

Chairman: David Vaught

Members: Ed Bedore, Ricardo Morales, Larry Ivory

Minutes – November 18, 2011 Meeting

Present in Springfield: David Vaught
Ed Bedore

Present in Chicago: Rick Morales

Present via Telephone: Larry Ivory

The Board started the meeting by confirming attendance at 11:05 a.m.

There was a motion to approve Member Ivory's attendance via telephone made by Member Morales and was seconded by Member Bedore. The motion was unanimously approved.

First on the agenda was the approval of the minutes from October, 13, 2011. Member Bedore stated that he made comments on ISP/IGB Lease 6416 in regards to the rate no being reduced in the lease after the amortization was completed were not reflected in the minutes and he would like the minutes to be revised to reflect those comments. Member Bedore made a motion to accept the minutes as amended and was seconded by Member Morales. The motion was unanimously approved.

Next on the agenda was CMS Operational Organization. In attendance were Acting Director of CMS Malcolm Weems and Chief Procurement Officer Matt Brown. Director Weems stated that CMS wanted to talk about their goals and arrive at some effective implementation of the Public Act SB 51 that resulted from and making sure they set a better tone than what is being experienced now. Director Weems stated there have been a lot of misconceptions and confusion and he would like to spend more time talking about specific individual procurement projects and how he is going to work through implementation. CMS feels that the legislation speaks specifically about certain items that are a little ambiguous and CMS would like to work with the EEC and flush those things out. Director Weems stated that he knows that everyone has responsibilities related to SB51 as legislation. CMS has other responsibilities on top of that that they have to make sure that they are addressing. Director Weems stated that he believes that over the last few months since his arrival at CMS there are a lot of things that the administration wanted him to pay close attention to with regards to implementation. CMS wants to create a real forum for discussions and debate and work through those issues. Lately there have been more letters from both the EEC and CMS to lawmakers and Director Weems doesn't think that is the most effective way for them to come to resolutions on their implementation issues. Director Weems stated that it is CMS belief that the Procurement Policy Board is the right forum for that so they will take questions and recommendations from the Board and would like to focus on meeting everyone's obligations under the legislation and clarifying issues that have been hard for agencies under the Governor to function and would like to deal with that. Director Weems stated they are still waiting for rules related to procurement to be promulgated. As of this point CMS has not seen any of the prospective rules that might be coming to this Board and they have not had any time to prepare to talk about those, but would like to know what those are in the event there are operational issues. Director Weems stated that the real issue here for CMS, in terms of implementation, is making sure they have a forum where they can foster some trust between the two parties to make sure that the best possible procurement process for agencies under the Governor, for the EEC, and for vendors who want to participate in procurement opportunities. Director Weems stated that

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he wanted to come to the Board today and reiterate CMS commitment for coming up with a process that works and is effective, but also wanting to make sure everyone agrees upon the Procurement Policy Board being the forum for CMS to bring their issues and work them out. Director Weems stated that he would be happy to answer any questions the Board might have.

Chairman Vaught wanted to know about two things that Director Weems had in his letter, but did not mention. Chairman Vaught asked Director Weems to briefly comment on the concept of nullification by inaction and the rejection of procurement actions without written documentation of the reasons. Director Weems replied that their concern is, in terms of operations, that CMS doesn't have the legislation that specifies how long a CPO or SPO has to make decisions. Director Weems stated again that CMS is waiting on the rules and will see some of those things in rules and effectively without any kind of follow-up legislation or rules CMS doesn't not have a vehicle to move things if there is no action at all. So theoretically, what could happen is that no action could be taken and the procurement would be cancelled because no action would ever be taken on it. If those things are not addressed, but again, CMS would like to work and come up with a process that deals with "just let us know". If there is a denial of any procurement for any reason CMS would just like to know that in writing so they, meaning all agencies under the Governor, can remedy the situation. There needs to be a process for denial or they need some type of time frame to get an answer in the event that something needs to be done. CMS also wants to put time tables on how long it takes CMS to respond to other agencies with regard to answering CMS questions related to unnecessary spend.

Chairman Vaught stated that the Board would like to hear from CPO Brown before the Board asks questions.

