

Chairman: David Vaught

Members: Michael Bass, Ed Bedore, Ricardo Morales, Larry Ivory

Minutes – October 13, 2011 Meeting

Present in Springfield: David Vaught
Mike Bass
Ed Bedore
Larry Ivory

Present in Chicago Rick Morales

The Board started the meeting by confirming attendance at 11:07 a.m.

First on the agenda was the approval of the minutes from September 13, 2011. Member Bedore made a motion to accept the minutes as presented and was seconded by Member Bass. The motion was unanimously approved.

Member Bass stated that this meeting will mark his final meeting on the Procurement Policy Board. He stated that it has been an enjoyable and educational time for him. He is thoroughly privileged to have served in this role he has a great respect for what the Board does. More importantly he has grown to understand and get close to the other members. This is truly an issue for him due to new duties he will be taking at the University that will make remaining on the Board not possible. He stated that he will have to change the role that he is humbled by the professionalism and the excellence that is not only on the Board but in the agencies and the people that work in State government. Although there have been times when the Board didn't agree on things in the end they came to a conclusion that is best for the process and the system and he takes a great deal of happiness in that. Member Bass told Chairman Vaught he appreciated the privilege. Chairman Vaught thanked him and said that he will be sorely missed. Chairman Vaught stated that Member Bass has been a long standing member of the Board and everyone knows that his expertise and knowledge has been a great asset that he will be missed. Member Bedore stated that Member Bass and Member Morales have been the longest serving members of this Board besides himself and it has been a real privilege to serve with him and he will be sorely missed. Member Morales stated that he would like to thank Member Bass for all of his service and advice that has been given. He also appreciates what he has done for this Board and the State. Member Ivory stated that being the newest member of the Board he is disappointed that he will not be able to collaborate and share ideas with Member Bass, but hopes that they can meet in the future.

Chairman Vaught asked the Board if it would be alright to move item six up due to a conflict.

Item six from the agenda is Rules Review for IDOT. In attendance were CPO Bill Grunloh and Legal Counsel Ellen Schanzel-Haskins. First up was 44 IL Adm. Code 6. Ms. Schanzel-Haskins stated that recently the department was tasked by the legislature to study obstacles to prequalification and to report to the legislature with reference to how IDOT could better cover the needs of small businesses, disadvantaged business and women and minority owned businesses in terms of the prequalification process. IDOT conducted a very thorough and thoughtful study of these issues. The first issue was to increase the unaudited capacity of small business to be able to bid on contracts. Ms. Schanzel-Haskins stated that over the years IDOT has increased the unaudited capacity level of prequalification to bid several times. They were at \$500,000 and thought it was a real obstacle. The study that was conducted

came up with the same results. IDOT came up with a new rule with JCAR to increase the unaudited capacity from \$500,000 to \$750,000. It was taken up by JCAR last week. It is in place and it is important for the department to make a thorough study and be able to speak with some serious basis and what will help and what will not, but it was also important for IDOT to get this in place because of a big letting coming up and there are several projects on this November letting and it would be very important for these small businesses and women and minority businesses to be able to compete. Member Bedore wanted to know how many firms that this will affect. Mr. Mike Copp, Prequalification Engineer with IDOT, replied that his section handles all the prequalifications and also the authorization to bid process. Currently there are about 800 prequalifying firms with the department and he would say that there are probably 250 – 300 that are prequalified in an unaudited status, which means they do not require them to submit an audited financial statement by licensed CPA agent. They could fill out the forms themselves. Currently the rules are if you did that you were limited to a bidding capacity to no more than \$500,000 and this emergency rule has changed that to \$750,000.

Member Bedore asked again how many firms will that affect. Mr. Copp replied about 200-300 firms. Member Bedore wanted to know how this was an emergency when IDOT had over two years to put this into effect. Ms. Schanzel-Haskins replied that they did not have two years to put this into effect. The law that tasked IDOT with the study was effective as of July 1, 2010. IDOT then very aggressively put together a big committee to study all kinds of issues surrounding prequalification and made a report to the legislature and this was one of the matters that IDOT thought was important and was interested in doing it as an emergency rule because of the November letting and didn't want it to go by and have 200-300 firms not eligible to bid on certain projects. Member Bedore asked if they were still eligible under \$500,000. Ms. Schanzel-Haskins replied affirmatively. Ms. Schanzel-Haskins stated that they are trying to address obstacles to prequalification and to bidding. This was a great opportunity for IDOT to do this. Member Bedore stated that he doesn't have a problem with the concept, but with how long it takes to get things done. Member Bedore stated that he is opposed to the emergency aspect of this. The goal is good, but he doesn't understand why it had to go to a large committee and take so long to get done and now has to be done as an emergency. Member Morales stated that he does not disagree with his comments, but said that you have to look at it a different way. What you said is true, it is government at its best that is what government does. It slows things down and takes a long time. The concept here is to give these firms more of an opportunity to do well and grow and will benefit them and we are all in agreement with that, but he doesn't think that the Board should slow it up even more. Member Morales does agree that the way they are doing it is not correct, but let's not be another obstacle. A motion for no objection was made by Member Morales and was seconded by Member Ivory. With a vote of 4-1 and Member Bedore voting no the motion was approved.

