

DETAILS OF CEO COUNCIL 2018 "OFFER" AND COMPARISON TO THE PAAG* 1998 "OFFER"

"Fool me once, shame on you . . . Fool me twice, shame on me . . . "

	<u>CEO Council 2018 "Offer"</u>	<u>PAAG - 1998 "Offer"</u>
<u>"The Catch" or "The Strings" to Accept the Cash:</u>	<ul style="list-style-type: none"> • "Serve notice on Illinois-American pursuant to the 1889 Franchise Agreement" <ul style="list-style-type: none"> ➤ This requires the Council to pass a Resolution to purchase the System. ➤ This starts the Commission Valuation Process and is not simply funding a "due diligence appraisal." • Review work of Oversight Committee and approve or reject proposed use of \$400,000. • Provide support staff to Oversight Committee (no mention of who or extent of support staff). • "Fact based review" of final appraisal from Commission process to access whether purchase is in best interest of Peorians. • Act in good faith to arrive at a "fair price." 	<p>PAAG agreement required same basic provisions plus more.</p> <p>At the end of the day, PAAG accused City Council of not acting in Good Faith and in breach of the PAAG Agreement.</p>
Funding Source	<ul style="list-style-type: none"> • CEO Council \$400,000 <ul style="list-style-type: none"> ➤ Rita Kress - \$62,500 ➤ Citizens for Water LLC - \$185,000 - (Rita Kress sole member) ➤ Diane Oberhelman - \$62,500 ➤ CEO Council - \$50,000 ➤ Tom Fliege - \$25,000 ➤ Bill Cirone - \$15,000 	<ul style="list-style-type: none"> • PAAG \$1,000,000 • PAAG members*: <ul style="list-style-type: none"> ➤ Rita Kress ➤ Cullinan Companies, LLC (Diane Oberhelman)

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Repayment	Bond proceeds from acquisition	Bond proceeds from acquisition
What happens if the Cash runs out?	<ul style="list-style-type: none"> • CEO Offer: City, CEO Council and “other stakeholders” shall enter negotiations to provide support “deemed necessary” to continue. <ul style="list-style-type: none"> ➤ This is an open-ended obligation of the City to potentially fund or agree to some other type of “loan” arrangement. 	<ul style="list-style-type: none"> • PAAG History: PAAG loaned \$1,000,000 at 9% interest and in 2004 when the \$1,000,000 ran out, the city kicked in \$500,000 and PAAG reduced its interest rate to 6%. <ul style="list-style-type: none"> ➤ Result: City facing over \$1,000,000 PAAG judgment.
Controlling Committees	<ul style="list-style-type: none"> • CEO Oversight Committee: -- Membership. <ul style="list-style-type: none"> ➤ <u>CEO Oversight Committee:</u> 3 appointees of City Council; 3 members of CEOC; 1 member of League of Women Voters; 1 member of Citizens for Water (Rita Kress); 1 at-large member of Community. ➤ <u>Funders/Guarantors</u> of \$400,000 to have a role on oversight Committee but that role is not defined. They are “paying to play.” 	<ul style="list-style-type: none"> • PAAG Selection Committee: -- Membership. <ul style="list-style-type: none"> ➤ <u>PAAG Selection Committee:</u> 2 members of PAAG; Mayor; 2 members appointed by City Council ➤ <u>PAAG Members*:</u> Rita Kress, Cullinan Companies, LLC (Diane Oberhelman)
Committee’s Control	<ul style="list-style-type: none"> • CEO Oversight Committee: <ul style="list-style-type: none"> ➤ Solicit, select and recommend consultants, including lawyers, appraisers, financial analysts, and engineers. <ul style="list-style-type: none"> ➤ Prepare budget for spending \$400,000 ➤ Review and approve payments from \$400,000 ➤ After appraisal, engage experts and make recommendation to City on financial viability to purchase System <ul style="list-style-type: none"> ➤ Navigate step-by-step details of appraisal process 	<ul style="list-style-type: none"> • PAAG Selection Committee: <ul style="list-style-type: none"> ➤ Solicit, select and recommend consultants, including lawyers, appraisers, financial analysts, and engineers <ul style="list-style-type: none"> ➤ Determination of financial viability to purchase System.

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Documentation of the "Deal"	<ul style="list-style-type: none"> • CEO Council Offer: <ul style="list-style-type: none"> ➤ <u>No final documentation</u> of the deal presented. Offer says that the final terms of a "binding contract" are to be submitted to City Council for approval. ➤ Lack of transparency -- details are not provided. ➤ Funders/Guarantors (Kress and Oberhelman) have a role on Oversight Committee. <u>BUT, role not defined!</u> 	<ul style="list-style-type: none"> • PAAG Agreement: <ul style="list-style-type: none"> ➤ Detailed loan agreement with schedules ➤ Letter of Credit for \$1 million ➤ Formal written amendments in 2004 and 2005 ➤ Lawsuit filed by PAAG to collect \$1,000,000 plus interest alleging bad faith breach of agreement by City. ➤ PAAG is sitting on a judgment against the City -- waiting on trial court to set interest rate.

*Present Registered Agent and current Peoria Area Advancement Group, LLC ("PAAG") Managers:

Registered Agent: Rita Kress

LLC Managers:

Michael Cullinan

Cullinan Companies, LLC (Diane Oberhelman)

Underwood's Furniture Galleries Ltd.

Gerald D. and Helen M. Stephen Foundation

Jonathan D. Burklund