CPO for General Services Matt Brown stated that he wanted to generally comment on something that Director Weems stated about concerns that the Governor's office has about the implementation and that they can come to good processes that are to the benefit of State government. Mr. Brown stated that the purpose of the enactment of SB51 was to create a structural separation of procurement authority from the offices of the State to which procurement served to enhance accountability, transparency, and disclosure requirements associated with procurement. That action was recommended by both the Executive Commission and Legislative Committee that was dedicated to this purpose. Among the changes found through the efforts of these two organizations were that CPO's were now required to provide fiduciary responsibility to the State. The Code mandates SPO's be certified in the profession in order to facilitate best practices. SPO's, prior to SB51, had dotted line responsibilities to CPO's where they were the employees of agencies. SPO's are now structurally separate and independent from the agencies they serve. It established that the CPO is no longer the agency authorized under this Code and that purchasing agencies enter into contracts at the direction of CPO or authorized SPO. All of which is subsumed by the statement that the Chief Procurement Officer shall exercise all procurement authority created by the Code. Mr. Brown stated that this does not speak to the things Director Weems had just mentioned; how do we operate, how do we function, how do we collect all the needs of each agency and all the personnel involved in a process. It just speaks to the order of the authority and the roles and responsibilities of the individual. Mr. Brown stated that prior to SB51 the CPO and SPO responsibilities were functionary. The interpretation that can be looked upon today in some of our discussions is that CPO and SPO should serve as referees and that agencies have more of a coach and player responsibility. Mr. Brown stated that those are different interpretations and those are areas that he believes need to be looked upon in order to find conclusion. The law did not reshape the role of the SPO or CPO. It did, however, make those appointees expressly responsible for the outcome of procurement. Mr. Brown stated the goals of such a thing, which the Board has heard him use the terms like "highest and best use" as his way of measuring performance, but is measured by others in terms of being on time, on target, on budget and other such measures. There is still much work to do in that regard. Transitionally, the EEC has worked through a lot of material, but has not scratched the surface when you think about how significant \$8 billion worth of State spend is in the procurement process every year. They look to the Procurement Policy Board. The law looks towards a Executive Procurement Officer in a role that given the delay in the implementation did not result, but specifically in a manner that is to recommend policies and procedures and insure consistency between the CPO's and their staffs and to provide that each Chief Procurement Officer shall have final and exclusive

authority over particular procurement decisions. Mr. Brown stated that Director Weems did point out that there are issues about whether nullification is a possibility. To his knowledge that has never happened in the period of time that he has been appointed CPO. Reason and responsibility is very much needed when a procurement action is taken either for advancement of or the rejection of the procurement. Until July 2011 the EEC has been taking on several processes to try to effect the transition. Some of that relates to a procurement case system another relates to a functionary role of the CPO's office, the SPO's and the responsibilities other agencies have to put their best foot forward to effect a procurement. Mr. Brown stated that it has been difficult. Toward implementation the EEC has left some documents for the Board's review. There are PowerPoint presentations that they use both with agencies and members of the legislature to demonstrate how they perform a function and how they serve as facilitators and administrators. Mr. Brown stated that he also has drafts, which also demonstrate where they are with processes and work flows and their ability to soon be able to implement those is forth coming and very soon. The Administrative Rules have finally made it through the pre-draft stage at JCAR and are prepared for filing with the Secretary of State.

Mr. Brown stated that the challenge to the implementation and accomplishment of such has occurred while they needed to maintain procurement on a daily basis. Procurement needed to continue to operate while the individuals responsible for that operation were newly appointed and newly assigned. Those individuals having taken on additional responsibilities prescribed by the Procurement Code has proven to be a complicated endeavor. Mr. Brown stated that it is also difficult to embrace business processes of 60 different State agencies where prior to the SB51 process of each agency prevailed and the dotted line relationship for a CPO and an SPO was not the prevailing test for whether a procurement was successful or whether a process was followed. In this case now SPO's have that responsibility and are expected to be accountable to that end. Mr. Brown stated that he would offer to this forum that when the trailer bill for SB51 was created and the 90 day transition period was before the legislature. Chairman Vaught asked if 90 days was enough time. Should it be a year? Should there be a transition that is more direct? Additionally, the conversations he has mentioned about procurement performance it seems that working with the CPO to identify the transition is an alternative to the Auditor General developing findings for lack of transition. It seems both are coming true. Mr. Brown stated that we are now finding a year in that we are facing the consequences of new agencies, new roles, and new responsibility formation and believes that it was reasonable foresight at the time. Mr. Brown stated that he would be happy to answer any questions the Board might have.

