



January 8, 2016

Dear Illinois Funds E-Pay Participant:

As previously communicated on December 1, 2015, we are making an important change to our Illinois Funds program in order to comply with the latest accounting standards and securities laws affecting local government investment pools. **Effective February 16, 2016, the custodian for E-Pay settlement accounts will be Illinois National Bank (INB).** These changes will also allow us to continue offering secure, electronic payment services at an affordable cost while you earn interest on your Illinois Funds account balance. Please take a moment to review the following important information related to your E-Pay account(s):

Your accounts

As required by regulatory changes, you will now have:

- An E-Pay settlement account at Illinois National Bank; and
(Note: We are no longer requiring you to complete the INB Banking Authorization Document enclosed in the December 1, 2015 announcement. For compliance purposes you will receive a new request from us in the next few weeks.)
- An Illinois Funds investment account at U.S. Bancorp Fund Services, LLC (USBFS).

If you wish to make any changes to your E-Pay account(s) prior to this transition, please contact us by no later than January 22, 2016.

Access to your E-Pay account

Funds from E-Pay processing activity will be deposited directly into your E-Pay account(s) at INB by E-Pay processors. Funds in your E-Pay account(s) can then be accessed in one of two ways:

- Funds above your target balance will automatically be swept from your E-Pay settlement account(s) into your USBFS investment account(s) on a daily basis. Once funds are transferred into your investment account(s) at USBFS, you can transfer money between investment accounts or make withdrawals to your bank on file using USBFS's online portal at www.illinoisfunds.com.
- You will also have the ability to initiate an ACH transaction, at no cost, anytime using USBFS's online portal at www.illinoisfunds.com into your investment account from your E-Pay account(s) at INB.¹

You will receive information about how to establish online access for USBFS's online portal in a separate communication; if you have questions about this please contact us at (866) 831-5240.

Target balance

Your target balance is an amount that you choose between \$1,000 and \$250,000. However, there will be no fee for going below your target balance. Target balances will be met through E-Pay processing and build up from \$0 on day 1 (there is no penalty for a \$0 balance on your E-Pay account). The target balance will help avoid overdrafts due to chargeback/reversal activity. You will incur a \$30 NSF fee for any overdrafts on your account. Your target balance will default to \$1,000 unless you notify us otherwise.

ACH debit block

Given that your E-Pay account at INB is solely intended to be an E-Pay settlement account, INB will place an ACH debit block (ACH credits will not be blocked) on your account, only allowing electronic debits to your account from the following entities:

- the Treasurer's E-Pay credit card processors/vendors; and
- U.S. Bank Fund Services.

Other permissible vendors, such as third party providers enrolled with E-Pay contractual services, can be added to the above list at your request. All other debits that originate outside of E-Pay contractual services will be blocked.

¹ Purchases made through the online portal will begin accruing dividends the following business day. If there is a need to begin accruing dividends same day, you must initiate your purchase with a USBFS customer service associate and funds must be received via wire prior to that day's close of business.

Fees

Effective February 16, 2016, E-Pay accounts will incur a monthly maintenance fee of \$10, which will be debited directly from your account. If you prefer to be invoiced, please contact us. Please note the monthly maintenance fee is \$12 with the invoice option. For a complete list of fees associated with your E-Pay settlement account at INB, please visit www.illinoisepay.com.

Banking services

The banking services you currently receive, such as check writing, are not offered with your E-Pay settlement account. In order to continue to receive banking services, you have the option to open a banking account at U.S. Bank at reduced prices available only to Illinois Funds participants, or you may open a new account at a bank of your choosing. For additional information, please visit our website at www.illinoisfunds.com.

Toll-free numbers

- As of February 16, 2016, please call (800) 947-8479 with any questions concerning your Illinois Funds investment account(s).
- Please call (866) 831-5240 with any questions concerning your E-Pay settlement account(s).

Thank you for your continued trust in the Illinois Funds/E-Pay program. We value you as a participant and look forward to continuing to provide you with the highest level of service. If you have any questions, please feel free to contact us at **(866) 831-5240** or visit www.illinoisepay.com for answers to frequently asked questions.

Sincerely,

The Illinois Funds/E-Pay Team

www.illinoisfunds.com