

Chairman: David Vaught

Members: Ed Bedore, Ricardo Morales, Larry Ivory

Minutes – December 8, 2011 Meeting

Present in Springfield: Ed Bedore

Present in Chicago: David Vaught
 Rick Morales
 Larry Ivory

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

First on the agenda was the approval of the minutes from November 18, 2011. Member Morales made a motion to accept the minutes as printed and was seconded by Member Ivory. The motion was unanimously approved.

Next on the agenda was CMS Facilities. In attendance was Deputy Director of Property Management at CMS, Nick Kanellopoulos and CMS Assistant Director, Steve McCurdy. Mr. Kanellopoulos stated that in December 2008, a month before Governor Quinn took office, CMS paid out a little over \$11 million a month on all-in lease costs. In September 2011, the last month CMS has complete data, CMS paid out \$8 million in lease costs. That is a 20.1% reduction. Mr. Kanellopoulos stated that this is not entirely an apples to apples comparison, but it does show the entire cost of their portfolio has gone down due to the cost reductions. Member Morales asked what area of cost or expense was most affected. Mr. Kanellopoulos replied rent costs are the ones which have gone down the most. No further comments or questions were asked on CMS updates.

Next was State Police Headquarters/Franklin Life. Mr. Kanellopoulos replied that CMS has had to push the move date of CMS Benefits back. It was supposed to be completed on or before January 5, 2012. Now CMS is looking at on or before February 5, 2012. There were a few issues that CMS ran into engineering-wise in moving their high density filing system which led them to have to re-do some floor plans. As of today, ISP has completely moved out of the space that CMS Benefits will get. It will take more time to get that space ready for them to move in. Once that is completed, CMS will work on the next phase of restacking that building. Member Bedore asked if there was any word on working with the Attorney General on some space. Mr. Kanellopoulos replied yes they are continuing to work with them. CMS cannot do any finalizing until CMS Benefits has moved in, but CMS believes that they can make it work. The Attorney General has met with CMS and has toured the building, but they are under a time crunch because their lease has expired and the six month holdover date is approaching at the end of this year. They are hoping to get it extended. CMS is waiting to hear back from the Attorney General's office on whether they are willing to sign an extension and work with CMS on getting them into the Franklin Life Building or if they are going to pursue something else. Member Bedore wanted to know what roughly CMS will charge the Attorney General's Office per square foot. Mr. Kanellopoulos replied that today the answer is nothing. CMS pays for and bills agencies under the facility management revolving fund. That fund applies to all buildings that CMS manages, but only applies to the agencies, boards and commissions under the jurisdiction of the Governor. Member Bedore wanted to clarify that if the Attorney General decides to move in it would be a nice savings for the State of Illinois. Mr. Kanellopoulos replied affirmatively. Member Bedore stated that the record should show that and it should be conveyed to the Attorney General and it also fills up the building with an agency somewhat related to the State Police.

Chairman Vaught asked if there were other leases like that. Mr. Kanellopoulos replied yes there are and when leases expire they are being looked at. Member Bedore asked why CMS is waiting for the leases to expire. CMS should take advantage of the termination clause in the lease. Mr. Kanellopoulos replied that older leases that have higher rent costs and would benefit from moving into the building do not have those termination clauses in the lease contract. Including termination clauses was just thought of in recent years. Mr. Kanellopoulos replied that there are always leases expiring or leases CMS could terminate. Chairman Vaught asked for CMS to come up with a report on where a lease could be accommodated by State owned space and could be done by a termination clause. Mr. Kanellopoulos replied that CMS could supply a report that shows all the leases in Springfield, what the term of the lease is, if there is a termination clause, etc. Chairman Vaught stated that he is talking about the smaller agencies, specifically of the Civil Service Commission or the State Police Merit Board and some of these others that are much smaller. Mr. Kanellopoulos replied that CMS has spoken to the Civil Service Commission and their lease expires at the end of the fiscal year and CMS has shown the CSC space at EPA Sangamo. CMS feels the space there would accommodate all of their needs. Member Bedore made the comment that since CMS has shown the space to the Civil Service Commission he would hope they will move in. He also stated that if he was the budget director for the State of Illinois that he would make sure that they move in or they will not have any funds for renting in the future. Member Bedore also said that he doesn't see where there is an option here if there is space that is compatible then you tell the agency to move in. Mr. Kanellopoulos replied that he completely agrees with him. Member Bedore stated that he would like to hear more about moving the Civil Service Commission at the next Board meeting. Mr. Kanellopoulos replied that he would be happy to give the Board an update.

