



Chairman: David Vaught

Members: Ed Bedore, Ricardo Morales, Larry Ivory, Bill Black

Minutes – January 12, 2012 Meeting

Present in Chicago: David Vaught
Rick Morales

Present in Springfield: Ed Bedore
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 December 8, 2011. Member Bedore made a motion to accept the minutes as presented and was seconded by Member Morales. The motion was unanimously approved.

Next on the agenda was CMS Operational Organization with Chief Procurement Officer. In attendance were CPO Matt Brown and Acting Director of CMS Malcolm Weems. Mr. Brown stated that he and Director Weems spoke before the meeting and thought it would be easier if they both presented at the same time if it was alright with the Board. Mr. Brown stated there were two points that the Board brought up at the last Board meeting about the status of the administrative rules that he is going to file as well as ongoing opportunities to share their working product with CMS along with people from the Governor's office. Mr. Brown stated that a draft of the rules has been distributed and he has shared those rules with people in the administration for their review and believe they have some comments back from the people they are meeting with. As for meetings, the EEC and CMS are meeting on a weekly basis for a few hours at a time to tackle several issues. Mr. Brown stated that one of the issues has been an ongoing disagreement is on the value of and coverage of exempt transactions as it relates to the procurement process.

Chairman Vaught asked the Board if there were any questions the Board has before discussing exempt transactions. Member Bedore stated that he is glad to hear that they are meeting on the administrative rules. Member Bedore asked when they will be filed. Mr. Brown replied that they are in a position that the rules have been pre-drafted by JCAR in a form that is acceptable to JCAR. Mr. Brown stated that the last conversation that he had with the Governor's office was that the EEC was ready to file and they got their copy of comments yesterday from the Governor's office. He said that it is his intention to wrap and conclude their conversations this week and file the rules. Member Bedore asked if they were running into any stumbling blocks. He has heard stories about Jack Lavin who is really running the show. Is he a road block or is he trying to be helpful? Mr. Brown replied that he does not have enough contact with the chief of staff to form an impression either way. He does know that the Governor's Chief Legal Counsel has been a part of each of their conversations in the working group and that is the extent of the Governor's office participation that he is aware of. Member Bedore wanted to know if Jack, besides being Chief of Staff, is he trying to be the Director of CMS as well? Member Bedore stated that he has so many people come up and talk with him about how everything is getting slowed down by this gentleman. He hopes that this administration would take a hard look at what they are doing. Member Bedore stated that this stalling reminds him of a past administration whenever it got to the Governor's office and hopes that the Governor's office wakes up.

Director Weems stated that all of their issues that have been of concern in this process have been presented to Mr. Brown and his staff. Director Weems stated that Jack Lavin is not involved directly in their conversations. He has at times talked to them about concerns in the administration, but those concerns have been brought to Mr. Brown and

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there is nothing else hiding and he doesn't believe they are in a situation of stalling, but are working on all of their issues with Mr. Brown. Member Morales wanted to confirm that Mr. Brown replied that the rules would be filed by later this week or will it be next week? Mr. Brown replied that he believes it would be this week. There is a principles meeting scheduled for next week and it might be more appropriate for him to say that they will be filed next week. Mr. Brown stated that he is committed to have that meeting, but does not know if attendance has been confirmed yet. With the conclusion of that meeting next week he should be in a position to file those rules. Member Bedore stated that even if there are some unanswered questions he believes they should still be filed and work on them later.

Chairman Vaught wanted Mr. Brown to give the Board some insight of any outstanding issues that are remaining to be resolved. Mr. Brown replied that there are a few outstanding issues that are in matters of interpretation. Mr. Brown stated that the EEC received a red line version of recommendations yesterday, but has not been able to review the exact changes. As discussed in these working groups the language in only a few instances is objectionable and needs to be revised. Many of the other revisions that are suggested are for clarity and are reflective of their positions. It does not counter anything written in the Procurement Code. It is just trying to understand the variety of interpretations and see how much latitude there is for that. Mr. Brown stated that there are four major issues. One is in front of the Board today and the remaining three have been dialoged on in many instances and have some general understanding. Chairman Vaught asked what the other three issues were. Mr. Brown replied verification of need, who determines need and what is the CPO role in understanding and the other is procedural matters and the role of the CPO's office as compared to the role of agencies that the CPO's office provides service to. Chairman Vaught stated that he thought there were four. Mr. Brown replied that the last one is more an underlying issue about some ministerial aspects of who does what thing in the Code. There are several examples that they are talking about. There are eight CPO Notices out currently and they need to bring some of those to rule and flush them out a little further, but that is really the fourth issue. Less about a specific subject and more about bringing the right context to all of that activity.