Next Rule was 4 IL Adm. Code 650. Mr. Grunloh stated that the main part of this rule is dealing with the target market, but would like to point out in the beginning of it IDOT addresses a promise that was made at the last Board meeting about advising and notifying the Procurement Policy Board when IDOT suspends contractors. This is a result of PA 97-228 and effective this past summer July 28, 2011. IDOT has been tasked to find ways to deal with discrimination that was discovered and determined by the Department and with consultation with the CPO's office and the Department they analyzed that information and came up with several remedies that are allowed through this rule to deal with whatever type of discrimination that may occur. He would be happy to answer any questions the Board might have. With no other questions or comments Member Bedore made a motion to not object to the new rule and was seconded by Member Morales. With a 5-0 vote the motion was approved.

Next on the agenda was CMS Facilities and State Police Headquarters/Franklin Life Building. In attendance was CMS Deputy Director of Property Management, Nick Kanellopoulos. Mr. Kanellopoulos stated that currently about 3 months into FY12 CMS has reduced its total cost for leasing by \$39.7 million annually. This is the cost they have eliminated from their portfolio since Governor Quinn took office. CMS has eliminated 1.67 million of leased space around the State. There are three transactions that Mr. Kanellopoulos would like to highlight for the Board that CMS has completed recently. One is on Friday; CMS terminated the CMS Bureau of Benefits lease in Springfield. This is the group that is going to be moving into the Franklin Life Building as stated from last month's Board

meeting. That lease cost the State \$804,740 in FY11. It is a 90-day termination so they will be moved in on or before January 5, 2012. Next up for approval today, is the renewal of the other half of the DHS building, which is Harris II. The total cost reduction there is almost \$1.3 million annually. It was a 41.3% reduction in total cost of the existing lease, plus two other leases will be moved into that facility. The third transaction has been posted, but not published yet. CMS terminated two DHS leases in Chicago that are located in the Wicker Park area and are moving them into much cheaper space in a DHS space in Humbolt Park. The total cost reduction that the Board will see is \$742,000 annually. This is a 50% reduction in the total cost in the three combined leases. At last month's meeting CMS discussed briefly a DHS lease in Carmi and Mr. Kanellopoulos stated that he mentioned CMS will take that lease and combine it with another DHS office and consolidate. On September 14, 2011 CMS put together the specs for that combined office and sent it do DHS for review. As soon as that has been reviewed it will be published with that combined office and put out to bid. Mr. Kanellopoulos stated he would be happy to answer any questions the Board might have.

Chairman Vaught asked about the two other leases in Paris and Watseka. Mr. Kanellopoulos replied that they are still gathering information and are still putting together the combined bid for those offices. Member Bedore stated that those leases were from July 2011. Why are you still waiting for information from DHS? Mr. Kanellopoulos replied that it is not just DHS, but CMS also gathers information about each individual office. CMS staff goes to each office and sees exactly what the operations are and then CMS has to combine those offices. CMS also has to queue them up because CMS has leases that are getting ready to expire and need to get out to bid very quickly and some of the other leases, although important to the Board, are put aside until the critical leases are dealt with. These will get handled as soon as CMS can, but are not high priority. Chairman Vaught stated that it is not critical that there is 694 square feet per employee in one of the leases that was renewed, which has been on the agenda for about four months. Mr. Kanellopoulos replied that he didn't say that. Chairman Vaught stated that it is way outside what the Board has ever talked about, 694 square feet per person. This keeps coming up and nothing has been done about it. Chairman Vaught stated that Paris is 431 square feet per employee and nothing has been done. Member Bedore stated that he would think this should be a priority. Mr. Kanellopoulos replied that he understands the Board's point. No other questions or comments were made.

