



OFFICE OF THE ILLINOIS STATE TREASURER
MICHAEL W. FRERICHS

REQUEST FOR INFORMATION
Structure and Implementation of the
Infrastructure Development Account
Program

370-500-22-029

February 3, 2022

Responses due before 2:00 p.m. CT on February 25, 2022

Christopher M. Flynn
Chief Procurement Officer
1 East Old State Capitol Plaza
Springfield, IL 62701

**Office of the Illinois State Treasurer
Request for Information
Infrastructure Development Account
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I. INTRODUCTION

The Office of the Illinois State Treasurer (“Treasurer” or “Treasurer’s Office”) is issuing this Request for Information (“RFI”) regarding the industry best-practices, structure and management, and implementation of the Infrastructure Development Account (“Program”), an impact investment program focused on investing in quality Illinois infrastructure development firms who are providing development capital to revenue producing infrastructure development projects in a direct and impactful manner. Responses will assist the Treasurer in designing, structuring, and implementing the Program.

The Treasurer solicits responses from individuals and organizations with expertise in the Illinois infrastructure development projects and investment programs, specifically in the following areas: investment and project due diligence and fiduciary oversight; portfolio modeling; infrastructure and real estate fund investing experience; impact investment program experience; impact metric reporting and tracking; state and federal regulatory provisions; integration of sustainability factors; and diversity and inclusion, amongst other factors. Service providers, including, but not limited to, investment consultants, regulators, industry stakeholders, infrastructure and/or real estate investment management firms, investment banking institutions (“Respondents”) shall submit their responses to this RFI before 2:00pm CT on February 25, 2022.

The Treasurer intends to utilize the information collected through this RFI to develop the procurement process for the Program.

II. BACKGROUND

In 2021, the Illinois General Assembly passed, and the Governor signed into law, the Infrastructure Development Act (15 ILCS 560 et seq.) (the “Act”). The Act allows the Treasurer to invest up to 5% of the state investment portfolio, which shall be calculated as: (1) the balance at the inception of the State’s fiscal year; or (2) the average balance in the immediately preceding 5 fiscal years, whichever number is greater. Currently, the estimated amount that may be invested based on the 2021 fiscal year, is approximately \$900 million. These investments must be made towards quality Illinois infrastructure development projects that have a direct impact of diversifying investment risk, generating investment returns, and supporting quality infrastructure projects in Illinois. The legislation creates an impact investment framework that supports and develops Illinois’ economic and social infrastructure including, but not limited to, land, buildings, transportation, utilities, communication, renewable energy, schools, healthcare, and other real assets while generating acceptable returns for the State of Illinois.

Under the Program, the Treasurer will invest in qualified Illinois infrastructure development firms providing development capital to quality Illinois infrastructure development projects that will produce economic impact and generate positive investment returns for the State.

A. Objective

The Program maintains the core mission of supporting quality Illinois infrastructure development projects that will produce economic impact and generate positive investment returns for the State. The Treasurer may allocate up to 5% of the investment portfolio as of June 30, 2021, or approximately \$900 million on a continuing and recurring basis.

The goal of this RFI is to collect information that will help meet the following objectives:

- Collect recommendations on the structuring of the Program;
- Identify opportunities to advance the Program to accomplish each objective– with supporting local infrastructure, spurring economic impact and generating strong investment returns for the State;
- Identify pricing and macroeconomic trends in the infrastructure and real estate space, specifically across local infrastructure development projects in Illinois;
- Identify local opportunities, industry trends, innovations, investment products, services, or industry best practices that align with the investment and impact goals for the Program;
- Gather recommendations on suitable investment structures and strategies for the Program;
- Gain insight within the administration and oversight of impact investment programs within the infrastructure and real estate asset classes, including an outline of the steps necessary for a successful implementation; and
- Gain insight into infrastructure and real estate investments and key considerations for ensuring .