Director Weems wanted to add that because they have these other issues that they are working on he just wants to reiterate that these issues that are still outstanding are really important issues. One of the things that he and Mr. Brown have discussed is does CMS file things or does the EEC file rules that are based on the stuff they agree on and leave the stuff they do not. Director Weems stated that he knows they are talking about rushing to get the rules filed, but they want input on the things that they have disagreements on and have time to talk to the Board about both of their positions and get feedback. Chairman Vaught stated that he doesn't remember any language in SB51 that talks about giving any powers to the CPO to verify policy needs determined by the Governor. Where did this come from, if it is not from SB51? Director Weems replied that what CMS is working on with Mr. Brown and his team is making sure again we pretty much their position and again Mr. Brown has issues and examples and he thinks that need verification may come into a procurement and be involved in procurement decision, but again this is why their stance and CMS' stance differ. Chairman Vaught stated that he is just trying to get to the point where they are. This was talked about at the last meeting to what extent we have discussions or collaboration or try to get advice and back and forth at the Procurement Policy Board or directly between you and Mr. Brown so that you could narrow these issues. So that the operational issues could be worked out and it would not be a necessity for a lot of regulatory addressing of these issues, but here you are throwing in an issue that seems to him to be statutory. If there is nothing in the statute that even raises this issue of verification of need why it is even in the discussions about a regulation? Chairman Vaught stated that this seems to be the opposite of narrowing the issues. If Mr. Brown or someone else wants to create a new power or new authority in the CPO let them file a bill and debate it and see if they can get the Governor to sign it. This seems to him that this is a real stretch. Mr. Brown replied that for clarity on this subject he is in concurrence with the position that the Chairman just articulated. The CPO's office has encountered the discussions on this subject at the request of the administration not at the insistence of the CPO's office. Mr. Brown stated that they are not in the needs generating business. They are not there to tell the agency what they do or don't need and have clarified long ago that is a management function and is a responsibility of the agency and whatever other participants from around state government are involved in that. This is clearly not a function of the CPO's office, but where they have offered an example to where they would want a look and would do so with very limited discretion. For example, if they regularly consumed paper at a rate that is easily quantifiable and then suddenly someone wants to buy paper at five times the rate, and someone asks the question about why they would be conducting a procurement on the agency's behalf in that regard and it is very likely that they have a good reason. That there is a run on paper because paper prices are going to go up so they are going to stock pile or there could be any number of business reasons that say sure that makes a lot of sense lets buy extra paper, but that is the

limit of their examples. The reason that this has found its way into our administrative rules discussion is that in their conversations the administration and CMS really wanted some guarantees that they were not going into this needs analysis business and wanted to build that into the rules. Mr. Brown stated that he would concur with the Chairman that this is an issue that can be off the table as easily as it could be continually debated.

Director Weems stated again that it is in the language and believes that what Mr. Brown is saying is correct. When they both saw the initial language of the proposed rules it is very suggestive that verifying the need and making sure the CPO's office is ok with the need. It is how the language can be construed and he wanted to make sure from CMS' stance that they clarify how they are going to write it. Mr. Brown stated that the CPO's office is also offering that verification of need does not extend into the needs development and needs analysis side of the agency and management, but could also be in a position where they don't necessarily understand what the agency wants to procure. The CPO's office has to be in a position to verify their request in some capacity and he would need to look back into the work product, but he does not think that this is an uncommon practice even pre-SB51 for clarification and verification of the request.