Next was State Police Headquarters/Franklin Life Building. Mr. Kanellopoulos stated that they have been working with ISP and with CMS Bureau of Benefits to finalize phase one of the restack for the Franklin Life Building. CMS is preparing for phase two of the restack and have targeted two groups to take a hard look and see if they can put them into the building. First agency is the CMS Mail and Messenger Service which is in leased space that costs the State about \$120,000 a year. CMS is looking to see if that operation will fit into part of the Franklin Life Building that cannot be used as pure office space, but would be good for this type of operation. Also, CMS is working with the Attorney General's office located in Montvale Plaza that contains several of their operations. They have about 50 attorneys and some support staff working there. One of the reasons they are looking is that they have out grown that space. CMS is going to look to see if they can accommodate the AG needs and hope to have an update at next month's PPB meeting of their progress. Colonel Patrick Keen with ISP stated they have already begun moving divisions/units and are in the process of moving some other units and have a target date of October 17, 2011. There are still two units that they are still in the process of trying to figure out where they are going to be located. There is a plan, but they are trying to finalize that. Colonel Keen stated that they are on track and will continue to move their people around to make space. Member Bass asked if the space standards have been finalized yet. CPO Matt Brown stated that CMS is actually in the final stages of the reformation of all of the administrative rules. In the Secretary of State's transfer of those rules they did not transfer to the Chief Procurement Office part 5000, which are titled and owned by CMS. Those are the property management rules. The portions that relate to procurement in those rules have been embodied in the EEC's administrative rules to be filed with JCAR by the end of the month. Then the remaining rules, which relate to facility operation, still reside with CMS in part 5000. The content for the division of those rules is about 90% separated. There are about six sections of those rules that have language that transcends both operations and procurement. Mr. Brown believes the division of those is very clear, but it is going to require CMS to go in and redline a large portion of those title 5000 rules to get them off their books. Member Bass asked who will own space standards. Mr. Kanellopoulos replied

CMS will still own space standards. They will replace a lot of rule making part 5000, which deals with the actual procurement. CMS would immediately file their update to 5000 of which would update the rules that will remain under CMS's control and would repeal the ones in part one that would be under Mr. Brown's authority as CPO. Mr. Brown stated the final barrier that they would have to cross between the two organizations is to establish what components of occupancy standards that deal with use of square footage, type of occupancy and classification of real estate is how to embed a portion of that which is institutionalized in rules to guide each subsequent solicitation. A lot of accomplishments have been made, but not at the pace they intended to in waiting on the Secretary of State. Mr. Brown stated that the rules they intend to file will be available by month's end at JCAR and available to the Board.

Next was Ken Sharkey with Telecom Savings. Mr. Sharkey stated that last month CMS reported to the Board savings in telecom operations of \$34,129. Those estimated annual savings were achieved at OMB and CMS. This month CMS would like to report additional telecom savings derived from other entities which include the Legislature, Human Services, Revenue, Corrections and Transportation. The updated estimated annual savings now stands at \$138,468. The types of reductions include 291 fewer phone lines, 65 fewer cell phones, 31 fewer air cards for laptop computers, 2 data circuits and 30 miscellaneous changes in services. Chairman Vaught wanted to know out of DHS, DOT and DOC who had the biggest savings. Mr. Sharkey stated that the biggest dollar savings would be in the elimination of those 800 toll free numbers for the legislature that CMS actually pays for, which was \$49,000. Chairman Vaught asked out of DHS, DOC and REV who would have the next greatest savings. Mr. Sharkey stated that it would be DHS. Currently DHS has eliminated 17 cell phones, DOC has eliminated 18, REV has eliminated 14, and DOT has eliminated 16. Currently with air cards for laptops DHS has eliminated 6, REV eliminated 12 and DOT eliminated 7. It is still early since the agencies have just started sending in returns within the past 30-days. There will be more to report at next month's meeting. Chairman Vaught just wanted to know how the agencies were responding and thanked him for the update. Mr. Sharkey stated that the agencies that will have the biggest hurdles are DHS and DCFS because of big cuts in their budgets. They need to make some significant gains. Chairman Vaught asked that in the future CMS will be picking up these other agencies. Mr. Sharkey replied affirmatively. In the area of print type devices CMS has now reduced 2,326 personal desk top printers, 365 fax machines, 795 scanners, 425 copy machines and the estimated annual savings is \$3,567,967. In the month of October there are some significant reductions that are under way at the Department of Tollway and also at Employment Security. CMS will have those numbers to report next month.