B. Definitions

"Illinois infrastructure development firm" means an entity that: (i) has more than 50% of its employees in Illinois or that has at least one general partner or principal domiciled in Illinois; (ii) provides financing for investments in which the underlying assets involve direct ownership of non-financial assets to develop or expand in Illinois; or (iii) has a track record of identifying, evaluating, and investing in Illinois infrastructure development projects and providing financing for investments in which the underlying assets involve direct ownership of non-financial assets to develop or expand in Illinois.

"Illinois infrastructure development project" means a project that has as its principal function investing in real assets to develop economic and social infrastructure including, but not limited to, land, buildings, transportation, utilities, communication, renewable energy, schools, healthcare, and other real assets.

"Significant presence" means at least one physical office and one full-time employee within the geographic borders of this State.

"Track record" means having made, on average, at least one investment in an Illinois infrastructure development project in each of its funds if the Illinois infrastructure development firm has multiple

funds or at least 2 investments in Illinois infrastructure development projects if the Illinois infrastructure development firm has only one fund.

"Infrastructure Development Account" means the portion of the Treasurer's State Investment Portfolio described in 15 ILCS 560.

Other terms used in this RFI not otherwise clarified above are defined in the Act, attached hereto.

III. RFI PROCESS AND SCHEDULE

This Section outlines the process and schedule associated with this RFI.

A. Schedule

The following is the schedule for this RFI:

Date	Event
February 3, 2022	RFI published on the Treasurer's Office website
February 12, 2022	Notice of intent to participate in the Optional Respondent Tele-Conference due by 2:00 p.m. CT.
February 15, 2022	Optional Respondent Tele-Conference at 2:00 pm CT.
February 18, 2022	All Respondent questions due by 5:00 p.m. CT.
February 22, 2022	Responses to all questions posted on the Treasurer's Office website by 5:00 p.m. CT.
February 25, 2022	Responses to the RFI due before 2:00 p.m. CT.

These dates are subject to change at the CPO's discretion.

B. Contact information

The Treasurer's Office CPO is the sole point of contact concerning this RFI.

Respondents should submit questions about the intent or content of this RFI and request clarification of any and all procedures used for this RFI prior to the submission of a response. Respondents must submit their questions in writing by e-mail to the CPO, Christopher M. Flynn, at cflynn@illinoistreasurer.gov by 2:00 p.m. CT on February 18, 2022.

C. Respondent Teleconference

Each Respondent must e-mail notice of intent to attend the Respondent Teleconference to Christopher M. Flynn at cflynn@illinoistreasurer.gov prior to 2:00 p.m. CT on February 12, 2022. Attendance at the Respondent Teleconference is optional. The Respondent Teleconference shall

be on February 15, 2022 at 2:00 p.m. CT. Teleconference details will be emailed after notice of intent to participate has been received.

D. Proposal Submittal

All Responses to the RFI must be submitted by either e-mail, mail, or messenger to the following Chief Procurement Officer, Christopher M. Flynn, before 2:00 p.m. CT on February 25, 2022:

E-mail: cflynn@illinoistreasurer.gov

Address: Christopher M. Flynn
Chief Procurement Officer
Office of the Illinois State Treasurer
1 East Old State Capital Plaza
Springfield, IL 62701

Responses will be opened publicly, via livestream only, at 2:00 p.m. CT on February 25, 2022. The livestream will be available online at <https://www.facebook.com/ILTreasurerProcurement>.

E. RFI Process

1. Questions about this RFI

Respondents must submit questions about the intent or content of this RFI and request clarification of any and all procedures used for this RFI prior to the submission of a Response. Respondents must prepare their questions in writing and send them by e-mail to the above contact person.

2. Internet/E-mail Communications

The Treasurer's Office may also communicate with Respondents via e-mail. Each Respondent should provide an e-mail address with its response for ease of communication throughout this RFI process.

