

Please note the Authority may supplement these responses and will post accordingly on its website. Please also see the Addenda posted on the IFA website for the Request for Proposals from 1) Trustees and 2) Banks, Credit Providers, Underwriters, and Placement Agents, as posted on the IFA website, for additional relevant information

Addendum #2

Additional information relating to the Request for Proposals for Qualified Servicers dated Dec. 2, 2015

Note RFP deadline was extended to Dec. 7, 2015 (5:00 CST) per emailed notice sent Dec 3, 2015; FURTHER EXTENDED TO DEC. 8, 2015 AT 12 CST per emailed notice sent Dec. 4, 2015

Please note the following tasks which will likely be required of the chosen servicer. Pricing should include these tasks and the response should acknowledge these requirements.

1. Perform Uniform Commercial Code (UCC) searches regarding approved vendors
2. Perform Tax and Judgment Lien searches regarding approved vendors
3. Search for any litigation involving approved vendors that would be relevant to State receivables
4. Review and monitor approved vendors for pending bankruptcy claim
5. Review (on a checklist format) relevant documents (also detailed in the attached InterAgency Agreement)
 - a. Copy of Contract
 - b. Statement from procuring Agency that goods or services were received
 - c. Summary of recent purchase and payment activity
 - d. Confirmation from Illinois Comptroller of the absence of offsets
 - e. Any other required documents that Servicer or Trustee deems necessary to the payment of invoices
6. Tracking penalty interest and verifying associated calculations as performed by the Authority

Questions and Answers

1. Disbursing Funds:
 - a. What process do you anticipate using for disbursements?
 - b. Will payments be made electronically or will checks be issued or a combination of both? What is the requirement for disbursing the funds?
 - c. How will payments authorizations be handled? (i.e. – check signing, electronic payment approval, payment authorization levels)
 - d. How often will vendor payments be made – daily, weekly, bi-weekly, etc.?
 - e. Will Servicer need to set up an escrow account and act as escrow agent?

We anticipate sending a Letter of Direction from the IFA to the Servicer to pay funds to specific vendors as expeditiously as possible, subject to the checklist requirements detailed above. We expect payments to be made electronically, but there is a possibility a small number of payments may need to be made via check. Authorization will come from the IFA Controller. The Servicer will need to prepare to make daily vendor payments as the frequency is not yet known, although ‘batched’ payments will be more likely. Nonetheless, timing will be of the essence once payments are authorized by IFA. Expected services do not include escrow accounts management or agent activity.

2. Tracking Receivables/Repayments:

- a. What process do you anticipate using for collecting receivables and what access will Servicer have to payments (i.e. – lockbox, copies of checks, remittance stubs)?
- b. What specific information will need to be tracked (i.e. – date collected, average days outstanding, etc.)?

Receivables payments will be made from the State to the IFA’s trustee. The details of this process, and the specific information to be tracked, is subject to negotiation and requirements of the State, IFA, trustee, and chosen Servicer. The IFA desires the simplest reporting that achieves necessary requirements, and a level of detail such as average days outstanding is not expected; rather, penalty interest calculations, date and amount of invoice payment, date of receipt of approval from IFA, and other relevant data is expected.

3. Vendor Payments: The RFP requests bids for 25-100 and 100-200 payments.
 - a. What is the timing of these payments? Is this a weekly, monthly, or total number of anticipated payments?
 - b. Will there be multiple and/or recurring payments made to individual vendors?
 - c. Does 25 to 100 individual vendor payments mean there that will be anywhere from 25 to 100 vendors to be paid?
 - d. Does it mean that up to a total of 200 payments are to be made to the 25 to 100 individual vendors? I.e., there could be a possible 100 vendors with a total of up to 200 payments to be made to those vendors during the tentative timeframe indicated?
 - e. What does “track State repayment of receivables to the IFA” entail? How often will the State make repayments? Is each invoice a receivable that needs to be tracked? Does interest accrue on the receivable?

The 25-100 and 100-200 are total anticipated payments; we are not yet certain if there will be 25 or up to 200 individual disbursements and request pricing reflecting a greater and lesser number of invoices. We do not expect multiple/recurring payments to individual vendors as we plan to ‘bundle’ outstanding invoices; however, it remains possible that multiple payments could be made. The frequency could be daily or weekly disbursement; time will be of the essence as these vendor payments are already substantially delayed.

4. Monthly reports:
 - a. Please provide copies of templates of reports requested. Or, will Servicer be designing reports?

Reports should be simple and clear. Two reports would be potentially expected: the amount, timing, and name of the vendors paid; and the amount, timing, and accrued interest related to the State’s repayment of associated IFA receivables.