Member Bedore wanted to know if the CPO is involved with any of this. Mr. Sharkey replied that the EEC does sign off on all of the final cost of the network printers that get installed. CPO Matt Brown stated that Mr. Sharkey's statement is accurate in that regard and it is tedious at that level to try to review each transitional document, but the CPO's do review it for type and style of production based on the utilization in each agency. For example, a pleasant surprise was that in the remote locations for DOC in the facilities themselves the CPO's have seen 70% reductions in equipment utilization. Another example where they hoped to see more reduction, but was willing to provide relief once justified was an area for DCFS which was less than 20%. Across the board savings are significant and the CPO's work directly with the evaluation team that goes to each facility, regardless of agency, and make sure that they are prompted to bring back the biggest return they can. Chairman Vaught wanted to know if there have been any collateral benefits starting to be achieved in places where they are very paper oriented. Mr. Brown replied that this is basic office automation needs. It does not speak to workflow. It does however allow the CPO's access to see workflow initiatives in each agency. As they identify the volume of paper they are handling and the machines that they are using to generate their work they are recognizing the types of processes they use and suggesting workflow.

Member Bass stated that there is a statute that allows the use of digital signatures and yet it seems that we can't seem to get it done. Mr. Brown replied that there have been several entries over the years, some he was familiar with when he worked with the Board. Mr. Brown stated that he has explored while working as CPO to accept digital signature from vendors and at the point where they can originate a solicitation, receive a response from the solicitation electronically is seamless for us, but often not possible for the vendors that they are trying to encourage in bidding and as they sought to introduce digital applications

they have gone back and audited procurement submissions and questioned for whether or not vendors in a varying degree of segments could participate and the information CMS continues to come up with is that the vendor community as a whole could not embrace providing digital signatures. Mr. Brown stated that CMS could internalize that and do our work from a digital side, but everything that CMS would be evaluating would remain paper based in order to promote inclusion.

Mr. Sharkey stated that in the area of electronic recycling in the past 18 months, CMS has recycled 68,481 electronic devices. The State utilized two state use vendors to perform this electronic recycling. This new arrangement has provided an annual savings of \$2,697,422 when compared to the past contractual cost associated with the previous vendor. The other area of recycling is the I-Cycle program. This program was created by the Solid Waste Management Act of 1986. In the past the recycling efforts reportedly occurred at more than 225 locations around the State. The State currently recycles paper, cardboard, aluminum cans, and telephone directories, scrap metal and florescent light bulbs. CMS is undertaking a review of the I-Cycle program to more fully capture the volume of potential recyclable materials. Recently CMS has been focusing their efforts in the southern region of the State. CMS has engaged five southern State use vendors to partner with the I-Cycle initiatives. These State use vendors provide coverage to 13 counties in southern Illinois for the I-Cycle program. This new arrangement provides recycling services to 40 facilities housing a wide spectrum of State agencies. CMS has a one month report from the vendor. They have 3,478 pounds of paper and 50 pounds of cardboard. CMS is also reviewing other areas of the State that might also be underserved by the recycling program and will be establishing a monthly reporting system to track the actual results of the I-Cycle program and look forward to sharing those numbers with the Board in future meetings.

Next on the agenda was the contract review for DHS Lease #4234 at 100 South Grand Ave. East in Springfield. Mr. Kanellopoulos stated that this DHS lease is also known as Harris II. During the renewal of the other half of the building known as Harris I CMS was able to get a great rate and was able to reduce a lot of square footage. What use to cost the State about \$3 million a year to lease would now cost the State in the first year \$961,000. When CMS did that they also took a look at the other half of that building, which is Harris II. The Harris II lease wasn't set to expire until October 2012, but it had a 365 day termination option. CMS decided that 365 days would be enough time to redo that lease. So it was terminated. The landlord contacted CMS and was able to negotiate that CMS could redo the Harris II rate for the same amount as Harris I. CMS also looked at consolidations they could do within that space. In the Harris I lease CMS was able to reduce 112,000 square feet of space to 54,000 square feet of space by applying their space standards. With Harris II they took all the square footage that the Harris II lease had, which was 101,700 and tried to better lay it out. Should the Board approve this lease, in February 2012 CMS will move a lease that is currently located at 822 S. College and at the end of June 2012 they will move another lease located at 806 S. College and move an additional 56 more employees into Harris II. This will give them a square foot per employee of 250 overall. Chairman Vaught asked what the total headcount was in this building for both leases. Mr. Kanellopoulos replied Harris I is 271 and Harris II is 350 and will be 406 when the two consolidations happen next year, so a total of 677 in the end. Chairman Vaught asked if there had to be a 20% reduction in this building would there be excess space. Mr. Kanellopoulos replied that yes that would happen anywhere. Chairman Vaught asked if there was a termination clause. Mr. Kanellopoulos replied that Harris II is firm for three years. Part of the reason is because the landlord at his cost is doing renovations to be able to restack and bring in those additional 56 people. There will be new paint throughout, carpeting, electrical upgrades and also at the lessor's expense is building a few break rooms that currently don't exist. When doing the Harris I lease CMS got rid of the lunch room so the estimated cost of those improvements is \$500,000 and the landlord is undertaking those and requested that we agree to a three years firm based on that. Chairman Vaught asked about the Harris I's termination clause. Mr. Kanellopoulos replied Harris I can be terminated at any time with 120-days notice.