3. Verbal Communications

Any verbal communication from the Treasurer's Office or its contractors concerning this RFI is not binding on the Treasurer's Office and shall in no way alter the terms of this RFI.

4. Amendment

If it is necessary to amend this RFI, the Treasurer's Office will post amendments on the Treasurer's Office website:

http://www.illinoistreasurer.gov/Office_of_the_Treasurer/Procurement/Procurement_Opportunities

5. Respondent's Costs

The cost of developing a Response is each Respondent's responsibility and may not be charged to the Treasurer's Office.

6. Withdrawal of Response

A Respondent may withdraw its Response at any time prior to the deadline for receipt of Responses. The Respondent must submit a written withdrawal request, addressed to the CPO and signed by the Respondent's duly authorized representative.

7. Modification of Response

A Respondent may submit an amended Response before the deadline for receipt of Response. Such amended Response must be a complete replacement for the previously submitted Response and must be clearly identified as such in the transmittal letter to the CPO.

8. Response to RFI is State Property

On the response due date, all responses and related material submitted in response to this RFI become the property of the State of Illinois.

9. CPO May Cancel the RFI

If the CPO determines it is in the Treasurer's Office best interest, she reserves the right cancel or modify the RFI.

IV. QUESTIONS

The following questions relate to potential program structure, project development, investment management, portfolio construction, and portfolio governance. The Respondent is encouraged to address each question to the best of their ability.

Program Structure, Administration, and Oversight

1. Offer perspective on infrastructure, real estate, and real asset development opportunities in Illinois. What are critical deficiencies that must be addressed in Illinois? What projects and initiatives are needed most? What geographies in Illinois would benefit most from infrastructure and real asset rehabilitation?
2. Based on the objectives described in this RFI and the Act, what are your recommendations as to the design and structure of an infrastructure/real estate impact investment program that targets Illinois infrastructure, real estate, and real asset development firms?
3. What would be your recommendation on the governance structure of a new investment program aiming to invest in infrastructure development projects based on the Act.?
4. Please share insights into your recommendation for an oversight structure of the Program.

Industry Pricing and Interest Rate Trends

5. Please provide insights on the local infrastructure development firm investment opportunity set that meets the Illinois eligibility requirements based on the Act.
6. Given market trends, how would the investment structure of the Infrastructure Development Account impact the pricing-structures for an investment advisor stated in the question above?
7. What would be the recommended compensation model for the investment advisor?

Investment Management

8. Provide a suggested investment framework for the Program.
9. What portfolio construction should the Treasurer consider for the Infrastructure Development Account to generate adequate returns for the Treasurer's investment portfolio while generating local economic impact following the purpose and goals of the Act?
10. Given that the Treasurer will seek to construct a diversified portfolio of investments that aligns with the Treasurer's investment and impact objectives, what investment strategies would you recommend in building an optimal portfolio?
11. Please provide potential investment opportunities that are adequate for the Infrastructure Development Account based on the Act and provide a detailed explanation of how the investment opportunity would fulfill the purpose and goals set forth in the Act.
12. What do you recommend for risk management governance and ongoing oversight of the underlying investment Program?

Implementation and Program Management

13. What would be your recommendation on the implementation of a new impact investment program?
14. What would be the recommended timeline for a completed implementation? Please be as detailed as possible.
15. What program features should an investment advisor develop to ensure opportunities for emerging managers and diverse owned and operated infrastructure development firms?

16. Would Respondent be willing to submit a response if an RFP is issued for the Program?
(Answer a. and b. below only if your answer to question 16 is yes. Answer c. if your answer to question 16 is no).

- a. If the answer to 16. is yes, provide a thorough description of the types of services the Respondent anticipates offering for the Program.
- b. If the answer to 16. is yes, provide an overview of the ability, experience, and commitment of Respondent to provide Program services.
- c. If the answer to 16 is no, provide an overview of why the Respondent is unable to submit a response.

17. Please provide any additional information not requested above which Respondent deems important and relevant to this RFI.