Infrastructure Trust
Frequently Asked Questions:

What is the Infrastructure Trust?
The Chicago Infrastructure Trust provides a new option to finance transformative infrastructure projects while maintaining public ownership. The infrastructure needs in the city are great and growing and we cannot afford to address only the current needs. We must find a way to invest in transformative projects that will move Chicago forward and help us build world-class infrastructure throughout the City, and that is what the Trust is for.

Why can't the City Council continue funding infrastructure projects the way it already does?
The nation's infrastructure deficit, the difference between what we can afford to fix and what needs to be fixed, is growing. Chicago’s infrastructure needs are great, and growing. We cannot afford to address only the current needs. We must find a way to tackle transformative projects that will move Chicago forward and help us build world-class infrastructure throughout the City.

The Trust will give us the ability to evaluate these new projects, and make sure we are getting a good, accurate read as to whether these are good for taxpayers. It is designed to take the risks associated with new projects off the back of taxpayers, who are already being tapped to fund routine capital needs of the City.

The Trust is about freeing us from reliance on Springfield and Washington, DC and the shrinking funds available for infrastructure during these difficult times. The Trust will also ease the City's existing reliance on bonds and reduce its dependency on government-issued bonds.

Why can't these projects be done without the Trust? Is the Trust really necessary?
The Trust is designed to either provide a better deal for taxpayers on projects than is traditionally available, or to put together projects that would not be possible without the Trust. Without the Trust, foundation money and other institutional money is difficult or impossible to attain. And the aggregation of individual projects into packages, such as the Retrofit Chicago process, makes possible transformative infrastructural projects that would never happen otherwise.

Why is the City Council giving over its authority to the Trust?
It is not giving over any authority to the Trust. The Aldermen will be voting on every project the City enters into with the Trust, and an Alderman will serve as a member of the
Trust’s governing committee. The City Council will have full approval of any financial commitments made by the City to the Trust. This process is to set up the Trust to give the City Council an additional financing option.

**Has this process been rushed?**
For over a month, Mayor Emanuel and his team have been working directly with Aldermen to address their concerns and questions about this ordinance. Together they have made 16 improvements and clarifications with respect to transparency, openness, and ethics. The Mayor and his staff continue to work with Aldermen to clarify questions regarding the Trust. Every month we don’t address our City’s energy challenges, $1 million goes out the window.

**Why doesn’t the Board have Aldermen on it?**
It will. The Board of the Trust will consist of five voting Members appointed by the Mayor, with the approval of the City Council. One of the five voting members will be a Member of the City Council.

Additionally, there will be six non-voting advisory Board Members. Three of these will be appointed by the Mayor – commissioners, officials or employees of the City or sister agencies, and will serve ex-officio. Three others will be appointed by the voting members. The board will provide a team of industry leaders, experts, and dedicated public servants, who can help guide the Trust toward the right projects.

**How will the Board prevent conflicts of interest for its members?**
Voting members are subject to Board of Ethics rules and regulations, owe the Trust a fiduciary duty, and must recuse themselves from voting on any matter they may have a financial interest in. They will be required to provide extensive disclosure of financial interests and would be prohibited from using the Trust as a revolving door to future jobs. Further, the Trust will require full disclosure from investors on all projects, and will make these disclosures available online. The Board members will not be compensated.

The Mayor will sign an executive order that requires an independent financial advisor, who will: 1) Conduct a full assessment of each project undertaken by the Trust, and provide a written assessment that includes (at least) a full risk assessment; a full cost analysis; a cost comparison to traditional municipal financing methods; and an economic benefit analysis for Chicago and the region, with a particular focus on job creation and retention. 2) Comply fully with ethics disclosures required of all consultants with the city, and have no financial interest of any sort in the deal. 3) Deliver said report with at least fifteen days of time for review by City Council, prior to any decisions.
Isn’t this another example of taking authority and decision making out of the public’s view?
No. The Trust will be required to comply with the Illinois Open Meetings Act and Freedom of Information Act. It will issue an annual report that is posted online. It will comply with the City’s procurement rules and policies, and must get City Council (or sister agency governing board) approval for all projects.