Member Bedore had a few comments. He told CMS they did a great job on the rate and the building and this owner is going to spend about a half a million in upgrades. Member Bedore was wondering if CMS insisted that he put in motion sensors for the lights. Since all this work is going to be done this would be the perfect time to have them installed. Mr. Kanellopoulos replied that if the Board approves this lease

that CMS will make sure that motion sensors are installed as part of the electrical upgrades at the lessor cost. Member Bedore wanted to know why there is a break room on every floor. Mr. Kanellopoulos replied that CMS normally looks at the number of employees to see what the appropriate size break rooms would be. These are small break rooms on each floor versus large break rooms on every other floor. When CMS redid Harris I there was a lunch room in that lease and it went away. These would be replacing a larger lunch room that existed in Harris I and working with DHS they thought this was the best route to take. Member Bedore wanted to know who pays for the equipment that goes in there, i.e. refrigerator, microwaves, tables and chairs, etc. Mr. Kanellopoulos replied that as far as appliances go CMS does not provide it and does not believe there is a master contract for that. Member Bedore wanted to know who pays for them. Mr. Kanellopoulos replied that he believes that CMS has paid for some in the past. Member Bedore made a motion to approve this lease with the exception that the landlord foots the bill for installing motion sensors throughout the leased area. Mr. Kanellopoulos stated that the condition will be implemented before the lease is signed. Member Ivory seconded the motion. With a vote of 5-0 the motion was approved.

Next is ISP/IGB Lease #6416 at 8151 West 183rd Street in Tinley Park. Mr. Kanellopoulos stated that this is a lease that will house the Illinois Gaming Board. This lease was bid through an RFI and only one bid was received by the incumbent lessor. CMS negotiated lease as a five year lease and is for the same 16,500 sq. ft. of space. The estimate for the first year's total cost will be about 10% less than the current lease. Mr. Kanellopoulos would be happy to answer any questions the Board might have. Member Bedore wanted to know why CMS only went out in a five mile radius when this agency covers all of northern Illinois excluding Cook County. Wouldn't northern Illinois mean Lake County, Kane County and DuPage County, not Will County. Member Bedore is just wondering why they would limit the area to a five mile radius of the present building. Mr. Kanellopoulos replied that there is nothing special about the present building. It was built-to-suit for this agency and does service the needs. The boundaries within which it was bid was a little over 37 square miles. Mr. Kanellopoulos stated that he agrees with Member Bedore and CMS did work with the agency and those were the boundaries that were agreed to and put out to bid. There was a lot of office space within the area that was bid and CMS only received one bid. Member Ivory wanted to know the rationale for the 37 mile radius. Mr. Kanellopoulos replied that the boundaries were given to CMS by ISP. The person who put this thing together is on vacation. When looking at the file there was definitely correspondence between CMS and ISP on the boundaries and this is what was agreed upon. Mr. Ivory stated that it is surprising that in this type of economy people are looking to fill vacant spaces and everything else. When there is only one bidder you are not able to negotiate the best price and in some cases it might be put back out again and look for additional marketing to see if there could be some competition and drive the price down. Member Bedore commented that this was a build-to-suit facility and that the rate only came down two dollars. If the amortization payments were completed in the previous lease, why wasn't the rate lower? Steve McCurdy with CMS stated that he does agree with the Board and if needed they will go back to ISP and re-negotiate the boundaries and send it back out to bid and see if they can get more responsive bidders. Member Bedore made a motion to reject this lease and was seconded by Member Morales. With a 5-0 vote the lease was rejected.