Member Bedore had one other question regarding a news article about the Board of Elections. This was discussed before the Board one other time where there was 400 square feet per employee. Even though it got cut down it is still a really high number. Member Bedore wanted to know if there was an explanation why they have to have over 300 square feet of space per employee. He said that he is not opposed to them moving into that location, but opposed to the number of square feet per employee. Mr. Kanellopoulos replied that there was a lot of back and forth between his staff and the State Board of Elections about this lease before it was put out to bid. Initially, SBE wanted space to accommodate 90 employees. CMS could not find any evidence that staffing levels would ever reach 90 employees. The current staffing at SBE location is 56 and CMS thought a reasonable number would be in the 70's for that office. CMS thought the square feet per employee at that proposed level were pretty reasonable once you see the layout and see how much space is being used for client service delivery versus just office space for employees. Mr. Kanellopoulos stated that the level SBE is at now is a fair and reasonable staffing expectation of what their staffing levels will go up to. Member Bedore asked if CMS is sure SBE will be in the 70's. Mr. Kanellopoulos replied that the problem is if they do it for the level they have now then the issues are the space becomes obsolete. Mr. Kanellopoulos replied that his staff talked to them about positions they would be filling and that is why it was settled on the 70's because that seemed like a number reasonably obtained rather than the 90's that was originally proposed. Member Bedore asked if CMS feels comfortable that this is a good lease. Mr. Kanellopoulos replied affirmatively. Member Bedore stated that at the last Board meeting Mr. Kanellopoulos would give an update on the Tinley Park lease. Mr. Kanellopoulos replied that the lease was re-bid over a 391 square mile area and received no bids. Even the incumbent didn't bid. CMS is going to put it back out for a re-bid and CMS will try to give notice to as many real estate people in that area for potential bidders. Member Bedore asked about the construction that was going to be done at Harris II and if the landlord installed light sensors. Mr. Kanellopoulos replied yes all conference rooms and bathrooms will have motion sensors. Member Bedore commented that with a little urging from this Board and CMS that was accomplished. Mr. Kanellopoulos replied affirmatively.

Next was the report on Printer/Electronic Consolidation. In attendance was Will Walker with CMS. He will be taking over for Ken Sharkey, who has moved on from CMS. Mr. Walker stated that Mr. Sharkey was working on four projects and wanted to update the Board on those. In the area of telecom savings this month's cost savings includes an increase of \$42,776 in annualized savings. The grand total for the calendar year of savings is estimated to be \$369,467. The eliminations so far are 366 phone lines, 377 cell phones, 4 pagers, 249 air cards for laptop computers, 7 data circuits and 63 miscellaneous service reductions. In the area of print reduction savings this month has been a tremendous month for the

print/fax/copier/scan equipment reduction. Three huge long term projects are now being captured on this report which includes DHS, DES and Tollway. The year-to-date equipment reductions is now at 6,219 fewer devices. This is way up from last month's report of 3,910 reduced units. The projected annual savings for this print device reduction is now an estimated \$2,720,019. The steady everyday grinding away on this project does yield the desired results over a relatively short period of time. This small group of focused individuals has made a real impact in this area of state government expense control. In the area of electronic recycling since April of 2010 two State Use Vendors have environmentally recycled 72,970 pieces of electronic equipment. This no cost program has saved the State \$3,489,721 compared to what the previous vendor would have charged the State. The Armory, used as a staging area for this project is winding down since our passage of SB1862. This new law permits the two approved State Use Vendors to conduct direct pickups for agencies with surplus electronics. This added efficiency saves the State transportation costs. Mr. Walker continued that with the I-Cycle Program CMS has been able to recycle 2,427,049 pounds of paper, 241,684 pounds of cardboard, 2,211 pounds of plastics, 6,716 pounds of aluminum, 12,415 pounds of tin and 58,428 pounds of assorted comingled items. This resulted in 3,641 cubic yards of waste that never made it to a landfill. Ultimately these efforts will reduce waste removal cost to the State. Mr. Walker stated that for the GSA Cost savings program this past week, State Police added 7 Impala's from the GSA sale in St. Louis. The State has purchased 82 vehicles this fiscal year for an estimated savings of \$647,800 and anticipates acquiring more GSA vehicles during the second half of the fiscal year. Chairman Vaught stated he would like to see some numbers on this program as they move along.

Chairman Vaught asked Mr. Walker if he was up-to-date on geographic coverage on the I-Cycle program. Mr. Walker replied that there are two recyclers; one in the north half of Illinois and one covering the south half in terms of the electronic recycling. Chairman Vaught stated that he was referring to the I-Cycle program. Mr. Walker replied that he was not up to speed on what vendors they are using yet. Mr. Steve McCurdy with CMS stated that when CMS started looking at the coverage they could see that there was stronger coverage in the south than in the north. Mr. McCurdy stated that CMS is attempting to map in coverage and find vendors who will recycle for the State and then draw a circle around a location and have coverage over the entire state. CMS is also trying to use State Use Vendors who CMS has had very good luck with in their electronic recycling program and are currently signing contracts.