In addition to the previous description of the per-project assessments, the executive order will further call for an independent third party who can analyze the impact of the Trust overall, as well as its specific projects, on an annual basis. The report will include recommendations for ways to improve the Trust, will be delivered to the Mayor and the City Council and posted on the Trust’s website.

How is there a guarantee that investors will even be interested?
Some of the world’s largest financing institutions have sent letters of interest totaling more than $1.7 billion for potential projects. Union pension funds from around the country have inquired about the Trust, as the Trust is a win-win for them: investing their resources in a fashion that directly puts their membership to work. Additionally, foundations have expressed strong interest in the Trust, as it allows them to invest in key projects in accordance with their missions. Lots of people want to be involved with this innovative project.

Can you give more examples of projects that the Trust will fund?
The first project for the Trust is Retrofit Chicago, a $200 million retrofitting project for all of Chicago’s public buildings that will save more than $25 million a year in wasted energy costs. It is prudent to take this one step at a time to ensure that we can get the model right.

Why can’t we wait until an independent study is done?
The concept of a Trust is not new and has been discussed for years. President Obama, Republican and Democrats in Congress have all proposed similar infrastructure Trust plans. There has been extensive coverage of the policy idea nationally and globally.

Isn’t this just another way to privatize City assets?
All assets will remain publicly owned. The Mayor has been clear that the Trust is not about privatization of city assets, but rather, it is about building new resources that help Chicago remain competitive in the world, jobs today and jobs for the future.

Why can’t the Inspector General have authority and oversight over the Trust?
The IG will continue to have oversight and investigative authority over every project involving City funds or assets. Additionally, the City’s sister agencies have their own
Inspectors General who will maintain oversight. The IG Ordinance is very clear about its authority over City funds and assets.

**Why doesn't the ordinance as written require Aldermanic approval of every project?**
The Ordinance as written does already require that Aldermen approve every project that involves City assets, and City funding (both current and future).

The various sister agencies, CTA, Board of Education, Chicago Park District and CHA, were all created by State statute as independent political bodies with jurisdiction over their own functions. State statutes do not give City Council any authority over those independent Agencies or Boards. The Trust ordinance does not change this. The City simply cannot by ordinance require these agencies to submit their infrastructure projects to City Council approval.

**What, exactly, will be the roles of inspectors general who monitor various areas of city governance?**
There is no further legislation needed for the Inspector General to have jurisdiction. The City's Inspector General's enabling ordinance (Chapter 2-56) sets out the IG's authority very clearly. In any matter that the Trust is involved in that implicates a misuse of City funds or assets by the Trust or subsidiary, or misconduct by the Trust or subsidiary in the role of contractor to the City, the IG would have jurisdiction.

**Would City Hall itself monitor the Infrastructure Trust's obedience of Freedom of Information, open meetings and other transparency regulations? Or would, say, the Illinois attorney general's office referee disputes, as it now does with the state's FOI act?**
The Administration has maintained that the FOIA and Open Meetings provisions in the Trust ordinance are enforceable through our Grant Agreements.

The City's entry into such a Grant Agreement with the Trust becomes a binding contractual obligation of the Trust, enforceable by the City (which includes the City Council). Further, the City Council can withhold approval on Trust projects in order to force compliance with these and other transparency measures in the Grant Agreements.

The FOIA and Open Meetings provisions for the Trust are not enforceable by the State's Attorney General.

**Do projects done by the Trust cost us more?**
Municipal bonds do not always provide the best value for taxpayers. The Trust allows us to structure deals to access foundation funding or other types of funding that are not traditionally available. It is important to note that there are many factors aside from interest rates that go into the total cost of a project. So one of the key things to keep in mind
is that things like cost overruns, extra supplies, etc., which in the case of most current projects is borne by the government, would actually be borne by the private sector company in these projects. Oftentimes the final costs of these projects are significantly lower over the lifecycle of that investment.

**What are the terms of the retrofit project?**

When the Trust is approved we will articulate the scope and nature of the project, present it publicly and seek financing from those banks that have expressed interest in the Trust, and get the best possible terms. There will be an effort in every project to maximize the value for the city by being strategic during the project design and negotiation phases.

**When would a project be undertaken by the Trust, as opposed to traditional methods of financing?**

If it was a transformative infrastructure project, if it had a built-in payback mechanism, and if it offered advantageous terms for the city.