



the dispatch

members' update from the Illinois Government Finance Officers Association



A conversation with the new IGFOA President

Chris Minick, elected President at the Annual Conference, shares his plans for the year ahead

The year ahead: A mission to continue high standards, guided by the Strategic Plan

Looking forward to his term as IGFOA President, Chris Minick has one overarching mission: "To continue the standards of excellence that have been hallmarks of the IGFOA since its founding in 1958."

"The Strategic Plan calls for three main thrusts to support that mission," he continues. The first is **networking and education**. "We will continue to provide networking opportunities that encourage constructive conversations and the establishment of meaningful ties with fellow members and partners. And we will continue to offer and expand training that supports excellence in government finance."

The second thrust revolves around **continuing to engage the next generation of finance professionals**. "This is the key to the success of the organization and indeed, the whole field of government finance," Chris explains. Supporting traditional communications with Facebook, Twitter and LinkedIn will be part of those efforts.

The third area of focus involves **engaging volunteers and volunteer leaders**. "After all," Chris explains, "the first two areas can't succeed without this one. So from speaking, to planning, to helping out at meetings, events or the Annual Conference, volunteers are the key to the association's success."

Work will continue on documents and policies

Chris is looking forward to continuing the association's work on The Executive Board Policy Manual and the Chapter Handbook, following up on last year's work on the Bylaws. "It's important to continue to update our documents, so that we have a good set of modern policies as we move forward. And we want to help the Chapters be able to all work under the same set of guidelines," he explains.

Networking led to career growth

Chris first joined IGFOA in the 1990s while working as a senior accountant at a park district. "I attended my first conference, and networked with other professionals. I soon realized we were all dealing with very similar issues," he recalls. Later that networking combined with his financial experience to lead to his being suggested for the post of finance director at a village.

Early on, Chris served on the IGFOA Legislative Committee and as chair of the Audit Committee. Over the years, he continued his membership, attending as many conferences and seminars as department budgets allowed. He joined the IGFOA Board in 2012. "I wanted to be involved at that level to help others get some of the opportunities I've enjoyed in my professional career," he explains. "Volunteering with the IGFOA is the ideal way for me to give back."



Chris Minick is Director of Finance for the City of St. Charles.

At September's Annual Conference, he was elected IGFOA President.

“Volunteers are what make this Association what it is. **If you think you might like to volunteer**, talk to a committee chair, a chapter president, a Board member, or IGFOA staff. We'll find you a way to get involved that matches your needs and goals.

This year, the Board will continue to **strengthen the relationships that public members have with our partners** – both in terms of their time and their level of financial support. We wouldn't have the organization we do without their dedication and involvement.

The Board will also work to **enhance IGFOA's collaboration with the IML**, so that we can stay abreast of happenings in the state that impact government finance."

Congratulations to the 2017-18 IGFOA Executive Board

The 2017-18 IGFOA Executive Board was approved unanimously by the IGFOA public sector members in attendance at the Annual Business Meeting on September 18, 2017 in Peoria.

Christopher Minick, President

Finance Director, City of St. Charles

Stephanie Masson, Past President

Finance Director, City of Rock Island

Melissa Gallagher, Vice President

Finance Director, City of Rolling Meadows

William Hannah, Treasurer

Finance Director, Village of North Aurora

Kevin Wachtel, Secretary

Finance Director, Village of Villa Park

William McCarty II, Member-at-Large

Director of Budget and Management, City of Springfield

John Harrington, Member-at-Large

Finance Director, Village of Minooka

Andrew Brown, Member-at-Large, Non-CFO

Deputy Director of Finance, Village of Buffalo Grove

Rita Kruse, GFOA State Representative

Finance Manager, City of Geneva

Jessica Govic, Partner Representative

National Director – Sales & Area Executive Vice President,
Arthur J. Gallagher & Co.

Eric Dubrowski, Downstate Chapter Representative

Chief Financial Officer, Peoria County

Arlette Frye, South Metro Chapter Representative

Treasurer, Village of Lansing

Nicole Larson, Chicago Metro Chapter Representative

Director of Finance, Village of Vernon Hills

Volunteer spotlight



Beatrice Torres

**Assistant Director
of Finance / Water
Billing, City of Aurora**

**IGFOA Utility Billing
Group**

“Whenever you volunteer, you ask yourself whether you’ll really have the time for it,” says Beatrice Torres, a member of the association’s Utility Billing Team. “I did ask that question, and with input from the Executive Director, decided that I do have the time. As predicted, this fits perfectly into my schedule. We meet mostly by email and phone, so it’s been easy to jump in and help out. It’s good to be able to make a difference, and the staff and my fellow volunteers are great resources.”