Next on the agenda was Digital Imaging. In attendance was Doug Kasamis, CIO for Department of Human Services. Mr. Kasamis stated that last week at a meeting with CMS Property Management they discussed a new initiative they have deployed that they believe is going to have a significant impact both in terms of their print operation and also in square footage required for their individual offices. An example is their Department of Rehabilitative Services who are case workers that help administer food stamps, Medicaid eligibility and temporary feeding of needy families. Mr. Kasamis stated that when a customer would come into the local office part of the process was to fill out their application form and create their case notes calculations all of which resulted in a single visit and the creation of 40 pieces of paper. This would then get filed into a folder and stored for a five year period. Starting in November they are intercepting those documents before reaching the printers and the system puts a three dimensional bar code on those documents electronically and automatically stores it into the Statewide Content Manager System. Mr. Kasamis stated that this represents about 1/3 of their volume and represents approximately 100,000 pages per month printing that they do not have to do. Even more importantly DHS no longer has to store those manila envelopes in boxes all over their local offices. The physical manifestation of the inefficiency of DHS resides in people coming into those offices and seeing those mounds of paper. Starting in the end of the calendar year DHS will be working on transitioning all of the state generated forms, which will equate to over 7 million pieces of paper each year that will no longer be printed. DHS is also looking at ways to address those documents that customers bring to them, (i.e. pay stub, lease, and rent). When they get those kinds of documents they plan to take advantage of those multi-purpose printers and scanners that CMS has provided at the local offices to scan those images and store those in the content manager system. At that point after many, many years the local office will truly be paperless moving forward. Unfortunately, DHS will still have to store those manila folders for five years. DHS looked at ways to bring in high efficiency scanners and capture the necessary medical data so they can be found in the document imaging solution, but unfortunately when looking at some of the contracts that

have been done in the State found they would be looking at a \$15 million price tag and simply don't have the money to spend on that. Mr. Kasamis stated that every year 20% of the problem will go away. There is only a five year retention period on those folders, which will have a decreasing benefit over time. Member Morales asked how many years are they talking. Mr. Kasamis replied that in five years the folders will go away, but would need another year to get the rest of the forms converted to on-line documents. By 2017 these offices should be entirely paperless and that is their goal. Also, DHS was able to build the system for \$300,000 leveraging the CMS master contract. The system will pay for itself in three months. Chairman Vaught asked how does this tie to more efficient work processes that will lead to more efficient use of personnel cost as well as the paper storage. Mr. Kasamis replied that one of their biggest issues is that customers are highly mobile. They either move to different cities or different parts of the state and the process of locating their files in the file rooms and then mailing those to a new local office so the new caseworker can find the file and figure which caseworker it goes to is highly inefficient and often times gets lost in transit. This system will give any caseworker in the State the option of retrieving the case file through the content management system instead of having them transferred. If a customer moves, the caseworker will just input the new address in the system and will not have to deal with the physical aspects of moving their case history. It becomes a virtual case history that any caseworker can access. Chairman Vaught wanted to clarify that they are seeing a savings in not generating the paper, savings in lease costs in terms of the size of the lease required, seeing long-term personnel efficiencies and seeing less paper in warehouses. Mr. Kasamis replied affirmatively to all. Chairman Vaught asked to what extent does this apply in other divisions in DHS? Mr. Kasamis replied that his other paper pushing division is Department of Rehabilitation Services (DRS). That is the area where they have 30,000 home service providers providing care to their customers. They still rely on manual processing for time keeping. Providers fill out their time sheets and mail them in and then they get entered into their data entry system. DHS is looking at replacing that system as well with a system like a scan-tron system that schools use. If DHS has both of these programs running they are at least 95% of their paper producing divisions. Chairman Vaught wanted to know if Mr. McCurdy is seeing this anywhere else besides DHS. Mr. McCurdy replied that DHS is on the cutting edge of this and they are ahead of all of the other agencies. Mr. McCurdy stated that he believes this is a CMS project and the logical people to do it. CMS needs to take this initiative and take it to the other agencies. Mr. McCurdy stated that CMS is not seeing the same progress across the executive branch and that needs to happen and use DHS as a template. Chairman Vaught asked who would be next on the list to cut down on paper flow. Mr. Kasamis replied DCFS.