Member Bedore stated to Director Weems that a month ago he had a meeting and the agenda items were: Revise Remedy for the PBC Process, Role of the APO, PBC Training, Goal Setting, Conflict of Interest Disclosures, etc. The EEC was invited to attend that meeting. The Chief Procurement Compliance Monitor attended with a fellow staff person and as they sat down a CMS staff member told the Chief Procurement Compliance Monitor that him and his guest had to leave the meeting and were told that their permission to attend the meeting has been revoked from the Acting Director. Member Bedore commented that to him that does not sound like cooperation. Member Bedore wanted to know why. Director Weems replied that at the time the meeting was taking place what was being discussed were operational issues for State agencies. Up until that time what had been happening is there was miscommunication about who was directing State agency employees APO's and how CMS would interact with those agencies. The issue that CMS was having is when he came on as Acting Director of CMS he sat down and met with Mr. Brown on a couple of different occasions and made oral arrangements on how they would move forward. What happened was the things that were agreed upon had not happened and what CMS had was a bunch of State agencies employees (APO's) and some of their BEP liaisons confused and because they were given conflicting information. What they were trying to do is give them a forum that they could get everyone that works under the Governor on the same page without having any interruption from the outside. Director Weems believes that Mr. Rotello was trying to come to the meeting and they didn't want there to be...Member Bedore interrupted and asked if he considered him an outsider? Director Weems replied that he does consider him an employee under the Governor, but he doesn't consider him an outsider. He considers him not a person that is not involved with the management of State agencies. Director Weems stated that he did not want there to be any confusion about whatever was being said. Also he didn't want people to think that they couldn't talk because up until that point they have had a

bunch of conflicting information and weren't all firing on the same page. This is why Director Weems met with Mr. Brown and the idea was so they would not have this conflicting information and could be on the same page moving forward. It was never Director Weems intention to not speak to him. What had happened prior to that was that CMS had a meeting for BEP liaisons, people who are supposed to work within a State agency and make sure that the Business Enterprise Program has a good reporting structure. There were a bunch of SPO's from the EEC listening in on that call and stated Mr. Brown began receiving information back on what Director Weems was doing and why is CMS trying to put goals on individuals. These were questions Director Weems stated were not ready to be asked or answered yet. They were really talking about CMS's responsibilities under the law. Director Weems stated that he has no problem with Mr. Rotello sitting in on procurement related issues as it relates to CMS about to procure something or what their processes are going to be working with the EEC. At the time, the confusion reigned and CMS literally had procurements coming to a standstill because CMS had agency employees not knowing who to listen to.

Mr. Morales stated that he is a little confused with the response. Member Morales asked Director Weems if he was worried that there was going to be confusion if they did attend the meeting. Director Weems replied affirmatively. Member Morales asked if it was because they were not involved in the process? Director Weems replied that it is not the process. The meeting that was called was about how State agencies who are going to work with CMS to prepare stuff to get things ready. How they were going to approve things. How they were going to put BEP goals on procurement as they move through CMS and wanted them to understand that it was CMS's authority. CMS wanted to make sure that they understood everything they were obligated to do without interference or more confusion being added to the process and honestly there is some fear. Director Weems stated there is fear that if someone at a State agency says something that someone doesn't like that it may slow down their procurements. The idea was to call together all the people who work for the Governor and talk about what CMS has as authority dealing with them and how CMS will give them their rules of engagement for one another. The EEC will be involved in CMS rules of engagement on actual procurement process, but the whole management side that happens before something becomes a procurement is something CMS needed to get straight. Member Ivory commented that SB51 is the most important issue in procurement that the Board will address and it is important that the Board takes every opportunity to try to understand. Member Ivory stated that from a personal perspective that SB51 has created enough confusion and he remembers the meeting that Director Weems was talking about because he is on the BEP council. It would have been a huge mistake, in his opinion, at the forum where the conversation was at for us to have those conflicting conversations. People were struggling to find out how this whole process was going to work and think that Director Weems was 100% correct. It would have created more confusion, created bigger problems on a bigger issue and I think that it was wise to do so, so that people would get a chance to get a feel of what the process was. Now we are dealing with the aftermath of SB51. Member Ivory wished to speak to the issue in reference to that situation from being in the meeting that it would have been a bad decision and would not have reflected in his leadership if he would have allowed that to happen. Member Bedore asked if Member Ivory should have been at that meeting being a member of the Procurement Policy Board. Member Ivory replied that he believes that he should because when you are talking about procurement and the Procurement Policy Board and talk about the BEP council. Those are two distinct different organizations and sometimes having someone who understands both and has knowledge and insight that will help us draw the right conclusion by being able to understand both sides of the equation instead of being stuck under one area and not understanding what the BEP council may have. Member Ivory believes it gives the Board a unique position and is a wise decision, but that is subject to opinion and he believes that it was not beneficial he would have to make a decision to withdraw from one or the other. At this point in time he believes it is a good business sense.

