



STATE OF ILLINOIS  
EXECUTIVE OFFICE OF THE GOVERNOR  
**GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**  
SPRINGFIELD 62706

**PAT QUINN**  
**GOVERNOR**

April 27, 2011

Honorable Pamela J. Althoff  
M103C Capitol Building  
Springfield IL 62706

Honorable Don Harmon  
329 Capitol Building  
Springfield IL 62706

Dear Senators Harmon and Althoff:

Thank you for the opportunity to provide comment regarding the impact of the State's procurement system on the operations of the Governor's Office of Management and Budget ("GOMB"). I write to express GOMB's concern that the Illinois Procurement Code ("IPC"), and in particular the provisions of SB51 relating to pre-bid solicitations, have had a chilling effect on the State's ability to avail itself of innovative financial proposals, which could otherwise assist the State in addressing its significant budgetary challenges.

The banks, financial advisors and law firms that work with GOMB have only one product to "sell" to the State: ideas. These can include ideas on current financing structures, research on potential financings from the perspective of the financial markets, and related legal implications and issues. Because of the innovative and often complex nature of these proposals, we need to be able to assess their viability at a very early stage. Moreover, given the unique character of these proposals, our financial vendors consider them to be, and maintain them as, confidential and proprietary information, and, accordingly, they are not readily available from other vendors. The IPC's extensive reporting requirement in 30 ILCS 500/50-39 makes vendors unwilling to bring these ideas to the State because they recognize that their proposals are required to be disclosed under the procurement rules, alerting their competitors to the proprietary products or ideas they have developed.

Moreover, the IPC, specifically 30 ILCS 500/50-10.5(e), precludes those vendors who either bring the State ideas or assist the State in developing ideas from being awarded a contract related to those ideas. GOMB's financial vendors are simply unwilling to invest the time and effort needed to fully develop ideas for the State when they will be prohibited from working on the matter if the proposal is approved by the General Assembly.

Given the State's current fiscal situation, financial vendors should be encouraged to bring their innovative solutions to the State. In our view, it would be in the best interests of the State to craft an exemption from the IPC's reporting requirement and prohibition on pre-bid solicitations that would allow GOMB to receive and vet financial proposals of this nature without compromising the confidential and proprietary nature of these proposals and without excluding those vendors who have expended resources in developing them to participate in the execution of these transactions. We would welcome the opportunity to discuss in more detail how best this might be achieved.

Best regards,



Sheila Saegh Henretta  
General Counsel

cc: David H. Vaught, Director, GOMB  
John Sinsheimer, Director of Capital Markets