Member Bedore commented that he too thought about DCFS as a likely target. Member Bedore stated that several years ago he and Mr. Brown went and toured several facilities and recommended this to CMS and is very happy to see that DHS has done a good job. Member Bedore stated that he knows state government moves very slow, but would like to see this done to other agencies and would assume it would need an agency, such as CMS, to oversee and push it. There has to be an agency that dictates what will happen because agencies will just let it go. This has a great effect on space, leasing and employees when they have to search for a record or file. Member Bedore applauds DHS for what they have done. At least it is a start. Mr. Kasamis stated that DHS has been asked this question for years "what took them so long". Mr. Kasamis replied that the answer was that DHS stopped looking at trying to fix the paper that has already been printed and started looking at what they were doing to the agency. The technological solution became much simpler to implement. Once they stopped trying to get rid of the files they started looking at how to stop producing them and were able to come up with a solution that worked well for them.

Mr. Kanellopoulos stated that he wanted to add that CMS had a meeting with DHS a few months ago where they came up with an idea and are going to try it out in their Villa Park office. The Villa Park office has about 15,000 square feet that are all files. Under Mr. Kasamis's program at some point going forward and in five years it will all go away, but they will be paying lease space to house those files under the current rent for six years. CMS is going to try a pilot program and take all of those files and house them in an already existing State owned facility and set up a system if anyone needs a file they can request a file. The expectation is that there is not a lot of requests for files because there will not be many people generating paper moving forward and not having to go back into the past to find a piece of paper.

Once those files are gone CMS expects it will be very manageable because they will not be getting many requests for them and the paper can be housed at a State owned warehouse or other facility. If it is successful then going forward anytime a DHS facility is moving or a lease re-negotiated they either won't need a file room or just a tiny file room. Mr. Kanellopoulos stated that this is what they are doing today. Member Bedore recommend that the Board receive some type of report at the next meeting on who is going to take this project and run with it. Who will be overseeing this? DHS has done a great job, but need to start looking to the future. When touring the IDOT building the entire center of the building is records because the Feds require that they keep all these records. That is valuable space and it is really a disgrace of all the records the State has to keep and Member Bedore knows that it is mandated, but there is a better way of doing it. This cannot be left to the agencies. Member Bedore asked if the Governor's Office could set something up to push this. Chairman Vaught replied that he agrees with Member Bedore and stated that CMS has the ball and they are keeping OMB informed and the Board as they need to. Chairman Vaught asked if Mr. Kanellopoulos would provide a report of who CMS thought would be next to apply this digital imaging solution. No further questions or comments were made.

Next on the agenda was Capitol Development Board Single Prime Request – University of Illinois Integrated Bio-Processing Laboratory in Champaign-Urbana. In attendance were CDB Construction Administrator Ron Wright and CDB Project Manger Timothy Patrick. Mr. Wright stated that this is a single prime request on protected sub alternative delivery methods by the University of Illinois. Mr. Wright stated that what they are asking for today is the construction of a new bio-processing lab building at the U of I in Champaign-Urbana and permission to use the single prime method as required by law through this Board. This is a project with a budget of \$23.2 million estimated construction costs. When it is brought to this Board CDB includes contingency and alternatancy so the Board knows the full price of every dollar being used up to \$18 million. Mr. Wright stated that CDB is looking at an estimated bid date of January – February 2012 as they work out their design issues. Their full construction funds were released in late June 2011. This project has been on hold for some time. This project is a 34,074 square foot office and laboratory out of the ground new. One of the questions asked earlier was what efficiencies were there in the project. Currently, CDB has 42 LEED projects using the latest international energy code at CDB of the last 6-7 years and this happens to be the latest. They will try to apply LEED silver certificate version 2.2 as required by law. This will have a vegetative protective membrane roof, new HVAC systems and will connect the campus gas, electric, water and sanitary connections to make the building operational. There will be full minority and female businesses goals in this project. Mr. Wright stated that there will be a project labor agreement on this project and opened it up to the Board for any questions they might have.

Member Bedore asked how long the project would take. Mr. Wright replied 18 months after authorization to proceed. Member Bedore wanted to know the source of the funding. Mr. Wright replied that it was State bond money. Member Bedore wanted to know how the design team was picked. Mr. Wright replied through a qualification based selection (QBS). Member Bedore wanted to know why it is in the best interest for the State. Mr. Wright replied that there are currently 305 projects at CDB totaling \$1.5 billion. This is number nine in pilot programs. CDB just gave their annual report to the legislature and of their first eight projects that they have testified before is that they try very hard and believe that the system supports the reduction in change orders (except the south wing of the Capitol) and have ranged just over 3%. A normal multiple prime bid project is closer to 6% - 7% historically. CDB also gives reasons to the legislature and to the Board that they make their schedule with this delivery method. So far two projects have been completed and four are in active construction. CDB is keeping that promise. The third reason is that they do want to reduce the claims in the construction world. In the nine active projects there is only one claim that has not been paid out and is still under discussion. Those are the three reasons CDB would like the single prime. To be clear, no project delivery method will protect them from claims in every shape or form. This one gives them a better chance with respect to a multiple prime contract. Member Bedore asked why is that. Mr. Wright replied that they have five different prime contractors on the job and the current state law general, heating, vent, electric and plumbing or any project that is over \$250,000 in value. Mr. Wright stated that it is like having five general contractors building your home instead of just one. Remember that single prime is not a general contractor's exclusive club. If a heating contractor or plumbing contractor wishes to be the single prime unit then it is fine with them. CDB just wants them