Next on the agenda was Department of Human Services Facility Plan. In attendance was Matt Grady, Chief Operating Officer for DHS and also Matt Hammoudeh Assistant Secretary of Operation. Mr. Grady stated that Secretary Saddler send her apologies for not being present. Mr. Grady provided a handout presentation to the Board. Mr. Grady stated that Secretary Saddler is committed and recognizes her responsibilities to manage the DHS facilities responsibly and more efficiently. Mr. Grady stated that significant progress has been made on consolidations. Since 2009 DHS has closed 33 facilities, consolidating staff into other available staff and in other underutilized space. These closures resulted in a reduction of 357,018 billable square feet and an annual savings \$5,851,269 million. Of these savings \$3,887,532 million represents the base rent savings. In a concerted effort on the part of CMS insured that any new leases entered into by DHS were as favorable to the State as possible. CMS also utilized the RFI process to attract as many potential lessors as possible for each leased space. A review of DHS leased space resulted in the re-negotiation of new leases with reduced square footage at a lower price. These strategies resulted in an overall reduction of 276,711 square feet, which is a 13.83% reduction and an annual savings of \$6,821,857 million. DHS intends to continue its efforts to utilize resources as

efficiently as possible, identify and implement opportunities to close and consolidate facilities and save the State dollars. Through the guidance of the Procurement Policy Board DHS has made significant progress by working with CMS to eliminate holdover leases, following the policy guidance issued by the PPB and reducing the numbers of equipment in their inventory and transitioning to multi-functional devices. DHS is moving towards implementing the new space standards as set forth by the PPB and providing quality service delivery to their customers while continuing to work with the PPB and other stakeholders to gain further efficiencies for the State of Illinois. DHS has closed many offices, achieved significant savings and are in the process of consolidating and closing additional offices. DHS executive leadership team is exploring the future potential consolidations and closures. Mr. Grady stated that DHS is committed to continuing their work with CMS and the PPB to be as efficient as possible in their operation, while maintaining their goal of providing quality service delivery to their customers. DHS is working towards this goal with all of their stakeholders and thanks the Procurement Policy Board for its commitment to the State of Illinois. DHS recognizes that more could be done to gain further savings yet their budget is providing an environment of very diminishing resources. Working with their stakeholders DHS must focus on prioritizing their effort so the greatest savings and efficiencies may be realized. Although DHS has limited resources they are prioritizing their focus on efficiencies not only in their property procurement portfolio, but also in their human services delivery model. Mr. Grady stated that he would be happy to answer any questions the Board might have.

Chairman Vaught stated that there are many good things in this report and the Board knows that and he did talk with Secretary Saddler the night before in Chester and she did have a conflict although she wanted to be here at the Board meeting. Chairman Vaught said that he does disagree with a lot of the tone of the report and doesn't think that you are there yet. For example: this report does not really acknowledge Executive Order 10 in its intent. It still tries to view your facilities operation as separate and apart from the consolidated effort mandated by Executive Order 10 and for the record DHS's general counsel is resisting. The IGA implementation in that area and this attitude of resistance at DHS has been noted for a long time and it is reflected in this report. Chairman Vaught does not think this is appropriate. He knows that DHS has saved a lot of money, but \$6 million since 2009 is not good enough. CMS's total is \$37 million since 2009. Your \$6 million out of \$37 million is only 16%. That is not keeping pace with what is happening elsewhere. The numbers just don't support the conclusion that you have done a great job. They do support the conclusion that you have done a good job, but good can be the enemy of great. He believes they have a long way to go. Chairman Vaught is particularly disappointed in the data that was furnished. You furnished this year on active cases and FCRC in just the Chicago metropolitan area. Where is the data on the rest of the State? It is incomplete. You provided a map on human capital development, but you didn't give the Board any case load information. There are offices all over the State in excessive numbers. There were just three that just came up for renewal where the offices should have been closed. Watseka, Carmi and Paris leases should have been terminated and gone, but instead CMS has to go out and bid those leases and the landlords know that DHS has been slow in closing them so they raise the rent 20% - 25% and that doesn't help. So, when you are going slowly and the landlords are taking advantage of us you are not getting anywhere. We still have a lot to talk about and the Board appreciates the report. It has a lot of data, but he would like to see a statewide analysis in their attachments on case loads. Particularly as it relates to this new capital development map and would like to see general counsel stop dragging their feet on implementing the IGA on Executive Order 10 on facilities management and he told those things to Secretary Saddler and will also say it again for the record and for the Board to know that this is not adequate.

Mr. Grady stated that DHS appreciates the Board's comments and he knows when Secretary Saddler asked him to take this position she noted to him many of the things you just referenced and that was just 60 days ago. He sees that as her commitment to making these changes that you are talking about happen. She has put on my shoulders and the shoulders of his staff that responsibility. DHS also did a re-organization or re-alignment of their staff. Facilities are now under a quite capable person, Melissa, and have been working very closely together along with CMS and Mr. Kanellopoulos and his team to put a lot of these things into motion and make them happen. Over the past 30 days he has been working closely with Theresa Starling over at CMS talking about telecom and making some things happen there. DHS is not taking the Board's comments lightly and he does not know what happened a year or two ago when

you made reference Executive Order 10, which was done in 2010. The only thing that he could speak of is what has happened in the past 60 days.