Chairman Vaught stated that he finds both their comments very helpful on this and understands better on what they are saying. Chairman Vaught asked if Board members have any other questions. With no other comments from the Board, Chairman Vaught asked to hear a little more on the exemption issue in terms of the two perspectives. Chairman Vaught stated that from the memo there is a borderline question. Does the exemption exist and if it does what do we do then or does the exemption not apply. Chairman Vaught wanted to hear what Mr. Brown and Director Weems' perspectives were on this.

Director Weems stated the he would simplify CMS's view of exemptions as best he can. It is the fact that they are exemptions by definition and are exempt from the Procurement Code. CMS' view is that SB51 speaks to the authority of the CPO with relationship to the Procurement Code and the procurement process and exemptions by definition are exempt from the Procurement Code. For CMS it is a matter of looking at SB51 and their view and thinking of these different aspects are exempt, but he wants to make sure that there is a management aspect they are trying to preserve. Director Weems stated that this is their argument in a nutshell. Member Bedore asked for Director Weems to provide some examples of what he is talking about. Director Weems replied that they are talking about purchase of care and anticipation of litigation, things of that nature. These things are specifically left out of the Procurement Code. In their view they don't see where it becomes an issue with rules relating to the Procurement Code. Mr. Brown stated that the position the CPO's office has taken since day one is that part of the creation of SB51 was based on the inappropriate use of these exemptions. These exemptions date back to 1998 when the Procurement Code was originally created. There were several instances in prior administrations where there were findings from the Auditor General, accusations that lead to referrals to the Inspector General and some actions taken by that body as well as a lot of post performance looks at these exempt transactions. Part of the SB51 implementation was to be able to effect appropriate procurement with a proper amount of oversight. The challenging question is how does the procurement process prevail and to see appropriate procurements through that process when a transaction is inappropriately exempt from the process. The only responsibility for making sure that the procurement goes right is within the authority of the CPO under SB51. In order to successfully keep those procurements on the procurement side of the fence is to have enough visibility into those exemptions so the CPO's office could say, hold it you have incorrectly exempted that from the procurement process and they would like to talk about that and if it is a procurement they would like to get it into the procurement pipeline so that it is not an inappropriately used exemption. Mr. Brown stated that an example of that, which was not mentioned by Director Weems, was the use of grants. Grants are an exemption of the Procurement Code, but the grants portion of the responsibility is actually defined in the Code. It states where it is a grant it is exempt from the Code unless it is to the benefit of the using agency then it is a procurement. An example is if a grant was received and that money comes into a State agency and moves out of a State agency, under whatever granting authority was used to accept the grant, and moves out directly to a grant recipient that stays within the grants boundaries and has nothing to do with procurement. However, if a federal grant was received for something, part of that federal grant money goes to a constituent as prescribed by the grant and part of that grant goes to the agency to be expended for agency operations and that agency operation could be the administration of a service or buying and distributing a good to a constituent. Mr. Brown stated that the CPO's want the ability to say yes that it is a grant and they have no role here and be able to say that they are not involved and only to be able to do their jobs when it is required. There are currently 13 exemptions to the Procurement Code, four of which really have procurement implications and the rest are not related to procurement at all, but keeps them out of procurement entirely. Mr. Brown stated that there are a

lot of things that have been deemed purchase of care that should have been procurements instead of dealt with a free hand, grants, anticipated litigation and they have some other unique exemptions out there.

Member Bedore wanted to clarify that with grants the administration feels that it is an exemption, but some of them are and some of them, he believes wouldn't be an exemption. Member Bedore stated that if you were to get a grant from the Government to build a bridge or a stimulus package that was passed and given to the State of Illinois, you would then go out and purchase the product. To Member Bedore that is a procurement. To say automatically that all grants are exempted he does not agree with that.