to be responsible for forced coordination of all the major builders. An example is if you had someone pull off the job the other four contractors would not be able to do their job and the State would be hit with the claims. Member Ivory asked if they have performance bonds. Mr. Wright replied that the bonds can help, but usually the damage is done by the time that happens. The bond money is an insurance policy if there was an accident so they can utilize a payment for performance bond, but the point is to try to avoid getting there because by month three they will have the claims and could be months or years in litigation. Member Ivory asked what the minority goals are and what they are trying to achieve. Mr. Wright replied that for this project CDB has set 12% goals. They are usually broken down by 4% - 8% for minority and female, but would still like to confirm those break downs. With no further questions asked Member Morales made a motion to not object to the single prime request. This motion was seconded by Member Bedore. With a 4-0 vote the motion was approved.

Next on the agenda was Legislation on SB1750. Director Aaron Carter stated that through the Board's request he provided a potential letter to the Governor outlining the Board's thoughts on the legislation itself and also broke out potential funds that could be affected if it was approved as passed. Director Carter stated the letter's main point is to look at the sheer volume of the State funds that could be affected. There are five categories that are specifically being exempted from the Code as well as four others, that Higher Education would be asked to fulfill the requirements of the Code to the extent practical and has concerns with the lack of oversight in certain areas. There is a lot of money exchanging hands without the proper oversight. There are some good aspects of this bill in reference to research.

Mike Devocelle with the University of Illinois stated that he had a brief opening statement and then would be happy to address some of the issues the Board has. Mr. Devocelle stated that SB1750 makes some focus changes to the Procurement Code to ensure the Universities have the ability to view and conduct research, provide for University hospitals and promote the arts. The language in SB1750 is very limited in scope and recognizes some unique procurement issues faced by institutions of Higher Ed in order to fulfill their core missions of education, public service, economic development, arts and culture, global reach and athletics. Each of these areas is touched upon in some minor way by the changes reflected in this bill. While the bill is very limited in its focus it will serve to alleviate some of the difficulties that universities have been experiencing as a direct result of SB51. This bill reflects a significant reduction in scope by the legislative sponsors as compared to SB346. This is put forward following the hearings conducted last spring by the Senate Committee on procurement. SB1750 was passed by an overwhelming majority in the House and Senate and contains a three year sunset provision. Mr. Devocelle stated that he would be happy to answer any questions.

Member Bedore stated that his real concern of this bill is one little line and hopes the Governor would consider an amendatory veto when it comes to operate under the Procurement Code "to the extent practical". What does that mean? That Mr. Devocelle or CPO Ben Bagby could do whatever you wish if it is practical. Member Bedore stated that he really has a problem with that phrase "to the extent practical"? If you want to exempt books, TV shows, athletic directors and things of that nature he could go along with that, but to open it up to operating under the Procurement Code as practical. Member Bedore asked if the Board should rely on CPO Ben Bagby to make a decision on whether it is practical or not? It might be better to bring something to the PPB before moving forward. Member Bedore stated that he is not impressed with U of I regarding the Assembly Hall architect. Member Bedore asked Mr. Bagby what was practical. Member Bedore commented that he hoped the Governor would bring out the amendatory veto on that line. CPO for Higher Education Ben Bagby stated that he did want to note that the current Procurement Code Section 20-90 already has language to that effect – to the extent practical. This language in SB1750 basically follows a pattern established by the General Assembly since 1998. However, in SB1750 it adds something, that wasn't there before. Mr. Bagby stated that it was oversight by himself, independent of the universities, procurement actions. That oversight is not just at a whim. There will be rules and guidelines and there is reporting on this so if there does appear to be anything that is out of order it will be brought to the attention to the CPO very quickly and clearly. Mr. Bagby wanted to point out under the Procurement Code that he has an independent review of the university's activities and he is charged with a fiduciary responsibility in regard to those procurements. That is a very high standard that nobody else has.

