

Global Corporate Trust Services

Corporate Trust Connection

Financial strength. Market expertise. Global reach.



Corporate Trust: An Industry on the Move

By Bryan Calder, President, U.S. Bank Global Corporate Trust Services

As the #1 trustee in the nation,* U.S. Bank Global Corporate Trust Services is uniquely positioned to observe movements and trends in the capital markets and proactively respond to market needs and specific deal requirements for each of our clients. Through strategic client and industry partnerships, combined with our industry expertise, ability to execute and superior service delivery, U.S. Bank can quickly accommodate you and your investors.

What's on the Horizon?

As confidence returns to the markets, we are seeing sectors of the overall capital markets gain traction and move toward issuance levels not seen since 2008. Specifically, CLO issuance has already reached \$40 billion in the first six months of 2013* — nearly double the YTD 2012 amount and well above 2008 through 2011 levels. The ABS market has also seen positive growth, a trend that should continue through 2013. The Public Finance market pace slowed in the first half of 2013 due to the interest rate uptick, but should remain steady for the remainder of the year as the need to fund projects continues.

In terms of global activity, Europe is seeing a variety of deals and issuance volume steadily increasing as signs of a broader recovery are becoming more apparent.

The #1 Choice for Today's Environment

Today's issuers and investors are looking for their service providers to give them a higher level of customer service, the ability to have increased transactional transparency and customized reporting capabilities, combined with regulatory compliance.

Savvy service providers will make the investments necessary to keep up with issuer needs in the areas of personal service and technology and provide increased benefits to their clients including advanced information access, strong compliance with new and ever-changing regulations and process efficiencies.

With the wind at our backs and our investments in people and technology, U.S. Bank continues to be one of the premier trust providers in the U.S. and globally. We are ranked the #1 trustee for U.S. asset-backed securitizations, collateralized debt obligations and municipal trustee transactions, corporate debt issues as well as the #1 municipal paying agent in the United States.* While others have closed or consolidated offices, U.S. Bank, has remained active in continuous service improvement. We have continued to build upon our corporate trust business through strategic acquisitions and the hiring of additional quality people to deliver local service through our 48 U.S. and three international offices. U.S. Bank also continues to invest significantly in technology platforms and we look forward to launching our two



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new client account portals to help improve access to key data and improve the efficiency and effectiveness of our relationships.

U.S. Bank is proud to bring expertise and service commitment to every client through every transaction, every day. Thank you for your partnership.

* Source: Thomson Financial SDC (municipal & corporate data) and Asset-Back Alert (ABS & CLO data)-3/31/13



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Strategic Partnership Supports Novel Financing Plan

Thanks to their previous experience working with U.S. Bank Global Corporate Trust Services, an investment banker working on a uniquely structured transaction for the state of Illinois brought U.S. Bank to the table to serve as trustee.



**Vendor
Assistance
Program**

"Our experience working with public and private entities, as well as our ability to adapt to unique structures, made U.S. Bank a logical choice to partner with the investment bank and the service provider, Vendor Assistance Program, LLC (VAP), on this deal," says Nancie Arvin, Senior Vice President, Global Structured Finance, U.S. Bank Global Corporate Trust Services. "In addition, our track record of creating distinctive investor reporting packages for new and unique asset classes combined with our delivery of additional bank capabilities, made it a convenient, one-stop shopping experience for all transaction parties."

Turning Lemons into Lemonade

"Illinois, like many other states in a still recovering economy, has faced challenges paying its bills in a timely manner," explains Arvin. "Its vendors were waiting six months or more for payment. In the meantime, the vendors had to cover their own bills and salaries. The state's product and service suppliers were unhappy, and some were considering severing ties with the state."

A collateralized credit facility was set up within a trust to enable the state to tap a line of credit established with investors. VAP works with Illinois to tap funds advanced by the lenders and pay vendors 90 percent of the invoiced amount within 10 days of when the state assigns the receivable to the trust. Then, as revenues come in, the state repays investors and VAP along with any applicable late fees. VAP then pays the remaining 10 percent to the vendor and makes its money on the late fees.

The deal is unique because it involves a public entity. Details of how the transaction works were published in an article in *The Wall Street Journal* in March.*

Inspiring Client Loyalty

U.S. Bank's value proposition is our ability to combine traditional trustee services with customized reporting for investors and ancillary banking services to benefit all transaction parties. This combination of agile reporting capabilities and diverse services minimize the number of transaction parties and improves the overall efficiency of the transaction. "We see it as our responsibility to work collectively across U.S. Bank to help create an exceptional client experience, so we reached out to other business areas to provide VAP and others with one-stop shopping," Arvin says. "Our Global Structured Finance group serves as both Owner Trustee of the VAP Funding Master Note Trust (Illinois), a Delaware statutory trust; and Indenture Trustee, Paying Agent and Registrar for notes issued to the investors."

“U.S. Bank’s Investor Reporting group handles the securities administration functions and created reporting for VAP which also met the needs of investors. U. S. Bank Treasury Management provides lockbox and DDA services to support incoming state payments as well as check and ACH payments made to the vendors,” Arvin adds. “This partnership is a great example of how we bring together multiple resources across the bank to provide holistic solutions for customers. In fact, processes established for this transaction work so well that VAP is looking to expand these services to other states.”

If you anticipate traditional or unique service requirements for your structured finance transaction on the horizon, please contact your Account Manager to discuss various options to support your requirements. As illustrated by the VAP transaction, U.S. Bank is committed to collaborate with customers and transaction parties to provide customized solutions that meet our clients’ and investors’ distinctive needs.

* Source: “Startup Sees Profit in State’s Financial Woes,” *The Wall Street Journal*, March 21, 2013.



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