Chairman Vaught stated that there are two conflicting processes – a managerial process that Director Weems is talking about and the procurement process which is built around the idea of independence. Chairman Vaught stated that on the other hand it seems when there is an independent process perhaps there is a sharp break between the procurement process and the managerial process. The concept of a procurement compliance monitor, monitor being the key word, seems to imply that Steve Rotello should be able to monitor things if he is going to know what is going on. Chairman Vaught recalled there is some

language, in the statute, which says the CPO's and the SPO's, and the monitor to be co-located with the agency. Mr. Brown replied affirmatively. Chairman Vaught stated that there is the independence concept and they have the different roles about management and procurement, you have the independence concept, but you also have to all be co-located. That implies working together and he wanted Mr. Brown to respond to that. Mr. Brown replied that he couldn't agree more with what Director Weems, in that the concept that managerial decisions are appropriately separate from procurement activity and procurement direction. The particular challenge that the EEC had with the formation of that meeting, is that it was not, in their opinion, a construction of the meeting by agency executive. The meeting was designed to direct information to employees who are implementers that are required to work with the procurement process. In order to establish BEP goals with procurements and properly document justifications and conflicts of interests they must accompany procurements in order for them to be successful and valid. At the point where they are talking about dissemination of information, they are talking about directives that are assigned to individuals and the EEC doesn't consider that exclusively management deliberation. Mr. Brown does believe the role of the compliance monitor is to understand that message and in the best possible way is that meetings should be joined between related programs. There are several related programs that don't operate exclusively within the boundaries of the Procurement Code and the Chief Procurement Officer. Mr. Brown thinks that a coordinated presentation after those management determinations are made would be the most productive way to do that. The procurement office is structurally separate and independent for those purposes. Remaining free from political or other inappropriate influences that they do respond to and providing service to all agencies under the Governor and they really need those agencies to put their best foot forward in identifying needs that they have so they can go back to the simple test of on time is on target, on budget, and of the highest and best use for the State. Mr. Brown stated that he does have appreciation for those independent thoughts both in management and in procurement environment. The delivery of such really needs to be on common ground and that is an area we have not been able to find yet.

Member Bedore commented that in the 10 years he has been on the Board, SB51 and many changes of Governors, CMS and everything else in a short period of time as Acting Director Weems he has never seen so much conflict with letters going back and forth as he has with him. Member Bedore commented that he does not know his mannerism or management style, but what he sees in his letters is certainly not a style of cooperation and working together. For being an Acting Director, Member Bedore believes, that Director Weems should go out of his way to try to work things out with everyone because he wouldn't want to be in the Senate room when Director Weems comes before it. Member Bedore stated he hoped to see some spirit of real working together and what he sees before him with all of these letters going back and forth for the past six weeks he does not see it and hopes that something changes. It either has to be you or the Board and from the way you are answering your questions it doesn't look like it is going to be you. Member Morales asked how the recent actions that have occurred have helped the process. Has there been any improvement as a result of the direction you have decided to take. Director Weems replied that what they had was working groups, who were supposed to sit together and work on issues. Again, the message that he carries is a message from the Governor's office. It can't just be one way. We are responsible for making sure that agencies are able to deliver service and he wants to make sure that a process is worked out and doesn't cost the State more money and doesn't prevent or make vendors feel like they cannot approach with new ideas. CMS tries to keep a forum for its work groups. Director Weems stated that he hopes that his reputation outside of this issue speaks to the fact that he does work with people and considers himself a bridge builder, but the issue is that they need rules on how they are going to conduct themselves in any negotiation. The issue about these letters to him is not indicative of the fact that he does not want to work with someone, but when he personally has issues he wants to talk about them and doesn't believe that writing lawmakers is necessarily the best way to do that. Director Weems would like to make sure that the Board understands ultimately what CMS's operational issues are because again it costs them money when things don't run properly and is not something he likes to see happen. Director Weems would like to use the Board as a place for them to air the indifferences when they come to an issue. Director Weems would like to present it to the Board and use your feedback and recommendations to help get past it. He doesn't think this is really hard stuff, but people are sensitive and very emotional about responses and people are frustrated, but with anything that is of great importance comes people who have strong feelings about it. Director Weems stated that he represents the Governor