Bea is part of the team that puts together the regional webinars for finance staff members who work with utility billing and CSR. “The webinars are specifically created for the people who do the hands-on work,” she explains. “This is a great way to present the information. Attendees gather for the webinar at locations throughout Illinois, and are able to share information with peers and hear about what other governments do. There’s no long-distance traveling for them. Meanwhile, the presenters are elsewhere, sitting in front of a laptop, not standing at a podium. It’s much easier for them, too.”

Check out the Volunteer opportunities below!



Call for volunteers!

The IGFOA could not accomplish so much without its dedicated volunteers. If you are considering becoming more involved in IGFOA, check out these opportunities.

Downstate Chapter Board: The Downstate Chapter is seeking members interested in becoming more involved in Chapter activities and leadership by serving as a Regional Coordinator on the Chapter Board. To learn more, contact Eric Dubrowski, Chapter President, edubrowski@peoriacounty.org

Professional Education Committee – 2018 Conference Planning Team: The Conference Planning team is looking for public sector members to join in the challenges and rewards of planning the IGFOA Annual Conference in 2018. For more information, contact Team Leader Jennifer Johnson at jennifer.johnson@champaignil.gov

Task Force to Engage College/Graduate Students and Promote Internship Opportunities: At the September 18, 2017 Executive Board meeting, IGFOA President Chris Minick directed staff to create a new short-term task force to address the Strategic Plan goals for promoting the profession at universities and colleges (to increase student participation) and to post internship opportunities on the Jobline page (both paid and unpaid.) For more information on this volunteer opportunity contact Diane Gillian Lantz at execdir@igfoa.org.

Bylaws revisions approved

The Executive Board recommended and the IGFOA public sector members approved revising the IGFOA Bylaws at the September 18, 2017 Annual Business Meeting in Peoria. The revisions will ensure that the Bylaws comply with Illinois law, reflect the current practice of the Association, and provide flexibility for the Association to achieve its mission in a changing and increasingly complex government finance environment. The IGFOA Bylaws are available for review at www.igfoa.org/about/executive-board/illinois-government-finance-officers-bylaws

Get social with IGFOA!!

The IGFOA is enhancing its presence on social media. To get the latest updates, Association news, photos, and more, like and follow IGFOA on **Facebook** at www.facebook.com/IGFOA and follow us on **Twitter** at [Twitter.com/IGFOA](https://twitter.com/IGFOA).

We will share CPE opportunities, photos from events, and breaking government finance news. Like, share, and retweet the content that might benefit your peers. An updated LinkedIn page is coming soon. Come engage with us!



Tom Sgouros to speak at IPP & OPEB Institute – Part II

Tom Sgouros, author of the policy brief *Funding Public Pensions: Is full pension funding a misguided goal?* will speak on his policy brief at the Illinois Public Pension & OPEB Institute – Part II on Thursday, November 9. This session will delve into the funding of public pensions from a different perspective. Attend the Institute and learn more about this viewpoint! Qualifies for 8 hours of the Illinois Department of Insurance required annual public pension trustee training.

Session Description: Public pension systems across the United States are, and have been, in crisis. But, to a larger extent than is widely acknowledged, the crisis is the result of the accounting rules governing both these plans and the governments that sponsor them. These rules are designed to insure against risks that public pensions systems do not face, while simultaneously failing to insure against the risks they do face. The rules also encourage “reforms” that frequently do not improve the financial situation of a given pension system. This session will examine existing GASB rules and include a discussion of how they might be changed to better the outcomes for retirees and taxpayers alike.

Learning Objectives: Participants completing this session will be able to:

1. Understand the purpose behind the GASB statements 67 and 68, and the choices made (and not made) when they were formulated;
2. Discuss GASB statements 43 and 45 and OPEB liability issues;
3. Understand the root causes of pension funding shortfalls in Illinois and around the country;
4. Learn better ways of establishing the fiscal discipline necessary for successful pension funding; and
5. Review the history of pension systems and the associated financial democratization that included life insurance, disability insurance, mutual funds, savings bonds, and unemployment insurance.

Tom Sgouros has worked as a policy consultant and data scientist for 30 years, providing policy advice to a wide range of elected officials and candidates on public finance, budgeting, and tax policy. He formerly served as the Senior Policy advisor to the Rhode Island General Treasurer. He currently works at Brown University's Center for Computation and Visualization.

IGFOA Associate Partners

Many thanks to the IGFOA Associate Partners for their continuing support and collaboration.

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Third Millennium Associates, Inc.

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Learn more about the IGFOA Partners program at www.igfoa.org/membership

2017 IGFOA Annual Conference highlights

Thank you to everyone who attended the 2017 IGFOA Annual Conference September 17-19. Due to the expanding Vendor Showcase and growing attendance numbers, IGFOA hosted the Conference at the Peoria Marriott Pere Marquette Hotel and Peoria Civic Center. As expected, registration was at a new record at 364 attendees as well as the Vendor Showcase with 61 booths.

