  
11 transaction.

12 So that's the scope that we have  
13 talked about so far, and again Tom is here to  
14 add to that or answer questions from the  
15 Committee.

16 CHAIRMAN BELL: Tom, would you like to  
17 add anything?

18 MR. MORSCH: No, I think that's a good  
19 summary. We've kicked off a dialogue with Scott  
20 in the CFO's office to kind of begin that  
21 communication and make sure that's established,  
22 and the data and information, get that flowing  
23 back and forth, so I think we're off to a good  
24 start there and anticipate being back to the

1 Board with more information as well.

2 CHAIRMAN BELL: Thank you.

3 MR. HOFFMAN: One comment.

4 Mr. Yonover, I understand that -- you know, to  
5 echo something that Tom just said, we're  
6 transitioning, right, to sort of being a fully  
7 functional independent thing, and before that  
8 has happened you and the CFO's office have  
9 played and continue to play a very important  
10 role in support.

11 While that will continue, obviously  
12 this is moving with our own counsel and  
13 financial advisors. Just a note of  
14 encouragement to something I know will happen  
15 anyway, to make sure that when there are  
16 requests from the independent advisors and from  
17 anyone else associated with us for information  
18 and stuff that you have received that whatever  
19 you can do to get that to them as quickly as  
20 possible, we would appreciate it.

21 MR. YONOVER: That's our goal.

22 MR. HOFFMAN: Thank you very much.

23 CHAIRMAN BELL: Thanks. Any other  
24 comments?

1 (No response.)

2 Okay. Then let's talk about these  
3 meeting dates. You know, we got three other  
4 meetings scheduled for this year, and obviously,  
5 you know, we haven't -- we really set this  
6 monthly meeting rhythm so that we could start  
7 getting our financial advisor in place, our  
8 legal support in place and get the executive  
9 search off, and now I think we have gotten off  
10 to a good start there.

11 As you can see with the speed of  
12 this meeting that's taking place, I'm not sure  
13 that we're going to need to have three more  
14 meetings before the end of this year, so we need  
15 to think our way through that.

16 I don't know if we want to set one  
17 of these dates like the 23rd and see where we  
18 are and then decide on the other two at that  
19 point, but I would obviously like input from the  
20 other Board Members, but clearly I don't think  
21 we're going to have enough to update ourselves  
22 or the public on in the ensuing months before  
23 the holidays that will require three meetings.  
24 What do you all think?

1                   ALDERMAN POPE: Chairman, I would tend  
2 to agree. I think this meeting is moving rather  
3 quickly. I think scheduling a meeting another  
4 month out would be appropriate in light of the  
5 holidays. Should we need another one prior or  
6 two or three, I think we can do so at that  
7 point.

8                   MR. HOFFMAN: I agree, although I think  
9 for calendar purposes it would make sense to, if  
10 we can, I know that Jorge is not here, but to  
11 maybe tentatively choose a different date now.  
12 We were looking at the November and December  
13 dates. They are both right around the holiday  
14 time and we have a sense that we may not need  
15 three meetings this year.

16                   What if we pick now tentatively  
17 subject to Jorge's calendar a meeting that was  
18 in the first two weeks of December? I'm  
19 thinking people are more likely to be here. And  
20 instead of having three meetings for the rest of  
21 the year, that means we have two. That would be  
22 during the weeks of December 3rd or 10th.

23                   And I would start the bidding with  
24 December 6th.

1                   CHAIRMAN BELL: Hopefully everyone is  
2                   trying to get into their calendars.  
3                   December 6th I am here, believe it or not.  
4                   Diana, how does that work with you?

5                   MS. FERGUSON: December 6th in the  
6                   morning is fine, and also October 23rd I agree  
7                   that we can call that meeting and it's on my  
8                   calendar.

9                   ALDERMAN POPE: December 6 is fine for  
10                  me, Chairman.

11                  CHAIRMAN BELL: And the 23rd is still  
12                  good?

13                  ALDERMAN POPE: Yes, sir.

14                  CHAIRMAN BELL: Why don't we vote to  
15                  have those two as our two meeting dates for the  
16                  remainder of 2012 and then we got to work on  
17                  2013. Diana can't make any of them and that's  
18                  not a good thing. She has another board she's  
19                  on that those meetings are on those exact same  
20                  dates. It's not something she can call in on  
21                  and work our way through. I would rather us  
22                  table that and then figure out if we can get  
23                  other dates that she can make.

24                  MR. YONOVER: Mr. Chairman, I'll throw



1           some more dates out to the Board and we can go  
2           from there with Diana.

3                   CHAIRMAN BELL:   Sounds good.   Can I  
4           have a motion on what we just said which means  
5           we're going to defer the 2013 dates and have the  
6           remaining meeting dates in '12 to be  
7           October 10th and December 6th?

8                   ALDERMAN POPE:   October 10th?

9                   CHAIRMAN BELL:   Excuse me,  
10          October 23rd, I'm sorry, and December 6th.

11                  ALDERMAN POPE:   Seconded.

12                  CHAIRMAN BELL:   All in favor?

13                                 (A chorus of ayes.)

14                  MR. HOFFMAN:   At 10:00 a.m.?

15                  CHAIRMAN BELL:   At 10:00 a.m.

16                  MR. HOFFMAN:   Do you know if they are  
17          going to be here or at the Cultural Center or is  
18          that to be determined?

19                  MR. YONOVER:   Where it's at will be  
20          determined.   We'll let everyone know because of  
21          the availability of the Cultural Center.

22                  CHAIRMAN BELL:   Okay.   Any other  
23          discussions on that?

24                                 (No response.)

1                   Other business? Do we have any  
2 other business that we didn't have identified on  
3 the agenda that we want to bring forward now?

4                   (No response.)

5                   Not hearing any, then let's move to  
6 the public comment section. Do we have any  
7 folks from the public that would like to offer  
8 comments?

9                   (No response.)

10                  Well, not hearing any, I think we  
11 are in adjournment. Thanks everyone for their  
12 time. Diana, have a safe flight.

13                  MS. FERGUSON: Thank you. See you all  
14 soon.

15                                 (Which were all the  
16 proceedings had in the  
17 above-entitled cause.)

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1 STATE OF ILLINOIS )

) SS:

2 COUNTY OF COOK )

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4 I, MARI BETH KAWULIA, a Certified  
5 Shorthand Reporter of the State of Illinois, do  
6 hereby certify that I reported in shorthand the  
7 proceedings had at the arbitration aforesaid,  
8 and that the foregoing is a true, complete and  
9 correct transcript of the proceedings of said  
10 arbitration as appears from my stenographic  
11 notes so taken and transcribed under my personal  
12 direction.

13 IN WITNESS WHEREOF, I do hereunto set my  
14 hand at Chicago, Illinois, this 11th day of  
15 October, 2012.

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MARI BETH KAWULIA

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C.S.R. No. 084-2873

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