and the Governor's Offices in this manner. It is not his personal opinion that is at issue here about how he feels about working with someone. The real issue is what happens when we fundamentally disagree. There needs to be rules on how they deal with that and the best way to deal with their fundamental disagreements is with the Procurement Policy Board and he does not want to be on a letter writing campaign. Director Weems stated that he is not here to point fingers at the EEC, but is here saying let's come up with a process by which we negotiate or work out their issues. Director Weems stated that this is the main message. Director Weems asked if they have made any progress and replied, no, he believes they need to get back to those meetings and back to the Board reporting the actual agendas from those meetings and what the outcomes are and what the issues are that they are stuck on. Member Morales asked what it will take to get this done. Director Weems replied that he believes that it will have to take the Procurement Policy Board. Director Weems stated that he met with Senator Schoenberg and he said that if CMS has issues they should be brought before the Procurement Policy Board.

Chairman Vaught wanted to have Mr. Brown talk more about this letter writing campaign and asked if he was the one who wrote the first letter. Mr. Brown replied affirmatively. Chairman Vaught stated that this letter writing campaign didn't start in the Governor's office. Member Bedore stated that he didn't say that it started in the Governor's office, but that Director Weems is hiding behind the Governor's office and that he is implying that the Governor's office is telling him what to do. The attorney for the Governor is saying you do it this way. Member Bedore stated that if the Governor's office wants to run it then just say it. Chairman Vaught asked why Mr. Brown didn't come to the Board first. Mr. Brown replied that his choice to write this letter was under some long standing consideration. He also chose to address this letter to provide this to a very broad audience and he sent it to the Governor, Acting Director Weems, the leaders of the General Assembly, and to the audience that has been part of the leadership structure on the development of SB51 and specifying the creation of procurement committees. One that resides in the Senate and one that never really formed in the House, but to those individuals with regularity ask him for report. Chairman Vaught asked if he was asking for legislation from the General Assembly. Mr. Brown replied he was not. Chairman Vaught asked why he sent it to the General Assembly. Mr. Brown replied that they have asked for express information through the EEC visits with legislative members requested that of their office. Chairman Vaught asked then why didn't he come to the Board. There are four caucuses represented at the PPB instead of having this written letter float around that created this exchange that Member Bedore doesn't like. He just doesn't understand why Mr. Brown didn't come to the Board first. Mr. Brown replied that this is a viable forum. Mr. Brown stated that the letter was also sent to Director Carter at the PPB. Chairman Vaught asked Mr. Brown if the working groups are working. Mr. Brown replied that he believes that they are not functional. Chairman Vaught asked Director Weems what he thinks about that. Director Weems replied that he agrees that a wall has been hit with some issues and thinks that this is a perfect place to discuss those issues and would welcome recommendations from the Board to get through these issues.

Chairman Vaught asked if Director Weems has commented on the drafted Rules. Director Weems replied that CMS has not seen those Rules yet. Chairman Vaught asked Mr. Brown why he has not shared them yet with CMS so they can be commented on. Mr. Brown replied the draft Rules are in a position of formatting at JCAR. Chairman Vaught is not asking about JCAR, but why they were not shared before they were submitted. Mr. Brown replied that it is a result of not having a cooperative relationship in recent times. Mr. Brown stated that in their current relationship the effort to establish working groups have not been successful and they have not taken a very long course because the EEC is at an impasse philosophically. Chairman Vaught clarified that Mr. Brown is going to take unilateral action and change the Rules or send letters to the General Assembly to change the statute and that you have given up on the working groups. Why is that? Mr. Brown replied that he does not intend to take unilateral action. Chairman Vaught stated that he didn't furnish a copy for the draft Rules and that seems to be unilateral to him. Mr. Brown replied that in the regard of furnishing copies it is his decision to have the Rules review process that JCAR prescribes prevail in that regard. Chairman Vaught stated that he believes it is unilateral in terms of your working relationship with people in the Governor's office that are trying to have working groups with the EEC about these issues. Mr. Brown replied that he does agree with that and believe that there are characterizations on both sides of the relationship that are unilateral. Chairman Vaught stated the question is how to turn that around. Chairman Vaught stated that you are either going to