Conference highlights included:

- ▶ Volunteers who arrived Saturday to help put together attendee packets and Sustaining Partner bags;
- ▶ The 28 golfers on Sunday morning and the 1st place pairing: Mark Jeretina, Anthony Miceli, and Steve Noble;
- ▶ Offering the CPFO exam on both Saturday afternoon and Sunday morning with a record number of candidates at both exams;
- ▶ Greg Kuhn's Leadership sessions on Sunday afternoon;
- ▶ All the attendees who downloaded the conference app with help from the Conference App Help Desk, staffed by volunteers from Clifton-LarsonAllen, LLP;
- ▶ The Presidents New Member and First Time Attendee Reception;
- ▶ The IGFOA Hospitality Suite on Sunday evening;
- ▶ The GASB Update with Dave Bean and Brian Caputo;
- ▶ The guest speakers from ILCMA – Mark Peterson, Scott Sorrel, and Patrick Ulrich;
- ▶ The approval of the revised IGFOA Bylaws at the Annual Business Meeting;
- ▶ Professor Kurt Thurmaier's session on Collaborative Agreements;
- ▶ The Monday night social event at the Peoria Riverfront Museum; and
- ▶ The Legislative Update with IML Executive Director Brad Cole and Legislative Director Joe McCoy.



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**Save the dates: 2018 IGFOA
Annual Conference in Peoria
September 16-18!**

The federal debt limit's impact on your bond refunding escrow

by Christine Linde, SVP, Amalgamated Bank of Chicago and
Larry White, Partner, Chapman and Cutler LLP

Federal debt limit and SLGS

Amalgamated Bank of Chicago serves as Escrow Agent for many bond refunding escrow agreements which are used for current refundings (when outstanding bonds are redeemed within 90 days of the closing date of the new refunding bonds) or advance refundings (when outstanding bonds are redeemed more than 90 days after the closing date of the new refunding bonds). Most refunding escrows are structured to utilize securities called Treasury Securities - State and Local Government Series ("SLGS"), which are issued by the US Treasury Department. In addition to allowing local governments to avoid certain complicated and somewhat onerous escrow bidding requirements for advance refunding escrows, SLGS provide the ability to precisely match the escrow investments with the debt service requirements of the refunded bonds.

SLGS are treasury securities issued by the US Government. As such they count when issued towards the US Government debt limit, which is the total debt amount that the US Government is allowed to incur. The debt limit is set by Congress and is increased by action of Congress when necessary.

The US Government has a variety of economic tools it may use whenever the borrowing authority of the federal government approaches the current debt limit and before Congress has approved a new limit. One method to manage the debt limit is to suspend the sale of SLGS. Most recently, the Treasury Department announced the suspension of the sale of SLGS effective March 15, 2017. This "closing of the SLGS window" refers to the Treasury Department no longer accepting new subscriptions for SLGS through its SLGSafe system. The SLGS window is generally reopened after Congress enacts an increased debt limit as it did in September 2017 (the SLGS window reopened on September 11, 2017, almost immediately after Congress most recently raised the debt ceiling).

Prior to a bond closing, your Municipal Advisor or Underwriter, along with a Verification Agent, submits the SLGS details (amounts, rates and maturity dates) to the Escrow Agent who will subscribe for the requisite SLGS. The SLGS maturities are laddered to coincide with your anticipated payment and redemption schedule. In certain circumstances, the Escrow Agreement requires SLGS to be purchased sometime in the future, and generally anticipates that the SLGS window will be open and the securities will be available for purchase. If the SLGS window is closed when a SLGS purchase is required, the Escrow Agent must turn to the terms of the escrow agreement for further guidance.

Alternative investments need to be anticipated in the event the SLGS window is closed

Because there may not be much, if any, advance notice when the SLGS window closes, a well drafted escrow agreement will provide for the use of alternative investments if SLGS are unavailable at the time of any required investment. Frequently, if the SLGS window is closed, the escrow agreement will direct the escrow agent to purchase and/or settle open market securities (typically US Treasuries) or hold the escrow funds as cash until the SLGS window reopens. In those cases, Amalgamated has the ability to purchase such open market securities by utilizing internal traders, thereby increasing efficiency and reducing potential costs.

In addition, a well drafted escrow agreement will also consider the effect of using alternative investments when the SLGS window is closed. For example, when SLGS mature and all funds are not needed to pay debt service, the escrow agent would typically be directed in the agreement to invest in SLGS to the next interest payment date. Although not common, there have been times when Treasury securities were in such high demand that they had a negative yield. In those instances where the SLGS window is closed but Treasury securities are being offered at a negative yield, the escrow agreement should specify what the escrow agent should do. The easiest solution is for the escrow agreement to anticipate the possibility of a negative yield on open market treasuries and direct the escrow agent in that situation to hold the escrow funds in cash, until they can be invested at a positive yield.