Director Weems replied that CMS' stance is that the use of all grants is exempt, but here they are talking about grants themselves and CMS believes those are exempted. Lawmakers have exempted these particular things from the Procurement Code. Director Weems stated that to him a grant that an agency might receive, that is a grant. If you are talking about a procurement in which an agency is going out to buy something with grant dollars he would agree is a procurement. There is no disagreement there. In having the discussion about exemptions themselves, the exemptions that are listed as being exempt from the Procurement Code, that is what they are discussing and talking about the ability for the CPO's office to test something to see if it is exempt or not is not specifically an authority in the Code. What CMS is trying to say is they don't like making extrapolations of legislation. The idea was that exemptions, grants, purchase of care, anticipated litigation were specifically left out. While we talk about historically what has happened in State government and the problems that have been there the lawmakers still chose with SB51 to leave these exemptions exempt. CMS is not saying that they disagree that there have been problems in the past, but legislation should dictate how they are going to treat these items that have already been in legislation as being exempt. It is not that they disagree with any of that, but again they are exempt in the statute. Member Bedore asked if he feels if CMS was to get a grant to modernize CMS with all new electronic equipment and you go out and try to purchase all of the equipment that would be exempt? Director Weems replied no, the purchase of the equipment would not be. It would be a procurement. Director Weems stated that what they are talking about is when CMS is issuing a grant. Whenever CMS expends grant dollars that is the real test for them. Are they expending dollars by purchasing something or are they granting dollars to some entity to perform a service for constituents? When coming up with these examples and these situations it is easier to go back to the statute and not extrapolate it and not try to go too far with interpretations. Member Bedore stated that what if CMS gave a grant to ABC Daycare. You are saying that would be exempt? Director Weems replied affirmatively.

Mr. Brown stated he was going to try to help clarify with more details. If ABC Daycare was in receipt of a grant, that is likely to be a direct grant to the recipient or direct grant to a servicing agency, who will provide service to a constituency. But of the same grant pool, grant monies, if 50% of the grant was used to purchase supplies that are granted to ABC Daycare you are coming in and out of the grant environment by needing to purchase those supplies competitively and now they are an asset of the State of Illinois that the State can then grant to ABC Daycare. You can come in and out of the procurement process and in and out of the grant process depending on the choice of the agency's granting administration as well as how the State wants to best use that money. Mr. Brown stated that it is not just grants, but also purchase of care and those are always procurements. With any of these examples the issue that he wants to propose to the Board is that someone needs to determine whether these are exempt transactions or not. The CPO's office is willing to accept the administration proposing that these are exempt transactions. They just want an opportunity in the procurement environment to be able to concur or to be able to find something that is inappropriately exempted and say no, it is in the procurement pipeline get it back on this side of the fence. Those are the limits that he has proposed to Director Weems and part of the challenge amounts to some of the sensitivity and timeliness. There are a number of reasons why the administration would like to see us not function real time. They have proposed as an alternative that they may report to the CPO's quarterly in a post performance environment and they can review and then talk about policy what should or shouldn't be exempted. Mr. Brown stated that he feels very strongly in General Services that they would like to catch it on the front end and not see an inappropriate exemption. He believes that this is a limited number of transactions that they are actually going to make claim on that they are procurements and may debate them or very much agree that their initial finding was wrong and that they really are a grant. Member Bedore asked if he feels that the review would slow down the process to the point where it becomes a road block. Mr. Brown replied that he does not feel that it is. In the areas where they have done that so far the instructions that he has given to State Purchasing Officers are to make their ruling and most all are ruled to be grants. He can go pull some reports, but believes they move them through within 24 to 48 hours and in no circumstance does he think that any of them sat idle for a week's time.

Director Weems commented that CMS position is a little different and does think that it is part of the reason why lawmakers left them exempt. There are a lot of grants that the State does and timeliness when it comes to grants and purchase of care could be dangerous. Mr. Brown said that he can conclude with a final position is that part of their challenge in reading the entire Code is that the CPO has a responsibility to also void contracts that are in violation of the Procurement Code. It can be construed that an inappropriate exemption from the Procurement Code and a contract that results from an inappropriate exemption is thus voidable and that is a responsibility of the CPO and that is a post procurement event that is for actual contracts once they have been executed and issued. If there are two ways they can approach this one on the front end and one we are debating because we are trying to interpret how to best do it. The other is very express is for him to have an opportunity to review quarterly reports as suggested by the administration and comb through them. In that event, at that point Mr. Brown is obligated to undo who knows what at that point by voiding contracts versus trying to address for purposes of identification how to keep something on the right track and to a point of success. Mr. Brown feels that the first path, with having disagreement and resistance, is much more in the State's interest then him having to go through and perform something in a more auditable sense then voiding contracts that have business occurring mid-stream.