Member Ivory stated that Member Bedore echos his sentiments exactly and that he has real concerns about this especially with inside knowledge with the BEP counsel and watching procurement with the university have been in some cases very disappointing. Member Ivory also would encourage the Governor to veto this piece. Mr. Devocelle commented that he assumes that the Board is focusing to letter (c) of SB1750 that ends with “to the extent practical as provided in this subsection”. Mr. Devocelle stated that it is limited to those four items below that in terms of where they would ask for a waiver potentially, so that is existing. So, it is very specific in its focus the items that are listed there and would be happy to provide examples of each of what they are trying to address. For instance the item under (1) would apply to this: contracts with a foreign entity necessary for research or educational activities, provided that the foreign entity either does not maintain an office in the United State or is the sole source of the service or product. There are cases that the university has run into where they have recruiters in foreign countries; Spain, France, China, and Japan where the requirements of the Code and all the various certifications, financial disclosures registration and reportable actions etc. do make it challenging to move forward with those type of procurements that are located and operate overseas and wonder why they have to register with our Board of Elections for the work that they are doing. The university also relies on these folks that place their students in the homes of individuals as their students attend universities overseas with their study abroad program. Member Bedore stated that Mr. Bagby said that the language “to the extent practical” is in the present Code. It is in the present Code, but it is only regarding foreign country procurements and not sure where else he sees it. Mr. Bagby replied that is the section he was referring to, Section 20-90. Member Bedore stated so the extent practical was not through their Code and was only in one section. Mr. Bagby replied no. Member Bedore stated that he mislead the Board then. Mr. Bagby replied that he doesn't believe he mislead the Board at all. He stated that the General Assembly has a provision already in the Procurement Code that used the term “to the extent practical” in a particular type of procurement and said that it was the model language that was used in these other sections. Member Bedore stated that it was only used for foreign purchases. Mr. Bagby replied affirmatively. Member Bedore stated that Mr. Bagby forgot to mention that. Chairman Vaught stated that it seemed to imply that there were oversight requirements added in this bill. What oversight requirements does this bill add to SB51? Mr. Bagby replied that he said that it adds an oversight requirement over and above what was identified in Section 20-90 dealing with the foreign procurements that would be in compliance with the Code to the extent practical. Mr. Bagby stated that if you read SB1750 and compare the language there – there is oversight and that was signed by the General Assembly over to him to review these requests from the universities and pass on them whether or not they are appropriate or not and then to report on them. So, unlike the Section 20-90 procurements can be made to the extent practical. These additional ones that were put in with SB1750 do have additional oversight over what was already in the Code.

Member Ivory stated that when he talked with some of his legislative friends they didn't understand the extent of what they were voting on this and it concerns him and everyone he has talked to that voted for it who didn't understand it. Member Ivory stated that he has real concerns on this. Chairman Vaught stated that he is concerned that there is a misperception here. Chairman Vaught stated that Director Carter is telling the Board that this proposed legislation provides lucid oversight for the other three categories, which includes procurement to the foreign entities, procurements of FDA regulated goods, contracts for programming and broadcast license rights and procurement for grants. You are saying the opposite that these are tightened oversight requirements instead of lucid requirement. These are very different interpretations of the same bill. Mr. Bagby replied that is not what he said. He just said that in relation to Section 20-90 where you can have procurements in foreign countries to the extent and complied to the extent practical. Compared to that section these provisions in SB1750 have more oversight than that because someone else it looking at those transactions making determinations and judgments and reporting on them. SB1750 does lighten up compliance with the Procurement Code as it is written there is no question about it. That was the intent he believes of this legislation to deal with some situations that the universities have expressed a constant problem that they feel could be managed better by having some ability to see a waiver on some of requirements that cause a problem. Mr. Bagby understands that there is a situation right before the university now with a pharmaceutical company that will not sign the Board of Elections information for privacy reasons. Mr. Bagby replied that it is fine. They offer pharmaceutical pills for \$3. Mr. Bagby stated that they can get the pills from the distributor for \$60. That is the kind of