Chairman Vaught stated that resistance on IGA has been going on the last 60 days and is coming out of DHS general counsel's office and he doesn't like it. He does want to say that he knows that Secretary Saddler has great confidence in you and he concurred with her and appreciate the change that she has made there. Things are getting better, but there is a long way to go here.

Mr. Grady replied that he totally agrees with the Chairman and said that they will be working very closely with the Board.

Member Morales stated that he mentioned a reference to space standards set by the Board. What are those? Mr. Grady replied that they have a listing of standards that were set by CMS and the agreement of the PPB, but doesn't have them with him. Mr. Kanellopoulos replied that he is half right. The standards are set by CMS and there has been an approval, but they have not been codified yet, but they are following them. Member Morales stated not to beat a dead horse, but there is a reason DHS was chosen as the lead agency on this is probably because the most improvement is warranted with that area.

Member Ivory asked how DHS ensures the Procurement Policy Board that there is going to be some measurable results. Do you have a game plan or strategy that you hope to achieve as a new leader in this particular role in terms of overall strategy game plans and savings that you think you can achieve? Or have you gotten to a point where you have your sea legs under you that can do that or is that something that you anticipate. Member Ivory believes that will go a long way in terms of rebuilding some of the confidence that may not be here at this point in time, but in terms of how we plan to use legal counsel and how you plan to be more efficient and get some real direct results from all of the work that you will be doing.

Mr. Grady replied "yes", in the last 60 days that he has been in this position, he has been working with his staff and trying to set goals for them and also working very closely with Mr. Kanellopoulos and his team is quite competent. DHS is in the process of selecting goals and prioritizing a number of initiatives that are on them in order to move forward. At this point in time he is not ready to share exactly all that Secretary Saddler and he have discussed in terms of where they are going to go from here.

Member Bedore asked that at the next Board meeting if the Board will have an answer on these leases and Carmi, Paris and Watseka which have all been out there since July. Member Bedore understands that Mr. Grady has only been there 60 days and heard earlier that all the time was taken up by producing this report. If that is an answer then that is pretty pathetic. He would hope that at this next Board meeting DHS will give the Board the answers on these leases that have been pending and not just a report and talk, action. Member Bedore stated that DHS has 146 leases throughout the State of Illinois. We all know that times are tough and he is sure that if you look at those 146 leases that rack up \$32 million annually there could be some saving there. A 20% saving would go a long way. The time for reports and nice glossy pictures has passed. The Board has been hearing from DHS for many years and now they have been hearing about it for the last 60 days. So, he is sorry and knows that he is new, but there should be results by November.

Chairman Vaught stated that the Board really does want Mr. Grady to come back and he is not trying to be imprudent here. The Board knows that he has a lot of challenges ahead of him and not to mistake the Board's tone as not wanting to be cooperative about this. Mr. Grady stated that he understands.

Member Ivory stated that DHS didn't answer Member Bedore's question if DHS would feel confident that in November that those things would be taken care of. Is that a possibility? Mr. Grady replied that he will make an honest effort towards accomplishing some of the things that are on the list. He said that he would not be able to accomplish everything on the list, but knows that the Board expects some traction. Mr. Grady stated that he is hearing the lack of responsiveness as the Board is saying and the one thing that he can say is that he will get some traction and will be responsible.

Member Ivory suggested that if they don't get it done if you could come to the table with what the road block is and why it is not done. He believes that it would go a long way because it may be some things that are out of his control and it is important for himself to understand that there is a rationale for it then the Board wants to be sensitive to it and if there is not a rationale and some other people are in the way from getting the job done the Board needs to know that too.

Mr. Grady replied that one of his strong suits is communication and doesn't have any problem with that. Chairman Vaught wanted to tell Mr. Grady what the Board thinks might be an obstacle in those three leases that have been hounding the Board for the last few months. This is why he has referred to these exhibits. This is very good data on their case loads in the Chicago metropolitan area and he appreciates that. The Board tends to believe that they will be different in some of these down state offices where you still have scores of offices down state in areas where the case loads are much smaller. The Board would like to see that data and that will help them understand. If the case load is really high in Watseka and they are really important to keep that office there then that is one thing, but the Board is jumping to the conclusion that the case load is not very high in Watseka compared to the case loads that DHS has shown in the Chicago area. So the Board doesn't understand why DHS has to renew that lease at all and don't understand why they would have to renew it because of the lack of competition at increased rent and that is why this issue came up starting in July with Watseka, Paris and Carmi where the Board believes that is the case. The data will help the Board understand if there is some compelling reason for DHS to keep those offices open. It would greatly simplify the situation if DHS could consolidate those and don't have to face those low competition areas. Chairman Vaught said that he understands his point about prioritization. He knows there is huge saving in the Harris Building and that should be the priority over Watseka, Paris and Carmi and understand that. But it would help the Board understand why DHS is even bothering with this low priority areas when DHS could cancel the lease and consolidate out of them then it doesn't have to divert you from these higher priorities. Chairman Vaught stated that if you could understand a little more of the specifics of the frustration and can have that back-and-forth then the Board will understand that and think it would enhance your working relationship with CMS and with the Procurement Policy Board.