Member Bedore stated that reviewing it on the back end would be a disaster. Director Weems replied that the procurement process is a very lengthy process depending on who you ask. He believes the CPO's office is working very hard to try to address that issue and try to shorten the time it takes for a procurement, but there is a lot to do. CMS just wants to follow the statute as it reads. Member Bedore asked if they are doing that when it has purchase of something in it you say "oh no that is a procurement" so you have made a decision on some of these grants. You say that they are exempt, but then in another breath you say that part of that is not and that is a procurement and that would go through the process. Director Weems replied that they are talking about examples of what could happen. What he is trying to tell the Board is in a situation when CMS issues a grant to any entity to perform a service for constituents that is a grant and is exempt from the Procurement Code. Now, CMS is trying to buy a truck because they received grant money they are not basing their decision where the source of the funding is coming from. They are saying the recipient of a grant is different and will have to look at terms of that grant the State is receiving. Member Bedore stated that the law doesn't say to or from. Director Weems replied that Member Bedore is talking about two different situations. A procurement for CMS is anytime the State goes out to procure a good or service. A grant that CMS receives is not that and a grant CMS issues is not that. If CMS uses money from a grant they receive to go out and buy a good or service for the State they believe that is a procurement, but again that is why it is easier for CMS to recognize the difference between an exempt transaction as a grant CMS issues versus how they treat grant dollars that they receive when it is time for them to spend it.

Chairman Vaught asked Mr. Brown to give examples of inappropriate application of exemptions that he noted in his memo. Mr. Brown replied that the two areas where they find the most need for discussion and reconciliation with the using agency are either in the grants environment or the purchase of care environment. The analysis is that they take a look at the need and find out what the need is and looked at the tag of what the transaction had been called. Is it a grant, purchase of care, sole source, competitive selection, etc? Those items were either termed purchase of care or grant as they looked at the need and tried the deliverable of the need and tried to analyze whether or not that need is properly represented by a purchase of care and that ward of the State is receiving direct care or is the ward of the State benefiting.

An example that was found was a busing service. A busing service does not fall under anything like the oath a doctor takes by compromising care by bidding it out. They are simply saying that agency wants to provide busing service to a ward of the State. The CPO's opinion and use of interpretation for the definition of purchase of care say that no busing services have to be competitively selected. It is not a care item that can be impugned by competitive selection where you are required to go out and buy that with more of a free hand spirit that is deliberative of the quality of care provided to the recipient. An example in the grant area where there is a general term of grant applied; either because the source of funding was from a grant or the money to be expended is allocated in a State grant program. The monies themselves are not leaving the State's hands to a grantee under the definition of grant in the Procurement Code, but are in fact being used by the agency in some capacity. Mr. Brown stated that he does agree with Director Weems that this was not dealt with by the General Assembly in a direct manner to say here is the body who will decide what is exempt and what is not. That would be clear and concise. Mr. Brown stated that they would be willing to defer to the people who established the need to declare whether that exemption is there. The CPO's office just wants an opportunity to look at it and make sure they are not overlooking their jobs.