5. Data transmission needs:
 - a. What data will need to be transmitted back to IFA, how often and in what data format?

The amount, timing, and name of the vendors paid, as well as the State payment of invoice and the amount, timing, and penalty interest earned by IFA will need to be available to the IFA on an on-demand basis, with electronic platform preferred. The IFA has no electronic system for transferal of data, but expects the Servicer will maintain the appropriate records.

6. What is the expected start date of the contract?

The expected start date of the contract is upon bond closure, as early as December 15.

7. Will Servicer have any responsibility related to the bond payments?

This is not an expected service.

8. Will there be a Servicing agreement drawn up to describe the duties to be performed that the selected servicer will have to sign?

IFA expects a form of Servicer agreement.

7. Will a paying agent be needed for the bond/note that is issued for this transaction?

Yes. This is not the expected service to be provided by the Servicer.

8. Will funds for payments made by the Servicer be deposited, invested and maintained with the Servicer?

Yes.

9. Who provides the Vendor Payment Request to Trustee or servicing agent?

IFA.

10. How will the Vendor Disbursement request be provided? Via Email or hard copies?

Subject to negotiation between IFA and chosen Servicer.

11. Will the Disbursement request be sent simultaneously to both Trustee and Servicing Agent?

Likely but subject to negotiation.

12. Will the Disbursing/Servicing agent get up to 3 business days to process payments?

Subject to negotiation. Ideally, payment processing would not require 3 full days once IFA authorization is given, as timing is a crucial requirement of needed services.

13. Will a W-9 be provided with each Vendor Distribution request?

Likely, either via actual W-9 submission or Vendor confirmation of its taxpayer identification number; to be discussed with chosen Servicer.

14. Servicer to calculate the Penalty interest payment and verifies with IFA or State?

Assume the IFA per Servicer Agreement.

15. Who provides the date from which the Penalty interest would accrue?

The Authority provides this figure; ultimately, the information would come from the IFA and State to the chosen Servicer.

16. Are the penalty Interest payments made from Bond Proceeds also?

No, this is not expected.

17. Will the Servicing agent be required to issue 1099's?

This is not an expected service.

18. Will the Servicer receive funds from any source other than the Trustee (Bond Proceeds)?

The Authority will provide an equity contribution and payment of invoices will come from the State.

19. Has a trustee been selected for the bonds to be issued (pursuant to the previous RFP)?

Yes.

20. Will the privately placed bonds be issued all at once to fund a "project fund", or will the bonds be issued in multiple draw downs as needed to fund approved invoices from vendors?

A one-time project fund is expected.

21. Will the privately placed bonds be issued in certificated form (i.e., not book-entry-only)?

Certificated form (non-DTC).

22. If applicable, how will the bond proceeds "project fund" be invested? Will an investment contract of any sort be utilized?

Investments will likely be in money market funds due to the on-demand requirements of vendor disbursements. A contract is not anticipated but could be part of the negotiation between the IFA and chosen Servicer. Investment terms are subject to negotiation between the chosen Servicer and the IFA; we look forward to ideas regarding this issue.

23. Pending the purchase of receivables, will bond proceeds be held by the trustee or the Servicer?

Will the bond trustee hold bond proceeds and disburse to the Servicer only as needed to pay approved vendor invoices?

A project fund is expected from which trustee will disburse funds to Servicer.

24. Will the trustee selection and Servicer selection be made independently?

Yes.

25. Given the short timeline, will the trustee and the Servicer be given a reasonable opportunity to review and comment on draft documents?

IFA believes a chosen Servicer would absolutely need opportunity to review and comment on draft documents and would plan to provide this time. However, it is expected that the Servicer would respond expeditiously given the RFP's Stated pricing date of as early as Dec. 15.

26. In order to track State repayment of receivables to the IFA, will such repayments be routed through the Servicer?

Yes, between the Servicer, IFA and Trustee.

27. Will State repayment of receivables correspond to the contemplated 25 to 100 individual vendor payments and 100-200 payments?

Uncertain at this time. IFA looks forward to the best and simplest ideas from the chosen Servicer to provide for the most efficient method of both disbursement and repayment.

28. What information will be provided with each direction to disburse funds to a vendor per an approved invoice (e.g., will complete payment instructions, current Form W-9, and a tracking/invoice number be included)?

Yes, this is expected. Provision of an actual W-9, as opposed to certification of same from the Vendor, is to be discussed with a chosen Servicer.

29. What information will be provided with State repayment of receivables (e.g., will the Servicer be notified to expect a specific payment on a specific date, and will a tracking/invoice number be included)

The information provided with State repayment is not yet finalized and is subject to discussion with the chosen Servicer. The chosen Servicer will be expected to provide payment as soon as possible after IFA approval and direction or at the IFA's chosen date. A tracking/invoice number is expected to be included.