Steve McCurdy with CMS stated that CMS and DHS shot themselves in the foot about six months in a row here and need to do their best to stop doing that. Mr. McCurdy stated that he personally doesn't understand the nuances of all or the specifics of all of the relocations that people do, but it is his understanding that CMS needs a space request from DHS and have no doubt that CMS will have that and CMS will have the RFI on the street before the November meeting. Mr. McCurdy stated that he had no doubt that Mr. Grady and Mr. Hammoudeh will move heaven and earth to make this happen and CMS will do the same thing.

Next on the agenda was an update on the Illiana Expressway. In attendance for IDOT was John Baczek. Mr. Baczek stated he will provide the Board with a brief update on Illiana. Mr. Baczek stated that since the last meeting IDOT has had some local public meetings and done some additional project management activities and a few task force groups. There has been some progress and everything is moving in a forward motion. Some of the things IDOT is looking forward to completing include having another public meeting and getting into the alternatives. Mr. Baczek stated that some of the issues that were raised at the previous meeting regarding the DBE participation in the contracts and the Illiana breakdowns. As far as the DBE contract requirement it was an 18% DBE requirement. The contract was awarded to Parsons Brinkerhoff and a team of sub-consultants that they put together. The team includes 19.39% DBE participation, about 10.4% Caucasian women owned business, about 8.3% is Hispanic owned business and .6 % is African American owned businesses. That total contract value 19.39 % is roughly about \$1.8 million out of the total \$9.065 million contract. The other \$4 billion is other small consulting contracts. As far as the P3 progress, the Department is continuing to explore options and opportunities for what the P3 could include. IDOT is learning more about it since it is new to the Department. There was a meeting today with the statewide consultant, Jeffrey Parks and Associates and their sub consultants and just talked about what their understanding is on Public Private Partnerships around the nation and try to get a better handle on how IDOT can apply those experiences towards the Illinana project. Mr. Baczek said that was

all he had for an update and would be happy to answer any questions the Board might have. Mr. Grunloh stated that he just wanted to add that the Board requested that the Board would get additional notice on future procurements. On paragraph three of the report another consultant contract was awarded and executed this past month and has been added to the reports as well as being posted to the Bulletin.

Member Ivory asked if the additional contract been awarded? Mr. Grunloh replied he believes it has and referred to Mr. Baczek to confirm. Mr. Baczek replied affirmatively. Member Ivory wanted to know if there would be the same break down in terms of participation level. Mr. Grunloh replied that he wasn't sure, but the break down will be determined by the sub-contractors of the prime firm. Mr. Baczek replied that is correct and that other contracts are what is known as a project oversight contract. Basically IDOT is hiring a firm and they will provide someone with expertise and experience in managing large contracts like the Illiana project. IDOT has hired a firm to specifically provide a person who works out of IDOT to help manage that project. As part of that contract IDOT didn't specify a DBE percentage. Member Ivory wanted to know what the size of the contract. Mr. Baczek replied \$2.67 million. Chairman Vaught asked that this contract for one person is being paid \$400,000 already in less than a year and will be paid another \$2.67 million over the life of this contract. Mr. Baczek replied affirmatively. Chairman Vaught clarified that this person was getting paid over \$400,000 a year. Mr. Baczek replied that there is a multiplier factor as far as whenever you hire a consultant. Mr. Baczek stated that there is one person who is at IDOT, but that person has other staff supporting him in his duties. Member Ivory wanted to know when IDOT hired that one person was there some type of criteria that you were looking for. Mr. Grunloh replied that it would have been done through the consultant selection. No further questions or comments were made.

Next on the agenda was Legislation. Director Carter stated that there was no new legislation since the last Board meeting.

The next scheduled meeting for November of the Procurement Policy Board will be set pending Board confirmation.

With no further business to discuss a motion to adjourn was made by Member Bass and was seconded by Member Ivory. The motion was unanimously approved.