Chairman Vaught asked if busing is covered under purchase of care. Director Weems replied that busing itself is not covered, but delivering people with medical transportation would be. Chairman Vaught stated that the agencies are maintaining that medical transportation is purchase of care. Director Weems replied that they have seen it in the past, but they don't have a current example. Chairman Vaught commented that if there was an ambulance service you would not have to bid the ambulance service you could just pay them because it was a purchase of care. Director Weems replied it would depend on what entity was delivering that service. Purchase of care dollars given to an entity could use those dollars for that service. Director Weems stated that CMS has several different venues to present problems in procurement, just like in all State government. If there is a problem CMS has several venues to talk about anything that is inappropriate. Director Weems stated that it would be better to test and allow the agency to have a forum to tell why they chose the path they did. Mr. Brown stated that this is what the CPO's office is asking for, for that forum to exist, that decision to provide in a manner that the procurement office can take a look at it. The CPO's office has had several conversations with agencies over the last 18 months seeking the advice of the CPO's office to make sure that the proposal that they are creating is lawful. They have great ideas and want to implement a lot of things to benefit the State of Illinois and have asked where the boundaries are in their ability to procure. These come from areas that are medically based and may or may not be purchase of care. The CPO's office feels that it is very beneficial to the process, management decision and budgetary process and all stakeholders that are associated here. Director Weems replied that CMS agrees Mr. Brown is right, but that authority does not exist currently in SB51 or anywhere else.

Member Ivory commented that he understands that anticipating problems before they happen is a good idea, but it could also cause a bottleneck and hold the process up in the end. He also understands the importance of oversight and making sure that the Board does their job because everyone has a collective responsibility to make sure things run smoothly and make sure they are doing the right thing. Member Ivory asked if there was any other body that could have some degree of checks and balances where the CPO would not have to expand its responsibility in order to protect the interest of the general public. Director Weems replied that there are several different venues to turn to when there is wrong doing and currently exists in statute, but this authority does not. Mr. Brown replied he would offer to Director Weems if they could compare a few transactions for the Board and for anyone else who is interested. All of these procurement processes maintain clocks. The CPO's office time dates everything that is in a pipeline, in the PBC process, in their work product, etc. The CPO's office can offer up several examples of where good work has been done and where they have done not so good work. For their purposes the CPO's office would never intend a check and balance process to be a hold up or hindrance and is looking forward to making this check and balance work in an effective manner. Member Ivory stated that since the CPO does not have the authority right now is to have things go on as is for right now, but have the ability to come back and address this group or to have other agencies to bring a light to a subject and bring it back and review it. Mr. Brown stated that it was good advice. No further questions or comments were made.

Next on the agenda was CMS Facilities. In attendance was Deputy Director of Property Management at CMS, Nick Kanellopoulos. Mr. Kanellopoulos stated that the total cost reduction since Governor Quinn took office was at \$40.3 million and today CMS is at \$41.55 million. Currently CMS has eliminated 1.85 million square feet of leased space over that time. In January 2009 CMS was leasing about 9 million square feet of leased space around the State and today they are at about 7.15 million square feet of leased space around the State. One of the reasons for the cost production number increasing is CMS recently terminated a DCFS lease in Skokie that cost the State in FY11 \$890,000. Mr. Kanellopoulos brought this up because CMS is moving that office to the ISAC building in Deerfield, which is a facility that CMS is purchasing on an installment plan. The State will fully own that building July 1, 2013. There is a lot of vacant space in that facility and they have been looking for a long time to put State tenants in there. CMS is hoping to report to the Board in the upcoming months several more very large consolidations due to work that has been done. DCFS is the first one. HFS and DHS will also have some very large consolidations coming up that he hopes to report to the Board over the next six months.

Mr. Kanellopoulos stated that the next topic was leases that may potentially move into State owned space, which CMS provided a list to the Board. Mr. Kanellopoulos stated that the list shows leases in the Springfield area that will be terminating soon or with favorable termination options that can be done quickly. There is some very detailed information on those leases and these are the ones CMS keeps looking at when space becomes available or when bids come in and potential space to consolidate more people into space. The leases that are highlighted in orange are leases that are currently terminated, the purple have transactions pending, the pink are in the RFI process, and the yellow are leases that are great candidates to move somewhere and the blue are leases that cannot add any more

people to the facility. It doesn't mean that these leases are going to stay there. Nothing can move in there but could potentially be moved out if space becomes available and CMS could terminate the lease.