turn it around because there is a forum here for discussion or because of working groups or sharing of documents and collaboration or there will be some disagreement of what the Rules are going to say or some disagreement about what amendments to the statutes say. Chairman Vaught stated that he is just trying to make a point to both Mr. Brown and Director Weems. The Chairman doesn't believe the Board is ready for that and a lot more work needs to be done on these issues before it is even known how the Rules might be changed or maybe the statute changed. This is the point the Chairman is trying to make. Mr. Brown replied that the point is very clear. Member Bedore wanted to know who was on these working groups. Mr. Brown replied that the Principals Group exists of the CPO with senior staff and the staff at EEC, the Deputy Director of the Ethics Commission, Legal Counsel from the Governor's office and this particular forum they are discussing philosophical interpretation issues of the authority and implementation of the Procurement Code. The working group that is beneath that takes on operational issues that are of the day and that really find their way into larger implementation issues, which there is a really long list. Efforts to this degree that were occurring differently six months ago lead off with a four page document of bullet points relating to operational issues of concerns and at that time one by one they were transitioning those areas of pre-SB51 work to the CPO's office. Member Bedore asked of the Principals Group to both Mr. Brown and Director Weems why they feel there is no moving forward and no sense of working together. Member Bedore asked if it was because of the attorney's review. Director Weems replied in all fairness the Governor's General Counsel John Schaumberg has a very level head and is really committed to try to keep the dialogue going, but there needs to be people listening in who are not really invested in and look at the process and say whether it makes sense or not. Normally it can be done, but they have been at it for so long the perspective is lost. In the right forum cooler heads will prevail and common sense will rule the day. It is not impossible, but there needs to be some rules of engagement and build trust again and be able to talk about things again. Mr. Brown replied that he has a slightly different perspective and agrees that in the capacity of working groups that you do need objectivity, establish a goal and from a matter of protocol and priority be able to arrive at an agreeable outcome. But differently there are two-groups one that can function on the operational level and agree that need to get out of the weeds periodically so they can see the issue. With the principals group there is some disagreement and to the extent of what is the core of procurement, what is the core of procurement that is taught by professional associations, what is mandated by the Code and the functionary role of procurement officials and practitioners that they are at a fundamental disagreement about the role of CPO's and SPO's and how they function and how they accomplish this mission. Additionally, the Principals Group has before it questions of what is in bounds and out of bounds. What is really a part of this discussion, what is subject to the Procurement Code, what is not and there are disagreements about that. The disagreements don't rise to whether an exemption applies in a certain way, but really rise to the level of areas that he has never seen that relate to mischaracterization or misinterpretation of various aspects of the Code and the exemptions. Mr. Brown believes operationally, where they are not talking about management and philosophical disagreements, where there are practitioners charged in SPO's and agency personnel that the Code requires to assist the SPO's a lot of good standing relationships and many of those should be allowed to prevail and teach a lesson to us and how management can interpret. Mr. Brown stated that he is open to that type of working relationship, but they have to figure out a way to get there. Member Bedore wanted to know what the role of the Board is. He agrees that this can't go on. Everything needs to be laid out of what the issues are and what the Board can do to help. Chairman Vaught agrees with Member Bedore and said that the Board needs to take this up and help them work through this. Chairman Vaught stated that this discussion is not finished, but will continue in future meeting of the Board. No further questions or comments were made.

Next on the agenda were CMS Facilities and State Police Headquarters/Franklin Life Building. In attendance was Deputy Director of Property Management at CMS, Nick Kanellopoulos and CMS System Director, Steve McCurdy. Mr. Kanellopoulos stated that since Governor Quinn took office in January 2009 CMS has consolidated 125 leases and re-bid or re-negotiated 214 leases. The end result of the 329 leases being terminated, re-bid or re-negotiated is that CMS has reduced the cost of those leases by just over \$40 million. CMS has also reduced the total square footage that the State leases by 1.6 million square feet. On average by taking the 214 leases that CMS has re-negotiated and with the new lease in place had a total cost that was 19% less than the lease it replaced. Member Bedore asked if CMS is giving any thought to the office space that was in the Armory where ISP was previously located. Mr.