Escrow Agents work closely with your Bond Counsel who drafts the escrow agreement, to make sure your escrow requirements can be accommodated, including complying with all tax and arbitrage requirements even when the SLGS window is closed. An experienced Bond Counsel understands the importance of involving Escrow Agents in the bond issuance process as early as possible to best serve our government issuer clients.

Existing escrows and a closed SLGS window; Summary

You may wonder how the closing of the SLGS window affects payments already subscribed for. SLGS that were subscribed for before the SLGS window closed will still receive the maturity, interest and early redemption payments as were previously scheduled. It is only new subscriptions that will not be allowed.

Although the SLGS window was closed for almost 6 months in 2017, we did not experience a decrease in the number of refunding escrows that we administer. Most state and local government issuers invested the proceeds in alternative assets such as open market Treasuries in order to remain in compliance with Federal tax law.

In summary, the federal government debt limit affects refunding escrows by potentially closing the SLGS window. While the suspension of the sale of SLGS by the US Treasury does not prevent a local government from issuing refunding bonds, it may cause some inconvenience and additional costs by requiring issuers to seek alternative refunding escrow investments that may be not as well suited to the investment requirements of refunding escrows.

If you have questions about refunding escrow agent services or this article, please feel free to call the authors.

About the authors

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2017 Illinois Public Pension & OPEB Institute - Part II

*Qualifies for 8 hours of the Illinois Department of Insurance
Annual Public Pension Trustee Training*

Thursday, November 9 • 7:40 a.m. to 4:30 p.m.
NIU Naperville • 1120 E. Diehl Road, Naperville, Illinois 60563

7:40 – 8:25 a.m.

**Registration Check-in, Networking, and
Continental Breakfast**

8:25 – 8:30 a.m.

Welcome

Overview of the Program

*Speaker: Chris Minick, Finance Director,
City of St. Charles and IGFOA President*

8:30 – 10:00 a.m.

**Funding Public Pensions: Is Full Pension
Funding a Misguided Goal?**

*Speaker: Tom Sgouros, Brown University's Center
for Computation and Visualization*

10:00 a.m. – 10:20 a.m.

Morning Break

10:20 a.m. – 12:10 p.m.

Ethics and Integrity

*Speaker: Peter Burchard, Consultant, Adjunct
Professor at NIU, & Former City Manager of
Naperville & Hoffman Estates*

12:10 – 12:50 p.m.

Networking Luncheon

12:50 – 1:40 p.m.

Current Topics in Illinois Public Pensions

*Speaker: Dan Ryan, Project Coordinator, Illinois
Public Pension Fund Association (IPPEA)*

1:40 – 2:30 p.m.

**Economic Update and Capital Market
Forecast**

*Speaker: Jon Adams, Portfolio Manager, Multi-Asset
Solutions Team, BMO Global Assessment*

2:30 – 2:50 p.m.

Afternoon Break

2:50 – 3:40 p.m.

Portability: Police and Fire

*Speaker: Allison R. Barrett, Principal, Lauterbach
& Amen*

3:40 – 4:30 p.m.

Pension Funding and Tier 2

*Speaker: Jason Franken, Actuarial Consultant,
Foster & Foster, Inc.*

4:30 p.m.

Closing Remarks

*Speaker: Mary L. Tomanek, Institutional
Consultant, Graystone Consulting,
Chair, PEC Pension Team*

**Find full details, fees and
registration, plus the
Cancellation Policy,
at www.igfoa.org**

Coming events

Payroll Seminar

Friday, Oct. 27 8:30 am–2:45 pm
Chicago Marriott Hotel, Naperville

Fraud Response Plan Webinar

Thursday, Nov 2 10:00 am–11:15 am

2017 Illinois Public Pension & OPEB Institute – Part II

Thursday, Nov. 9 8:25 am–4:30 pm
NIU, Naperville

Growth & Engagement Network

Thursday, Nov. 16 11:30 am–1:00 pm
The Clubhouse, Oak Brook

Downstate – Rock River Region Networking Luncheon

Thursday, Nov. 30 Noon–1:00 pm
The Tavern on Clark, Rockford

Chicago Metro Holiday Luncheon & Ugly Sweater Party

Friday, Dec. 1 11:30 am–2:00 pm
Bub City & Joe's Live, Rosemont

Grant Management Webinar

Thursday, Dec. 7 10:00 am–11:15 am

South Metro Chapter Holiday Luncheon

Friday, Dec. 8 11:30 am–2:00 pm
Balagio, Homewood

Downstate – Central Region Professional Education

Friday, Dec. 15 11:30–3:15 pm
Town of Normal City Hall, Normal

Downstate Chapter – Central Region Holiday Party

Friday, Dec. 15 3:30–5:30 pm
Medici's, Normal

*Thursday Webinar

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