Chairman Vaught asked about the IDOT lease on Stevenson with the \$17.03 a square foot rate. He wanted to know why CMS was not looking at terminating this lease because of the high rent rate. Mr. Kanellopoulos replied that he believes there is something going on with that lease, but doesn't have that information on him and will get that information to the Board. Member Bedore asked about the Civil Service Commission. Mr. Kanellopoulos replied that CSC lease expires June 30, 2012 and there is no early termination option. CMS has sent a letter to the landlord that on June 30, 2012 they will be moving out and CMS is making plan to move them to the EPA Sangamo Building. Member Bedore asked about the HFS lease on Chatham Road and wanted to know why there was no dollar amount. Mr. Kanellopoulos replied that this lease started September 1, 2011 and the information is generated from FY11 so it didn't exist during that time it is too new to provide actual numbers at this time. Member Bedore stated that the overall space is 395 sq. ft per employee and then you go down and say that it is 235 after you take out public areas, etc. Member Bedore stated that he went to the building this morning and doesn't know where there is any public area. This office building is for the Office of Inspector General for HFS and their function is to find waste, abuse and mismanagement. He said he could find waste and mismanagement because this office should be in the State Police building. Here is a group of 10 employees who work on fraud and mismanagement and waste and believes it is a perfect fit for the State Police building. Member Bedore said to activate their 120 termination option and disagrees with the personal space of 235. There is no public space for children to play or waiting room for the public to come in and sit. This is a perfect candidate for the AIG building. Their function is to find waste and fraud. Member Bedore asked for a full report at the next meeting on what CMS intends to do about this. Mr. Kanellopoulos replied that he will report to the Board next month and will take Member Bedore's comments into consideration.

Mr. Kanellopoulos stated that with the State Police building there is nothing new to report. CMS Benefits will be moving in a couple of weeks. There is a meeting scheduled with the Attorney General's office for next week to show them plans for their group that works out at Montvale to get them in the building. Once CMS gets CMS Benefits and the Attorney General moved into the building they will go back and survey to see how they can restack and create space for additional tenants to move in.

Next was the report on Printer/Electronic Consolidation. In attendance was Will Walker with CMS. Mr. Walker stated that with telecom this month's cost savings report includes a increase of \$45,260 in annualized savings. The grand total for the calendar year of savings is now estimated to be \$410,289, which is an 11% jump over previous months. This year CMS has eliminated 372 phone lines, 491 cell phones, 7 pagers, 336 air cards for laptop computers, 7 data circuits and 65 miscellaneous service reductions.

The print/fax/copier/scanner equipment reduction continues to move forward. The year-to-date equipment reductions are now at 6,484 fewer devices. This is up from last month's report of 6,219 reduced units. CMS has started working with all IDOT facilities and hope to add those numbers over the coming months. The projected annual savings for this print reduction is now at an estimated \$2,963,947.

Since April of 2010 two State Use Vendors have environmentally recycled 75,298 pieces of electronic equipment and prevented 377 tons of electronics from entering landfills. This no cost program has saved the State \$3,549,610 compared to what the previous vendor would have charged the State. The Armory, used as a staging area for his project is winding down since our passage of SB1862. This new law permits the two approved State Use Vendors to conduct direct pickups from agencies with surplus electronics. This added efficiency saves the State untold man hours in data wiping/destruction while also eliminating state transportation costs.

The I-Cycle program has collected 3,078,880 pounds of paper, 261,507 pounds of card board, 2,324 pounds of plastic, 6,732 pounds of aluminum, 12,415 pounds of tin and 63,443 pounds of assorted comingled items. Mr. Walker said some additional facts are 26,170 trees saved, 4,618 cubic yards never made it to a landfill, 61 pounds of paper recycled per state employee and 584,987 gallons of oil saved.