Kanellopoulos replied that the building is under the Secretary of State's control and the office space in that building would require millions of dollars in renovations to get it up to speed to house agencies. Mr. Kanellopoulos stated that Colonel Keen and Eric Murphy with ISP could give some stories about no hot water, mold issues and that it has been locked up since so the conditions are probably worse. When CDB last looked at it they thought it was going to be something like \$100 million to completely renovate that facility. CMS is utilizing the facility. The gymnasium area is being used for electronics recycling. Member Bedore asked about storage. Mr. Kanellopoulos replied that there is some storage and surplus is utilizing some of the space and the dock area, but no permanent storage. The update on the ISP headquarters project is that they are moving on with the initial phase of CMS Benefits and moving in the IEMA print shop, which will share the print shop space being used by ISP and also getting the space ready for additional headcount that will be added by the Gaming Board. Also, there are six people from the Governor's fiscal office that are being moved out of Stratton because there are people moving out of the Capitol into their space in Stratton. CMS expects the main move for CMS Benefits to happen about mid-January. At that point CMS will hit phase two hard. It probably won't be until the January meeting that CMS will be able to provide a better update on the next phase. Member Bedore asked how many people will be moving in come January. Mr. Kanellopoulos replied about 196 he believes. No further questions were asked.

Next was the report on Telecom Savings. Mr. Steve McCurdy was in attendance on behalf of Ken Sharkey. Mr. McCurdy stated for the calendar year the State has eliminated 350 phone lines, 337 cell phones, 1 pager, and 244 air cards for laptop computers, 7 data circuits and 63 miscellaneous service reductions. Mr. McCurdy stated that with the electronic recycling CMS has achieved another milestone within the State Use Vendor electronic recycling program. CMS has recorded over \$3 million in savings compared to the prior contractor vendor rates. CMS has recycled 71,807 pieces of electronic equipment for a total savings of \$3,100,563 since the program's inception in April 2010. CMS has further increased efficiencies by implementing direct shipment to the State Use Vendors. This process reduces state man hours required to operate the program. State Police and IDOT have concluded their participation in the GSA vehicles saving program for this fiscal year. The state has acquired 75 vehicles for an estimated savings of \$592,500. CMS, IDOT and ISP have exhausted their financial resources to continue this outstanding program. CMS will continue their efforts to obtain funding for FY13 for this worthy initiative. In the area of printers, fax machines, copiers, and scanning equipment there is an estimated annual ongoing savings now \$2,032,753 and the total number of print devices eliminated in State government is now totaled at 3,910. Recently CMS has been focused on expanding the statewide footprint for the I-Cycle program by utilizing State Use Vendors. Ultimately these efforts will translate into reduced waste removal/landfill expenses. CMS intends to track those savings when new waste removal contracts are implemented. Their expanded areas of coverage now include Effingham, Clay, Marion, Jefferson, Richland and Lawrence Counties. This includes approximately 30 agencies within 21 facilities, 10 of which had no prior recycling program.

Member Bedore asked if there was any update on the Tinley Park lease. Mr. Kanellopoulos replied yes, that CMS has re-bid that lease with new boundaries, which are 83rd Street to the North and in the South is South Frankfort to the East is Central Avenue and to the West is Route 59. The boundaries were increased from 37 square miles to around 391 square miles. Currently no responses have come in yet. Mr. Kanellopoulos stated that they will know by next meeting and will update the Board. Member Bedore commented that the charge of the office is for northern Illinois and 8300 south to him is really the southern part of the metropolitan area. Mr. Kanellopoulos replied he agreed, but not everyone agrees that southern Illinois starts that far north. Member Bedore stated that northern Illinois would be Lake County, Kane County, etc and 83rd Street is not northern Illinois. No further questions or comments were made.

Next on the agenda was DHS Facilities Plan. In attendance was Melissa Wright, Director of Business Services for DHS and Chief Operating Officer for DHS, Matt Grady. Ms. Wright stated that she was sorry that she missed last month's meeting where the DHS Facilities Plan was discussed where there were some concerns raised about the nature of the plan. Ms. Wright asked the Board what they would like to see since she will be the one working on this plan. First she wanted to talk about the leases the Board had questioned at Carmi, Paris, and Watseka. Steps for the Watseka office - Iroquois County Family

