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Dennis B. Black
Senior Managing Director and General Counsel

April 27, 2011

**Senator Don Harmon, Co-Chairperson
Senator Pamela Althoff, Co-Chairperson
Illinois Senate Committee on Procurement**

Re: Requested Comments Regarding the State of Illinois Procurement System

Dear Senators Harmon and Althoff:

Mesirow Financial appreciates having the opportunity to provide the following comments regarding an aspect of the procurement system which it believes is in need of improvement.

Mesirow Financial, which is an Illinois-based, privately-held, diversified financial services company owned by roughly 320 employee shareholders, provides a variety of services to a number of units and agencies of the State of Illinois. Most, if not all, of Mesirow Financial's contracts with the State are subject to the Illinois Procurement Code. In order to comply with the Procurement Code in its present form, Mesirow Financial is required to gather and disclose certain information from virtually all of its shareholders regarding possible conflicts of interest in conjunction with the bids it submits to the State, which in any given year could number in the dozens of bids. As explained below, while Mesirow Financial fully supports the State's initiative to procure all goods and services in a fair and unbiased manner, it feels that a change should be made the 30 ILCS 500/50-35(b) to alleviate the burdensome information-gathering requirement shouldered by bidders with 400 or fewer shareholders.

Section 50-35(b) of the Procurement Code stratifies the reporting requirements for companies into three layers. Publicly-traded companies simply file a portion of the annual reports that they are required to file with the Securities and Exchange Commission. Private companies with more than 400 shareholders provide certain of this information with respect to their owners who hold 5% or more of the equity of the company. However, private companies with, say, 320 shareholders, are required to provide all of that information with respect to every shareholder whose interest in the company has a value of approximately \$106,500 or more. In the case of Mesirow Financial, that requires us to survey virtually every shareholder and ask them each to answer 17 different questions about themselves and their family members. We then have to compile all of this information and create a manageable format to present all of it to the State. Then we have to keep updating this information on a virtually continuous

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basis. When we were first required to go through this process, it took scores of hours of a number of our staff to design the survey, communicate with 300+ shareholders, compile the answers, answer numerous questions, chase down missing information, etc. The net result was a small number of minor data points about spouses who work for or serve on local library boards and the like, none of which proved to be relevant to the matters on which we were bidding to provide services to the State.

What we have proposed, as reflected in HB 1444 recently passed by the House, is to lower the threshold for this kind of information-gathering and disclosure to more truly closely-held businesses where the number of shareholders would be more manageable. We proposed 200 shareholders, but the number could well be lower and still pick up any information useful and relevant to the State. This change would require Mesirow Financial to make the required disclosures comparable to what is currently required of private companies with 400 or fewer shareholders, which we would be more than happy to do.

If we can be of any further service, please do not hesitate to contact the undersigned.

Respectfully submitted,

A black rectangular redaction box covers the signature of Dennis B. Black.

Dennis B. Black
General Counsel