Mr. Walker stated that for the GSA cost savings program in November and December the State Police purchased 14 vehicles from GSA. The State has purchased a total of 89 vehicles this fiscal year for an estimated savings of \$703,100. CMS anticipates acquiring more GSA vehicles during the second half of the fiscal year. Since the GSA

started almost two years ago CMS has purchased 697 vehicles with a savings of \$5,506,300. Mr. Walker stated that he would be happy to answer any questions the Board might have. Member Bedore wanted to know, regarding digital imaging, which agency was going to be next to start the digital imaging process. CMS Assistant Director, Steve McCurdy stated that CMS is taking this project up and Director Weems is also in agreement. Mr. McCurdy stated that it is complicated on what has to be retained, who has to retain it and what you can scan and what you cannot. There are 15 taskforces taking this issue up and studying it. CMS is going start by taking a small agency, the Prisoner Review Board, who are very paper orientated and use them as a test case and are going to conquer any problems that may come up. Mr. McCurdy stated that it is his intention to report back to the Board on a monthly basis on their progress.

Next on the agenda was New Frontier/Pacific Management Public Hearing Date. Member Bedore stated that this hearing is largely based on the Chicago Sun Times article and wanted to mention that there was a report on January 9th which states that Governor Quinn's administration incorrectly provided the Chicago Sun Times with outdated records showing that a company lead by Bill Cellini managed 18 State leased buildings. The administration said a further review showed those buildings are managed by Pacific Management a company partly owned by Cellini's daughter and son-in-law and apologize for the confusion. With Board discussion and approval the New Frontier/Pacific Management Public Hearing Date was set for 10:00 a.m. on Thursday, February 9, 2012 in Springfield.

Next on the agenda was Legislation. Director Carter stated that there are a couple of items to report. SB1750 that the Board has gone over the last couple of meetings was signed as presented to the Governor on December 20, 2011. Member Bedore asked the Chairman if the ink was dry before the Governor signed it. Chairman Vaught replied that he handed it to him personally and the Governor was not convinced. Chairman Vaught suggested that the Board should think about pursuing a trailer bill to correct some of the issues. Member Bedore agrees and believes they should. Member Ivory also agrees with Member Bedore's suggestion. SB2533 a Senator Jones bill which is the creation of a State Facility Panel. The bill itself creates the panel itself and asks for a report on State facilities in general and also puts a stop on any large scale consolidations until after the panel's report is finished. This is a bill that would work directly against some of the things the Board is pushing Mr. Kanellopoulos and company to do and might be something the Board should take a position on. Chairman Vaught stated that he would concur with that and need flexibility in this area and is not convinced that this bill is needed. The Board agrees with the Chairman's comments. Member Ivory wanted to know where the bill stands now. Director Carters stated that it was introduced late November and referred to assignments. The last item is HB3912 which deals with the Illinois Sports Authority and says any contract action over \$1 million needs to be filed with the Board. The Board would have the ability to object within 30 calendar days. Member Bedore wanted to confirm that this bill will give the Board power to review contracts that are over \$1 million. Director Carter replied affirmatively. Member Bedore wanted to give an example. The Illinois Sports Authority using State grant money and city hotel tax money went and built a restaurant for \$7 million and turned it over to a private operator and all of the profits go to this organization and to the Illinois tax payers. Member Bedore can understand the reasoning for this bill and it just points out that it is Illinois money going to this Authority to build a private restaurant. Should someone have reviewed this grant money poses an interesting question. Member Morales asked where the bill was now. Director Carter stated that it was introduced December 11, 2011 and referred to rules.

Member Ivory stated regarding the trailer bill he understands the PPB's point of view and what Chairman Vaught suggested to be done, but is there anything else that the members can do to ensure that this things have legs to run besides just what was recommended. Director Carter replied that outside of a trailer bill since SB1750 has already passed the staff met with CPO Bagby and he has already developed a lot of things in place of the waiver forms that need to be filled out for his approval. He is on top of things that they are going to have to do to get it through the CPO's office as well as a place where they are going to post it specifically so people can see it and bring light to it. Director Carter stated that on the staff level he is ready to go for this bill and understands that the Board still wants to work on a trailer, but at least the CPO's are ready to look at this. Member Bedore commented that it would behoove all of the Board members to go and talk to the people who appointed them as Board members and tell them that this is very important. Chairman Vaught asked how soon a draft will be done. Director Cater replied that he could e-mail it early next week. No further questions or comments were made.

The next scheduled meeting for the Procurement Policy Board is set for February 9, 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.