situation that he believes the universities are thinking maybe there needs to be a way to address these situations in a reasonable manner that is an oversight of their activities and allow the university to be able to operate. Chairman Vaught stated that the Board has an idea of the general intent, but wanted to know if there were hearings on SB1750 in the spring. Mr. Bagby replied he was not sure. Chairman Vaught stated that this is veto session and there is not a lot of hearings and typically in the veto session bills only move when all of the interested parties have had a say about the bill and have agreed to it. Here the Procurement Policy Board was not a part of this process and now questions are arising after the bill passes, which should have arisen before the bill passed. This is one of the inefficiencies of the veto session process. Chairman Vaught asked Mr. Bagby how he would address that. Mr. Bagby replied that all he can say is that he didn't write the bill and didn't have a lot of notice on it either. He is also not sure who else was brought into it or who had input into it. It was beyond his control. Member Bedore stated that what Mr. Bagby pointed out is the biggest flaw in the bill. If this bill was so important to the U of I and to Mr. Bagby, then why wasn't this bill submitted in the spring like every other major bill. Mr. Bagby stated that he wanted to clarify that this bill is not important to him. This bill is important to the university and to the extent that this bill provides to him some responsibility under the law he is going to do his best to deal with it responsibly. Member Bedore asked if Mr. Bagby was consulted. Mr. Bagby replied affirmatively. Member Bedore asked if he talked to the Procurement Policy Board or anyone about it or is it a well kept secret with the U of I. Mr. Bagby replied that he does not deal with the legislative process very much and all he did was react. Member Bedore asked if Mr. Bagby deals with the Procurement Policy Board. Mr. Bagby replied affirmatively. Member Bedore replied ok end of case. Mr. Devocelle stated that he wanted to contribute to that answer. Mr. Devocelle stated that SB1750 was a significantly boiled down bill compared to the bill one that did result from the procurement committee in the spring. The university was told by the legislative leaders that they would be willing to move something forward that it was going to be significantly boiled down and much more focused as compared to the original bill that did result from the committee hearings in the spring. That is what is contained here in SB1750. Mr. Devocelle stated that they were also going to address in the spring for example: some of the things even the Procurement Policy Board has said in its letter stating that there were other areas well beyond what is contained in SB1750 that needed to be addressed. For instance just the public hearing sole sources nearly everyone, including the PPB, has submitted evidence to that stated if they, in a case of sole source, it made sense to have a hearing if someone requested it during the time of posting, but to have the hearings to have a hearing seems to be an inefficient use of State personnel and resources. So, there were many broader areas what happened as a result when they were contacted by the legislature for the fall veto session was to say they are aware of the bill they have put forward for you in the spring and want to narrow that significantly. So we said they would give some specific problematic areas that they are having with vendors or with the nature of the procurement that does not blend itself with bidding process. Mr. Devocelle stated that for instance when you get into that very section regarding the waiver that we are all discussing here he didn't get down to, but number 3 for instance contracts for programming and broadcast license rights are specifically talking about contracts for instance the Public Broadcasting System National Public Radio. There are no alternative sources for those programming sources if that is what you want to carry. The funding there is provided through grants and the donations to the public radio station and that is based on what the customers want to hear. So, if they want to hear a particular show they only have one source to go to to get it. So, it was really an attempt to focus on some very specific and unique procurement.

Member Bedore stated that he doesn't disagree with many of the things that are listed here. He would really fully support it, but he just doesn't like the opening of the door and knows that Mr. Bagby said they are not opening any door it is already in there. Member Bedore disagrees with Mr. Bagby. The extent practical was only in the foreign purchase and now it applies to everything. Member Bedore replied that he is sorry, but he does not want to give that discretion to the U of I and to Mr. Bagby. Member Bedore stated that they could apply that to anything because it is practical. Member Bedore disagrees with this, however, he agrees with the majority of the bill and it is needed, but the objection he has is there was no discussion with the Board and it did the midnight run. Member Bedore stated that he and Director Carter went to testify and were told that it was not needed. Member Bedore stated that it did pass by a big majority, but is not sure if everyone knows what was in this bill and not sure if the Auditor General will agree with the bill and all of this either. Member Bedore stated that the extent practical bothers him a lot. Personally, it is a good bill except for that line. Member Bedore stated that he disagrees with Mr. Bagby's

analysis and hopes in the future that he will work with the Board. Member Bedore stated that the Board is also a part of this organization called the State of Illinois Government. He understands that the U of I is off on a different plain and you are above it all, but you do get the funding from the State of Illinois. Member Morales stated that he agrees with Member Bedore's comments.

Mr. Devocelle wanted to make one final comment in regards to that section. He stated that it does include by saying that the only thing that can be waived in that case by the CPO is some of the registration certification and hearing requirements. All of these procurements are still subject to the review and approval of the Procurement Policy Board. So, there is no waiver of the review process and approval. Member Bedore stated that it is being approved by the CPO and doesn't give him all the comfort in the world. Mr. Devocelle replied but that is just in regard to the registration certification and hearing requirements and not actually to the procurement itself. Mr. Devocelle stated that he didn't draft that specific language, but this was their interpretation of it.