Community Resource Center (FCRC), have been taken to terminate that lease and are planning to consolidate that FCRC North into the Kankakee County FCRC. Within the next 90 days they will have moved out of Watseka by the first week of February 2012. Member Bedore asked how many people is DHS talking about. Ms. Wright replied there are six staff in the Iroquois County office right now. A couple of those may retire. Ms. Wright continued that the next lease concerned was at Carmi, the White County FCRC. CMS has put out an RFI that was published on November 9, 2011 and bids are due back on December 14 and the intent is to consolidate the White County FCRC, Carmi, into the Wabash County FCRC, which is in Mt. Carmel. The RFI also includes HFS and DNR. Member Bedore asked how many people. Mr. Wight replied that she didn't know and would get a better number for the Board. On the Paris lease DHS took a long hard look at this and have decided with programmatic input to go a little further than originally intended and are now looking to consolidate six individual FCRC's into one. The RIF has been published on November 2, 2011 and bids are due back by December 15, 2011. If DHS is successful then DHS will take six leases and consolidate them into one in the Coles County area. Member Bedore asked what the square footage per employee DHS went out for. Ms. Wright replied that she didn't have that answer, but will get back to the Board. There are a few other leases Ms. Wright wanted to inform the Board on. DHS is going to moving one of their DRS offices in Galesburg into their Knott's County FCRC and will eliminate that lease. They will also be consolidating their Clinton County FCRC to their Marion County FCRC and will be eliminating another lease as well. They will also be consolidating their Hancock County lease into Adams County on January 17, 2012. These are three leases that will be terminated within the next month and have also been working with CMS on some RFI's on other consolidations. Chairman Vaught asked if they considered locating more than one agency in one facility. Mr. Kanellopoulos replied that yes, CMS is looking into creating more one-stop shops that include all social service agencies. A lot of that is driven by expiration dates or termination options on existing leases. Chairman Vaught asked if any other agency had that many offices. He stated that there are over 40 of them with less than 10 professional employees in them. Mr. Kanellopoulos replied that not all of the Boards and Commissions come under the jurisdiction of the Governor. Ms. Wright stated that these offices are an overgrowth of the old Public Aid days. Chairman Vaught stated that a reform was done in the 1990's of Public Aid. Ms. Wright replied affirmatively, but DHS is just a little bit slower catching up in terms of their physical space, but are making progress. Chairman Vaught asked if any of these offices get free rent. Ms. Wright replied that one does. Chairman Vaught asked if Ms. Wright was aware that there are ways to get free rent. Ms. Wright replied that she was not aware of that. Chairman Vaught asked if any of the offices had anything to do with the US Department of Agriculture, like food stamps. Ms. Wright replied affirmatively. Chairman Vaught said that the US Department of Agriculture makes free rent available to all conservation districts in our State. The USDA has offices in every county that has free rent. Chairman Vaught asked why they are not asking the USDA for free rent if you are administering one of their programs. Mr. Grady replied that it is something they will look into. Member Bedore commented that it is a great step for DHS to consolidate six leases into one and would like to see more of that in the future in a timelier manner.

Next on the agenda was Legislation. Director Carter stated that there was one bill during veto session, SB1750, that passed both houses as of this morning, but has not been sent to the Governor. This bill provides pretty significant relief to the Universities in the form of five specific exemptions as well as four areas where the Universities can work in accordance of the Code to the extent practical and apply for a waiver from the CPO. Director Carter stated that any sort of waiver of requirements are strictly determined by the CPO and the Procurement Policy Board does not have a say in it. Director Carter stated that some of these reliefs the Board did supply to the Senate Committee and are good reliefs. Two areas outside of the PPB not having any sort of input in would be some areas of concern, expenditures on periodicals and books, excluding textbooks, that was one area of concern as well as the purchase of FDA-regulated goods and products for care and treatment of medical, dental and veterinary teaching faculties for U of I and Southern Illinois and from what the Board received in the past, in the Board may have a cause for concern. Chairman Vaught asked if there was a hearing on this bill. Director Carter replied that it did, briefly, in two committees, but the bill was introduced in veto session during the first day of the second week during session and was passed by the 3rd day by both houses. Chairman Vaught asked if anyone from the University would like to talk about this. Mr. Bob Baker replied that he is not prepared to speak at this time. Chairman Vaught asked if they could come back to the Board and be prepared to talk

about this. Chairman Vaught asked that Director Carter put together a list of concerns in and bring it back to the Board at the next meeting. This will give the University some time to reply to those concerns. All Board members were in agreement to this suggestion.

Member Bedore wanted to know who was informed of this bill. Director Carter replied the Higher Ed CPO Ben Bagby and their legislative liaison David Eldridge. Member Bedore asked if they ever alerted the Board. Director Carter replied no.

The next scheduled meeting for the Procurement Policy Board is set for December 8, 2011 pending Board confirmation.

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