Todd Turner, General Counsel for the Board, asked that in the language about hearing requirements in this Code when he looked at that and it can be read pretty broadly and the hearing requirements under this Code should include hearings before the Board and Board review. Mr. Turner asked if they are saying that it is not the intent now. Mr. Devocelle replied that is a fair question, but our assumption was we didn't draft it. Either the assumption was there would still be a sole source hearing, but it would be subject to Board review. Member Morales wanted to clarify that Mr. Devocelle doesn't really understand what this is saying and that he is assuming things. Mr. Devocelle replied that was their assumption in their discussion that it was still subject to PPB review on that particular section on those four specific types of procurements. Chairman Vaught asked what the Board wanted to do. Member Morales replied send it back. Member Ivory stated that the language should be stronger. Member Bedore stated that he is not sure what the Board's stand could be. Chairman Vaught stated that Board should tell Director Carter which direction he should pursue. Mr. Devocelle stated that if there were any questions regarding the specific procurements or volume related to those he would be happy to, if we don't have that information we haven't already provided they have done that for the legislature especially for the first part. The outright exemptions of the specific procurement are very small in terms of size and very little if any State funding. Those categories we can certainly quantify for use of the expenditures. Chairman Vaught stated they are talking about an amendatory veto here. It is the university's position that they want the Governor to sign this bill or are you willing to pull it back and run a bill in the spring that the Board might consent to. Mr. Devocelle replied that the issues that they are facing for instance right now some of them in regards to specific concerns from some various organizations and departments within the university that had contracts in place prior to the effect of SB51, but are finding themselves in positions were they are unable to move forward with contracts to execute now that they are faced with renewals and or new types of contracts, for instance entertainment and athletics. The libraries are finding it difficult with some of their suppliers for journals and things like that to do this. The thing with memberships that we incur is the university's position to move forward with the legislation while it is very limited and focused as compared to the bill that came out of the spring after the hearings it will still provide some limited, but very necessary relief. Chairman Vaught asked if the university is willing to sit down with Director Carter and work out an agreed amendatory veto so the Governor could provide an agreed amendatory veto to be accepted with the General Assembly and make this bill effective sooner than going through a full process. Mr. Devocelle replied that the university would be happy to meet, yes, and do whatever it takes to achieve the specific goals in this bill. Chairman Vaught stated that sometimes this happens when people find a technical or problems in a bill and they ask the Governor to do an amendatory veto, but there is some actual discussion and the recommendations to the Governor from all parties of what that might be and that way there could be some agreement to ask the General Assembly to accept the amendatory veto. That way you use this as an amendment process and use it as a consensus process and not as something as provocative as sometime people see vetos. Chairman Vaught stated that is all he is suggesting. Member Morales replied that is a good suggestion. Mr. Devocelle replied that will be fine, sure, absolutely. Chairman Vaught stated that he assumes that he wouldn't care if the Board does decide to send the letter that he wouldn't care if the Board expressed your interest in, not that you are committed to it, but you are interested to entertain that idea. Chairman Vaught asked if that was fair. Mr. Devocelle replied yes that would be a very fair statement. Mr. Devocelle stated that if you wanted to outline specific concerns ahead

of time to prepare some information and have that ready for Aaron for the meeting. Member Bedore suggested that Director Carter and Mr. Turner sit down and work out some language. Member Bedore commented that the Board is trying to prevent a problem in the future by opening the door that he believes is open too far. Chairman Vaught asked if the Board wanted to take any formal action or to have Director Carter send a letter to the Governor.

Member Ivory stated that the recommendation made by the Chair in reference to sending the letter with some change in the language of the willingness of both parties to sit down and perhaps do an amended piece that would make logical sense. It would be a happy medium that everyone could sit together as a team and find some common ground. This seems like it would be the most logical solution. Member Morales stated that he would like to add the Board's Legal Counsel to that list if that would be ok with him. Mr. Turner replied that it was fine. Chairman Vaught asked if it was sufficient that the Board gives oral guidance or did the Board want to take formal action in the minutes. Member Morales replied just to have it noted. Chairman Vaught stated that he believes that the Board doesn't need a vote. The Board has reviewed the letter and has heard from the university and believes there is some prospect of further discussion. He believes the Board is informally saying to Director Carter he should at least send the letter so that there is notice that this process is going on and they are trying to pursue something different. Chairman Vaught asked if that was a fair statement. Member Ivory asked that if the Board has a vote then the Board does send a clear message that they voted against it with respect to the fact as it is now and it is important to have it on the record. Then moving forward that would be the official vote from the Board, but there could be other objections from what was just stated. Chairman Vaught stated that this would be reflected in the minutes if someone wanted to make a motion for the record. Member Ivory made the motion to object to SB1750 and come to a resolution with both parties and was seconded by Member Morales. Member Bedore wanted to include the U of I is willing to discuss and would emphasize "to the extent practical". He also believes that Mr. Turner and Director Carter can work this out. With a 4-0 vote the motion to object to SB1750 and come to a resolution was approved.

The next scheduled meeting for the Procurement Policy Board is set for January 12, 2012 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.