



Chairman: David Vaught

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

Minutes – January 10, 2013 Meeting

Present in Chicago: David Vaught

Present in Springfield: Ed Bedore
Larry Ivory
Bill Black

Present via Telephone: Rick Morales

The Board started the meeting by confirming attendance at 10:10 a.m.

A motion was made by Member Bedore to allow Member Morales to participate by telephone and was seconded by Member Ivory. The motion was unanimously approved.

First on the agenda was the approval of the minutes from the December 6, 2012 Board meeting. Member Ivory made a motion to accept the minutes as printed and was seconded by Member Bedore. The motion was unanimously approved.

Chairman Vaught stated that they needed to change the order of the agenda because Nick Kanellopoulos is having travel difficulty. It has been suggested that we move to item IV as long as the Board was alright with that. The Board members agreed.

Item IV was the Agency/University Vehicle Procurement and Usage Study. Director Carter stated that at the last meeting the Board asked that the Universities come back and be available to answer questions in relation to the vehicle study. The only thing that staff has provided in addition to the study itself is a breakdown of vehicle purchases on purchasing cards provided to the Board by the University of Illinois. Present to answer any Board members' questions are representatives from the University of Illinois, Northern Illinois University and Southern Illinois University-Carbondale.

None of the Universities had opening statements. Member Bedore stated that one of the questions the Board had from the last meeting is that it didn't seem that there was any tracking of the actual mileage of these cars. It was also specifically stated that the UIUC didn't keep track of their mileage. Mr. Bass, Senior Associate Vice President of Business and Finance, from the University of Illinois stated that Pete Varney, the head of the Transportation Department at UIUC, was in attendance to answer questions. Mr. Varney stated that the U of I does record the mileages. The data is fed to the department; however, the data does have some inaccuracies from human error. In order to report on a timely basis for each individual vehicle they just didn't have the time to summarize all 1200 vehicles. Member Bedore asked if they had the mileage now or is it still inaccurate. Mr. Varney replied that they do have all of the numbers, but they have not been compiled yet. Member Bedore stated that it has been two months and you still don't know what the mileage is on your cars? You could probably hire a couple of students and have them look inside to get the mileage. Mr. Varney replied that the information is there it just needs to be compiled. Member Bedore stated that the idea of this study was to see how much money the State is spending on repair and maintenance of these cars or should there be an effort to purchase new cars. One way of looking at this is mileage. When you see some mileage from some of the other Universities there are some cars that have 700,000 miles on them. The cost has to be astronomical to maintain. Member Bedore stated that there was one he believes that was

M:130110

222 SOUTH COLLEGE STREET, SUITE 231, SPRINGFIELD, IL 62704
Telephone: (217) 785-3988 Fax: (217) 557-9927 TTY (888) 642-3450

800,000 miles. How can that be? It has to be very costly. That is the whole point of this study. This is not a harassing thing, but it is to find out if the State should come up with a policy of replacing some of these old vehicles and the cost. The other thing the Board is looking at is if it would be cheaper if there was some type of contract where you could get your cars washed at a particular place rather than having someone just run in and give them their P-card. Mr. Varney replied that the University does have a garage to maintain the University vehicles and the departments are free to utilize those services or they can seek services outside the local area. Member Bedore stated that the University spent \$156,000 on P-cards in FY12 for cars at the UIUC. Mr. Varney replied it could also be break downs outside of the Champaign-Urbana area as well as the State of Illinois. Member Bedore stated that the non P-card purchases are assumed to be handled internally and are \$20,000. The P-cards are \$136,000. Mr. Varney replied that he believes those numbers are incorrect. He stated that the internal repairs are in excess of one million dollars. Member Bedore replied that this is the UIUC's report not ours and it says \$136,000. Member Bedore stated that he hoped at next month's meeting the University could come to the Board and draw some conclusions about purchasing some new cars.

Chairman Vaught asked about item 6 in the questionnaire from the University of Illinois which states: "How many vehicles have 150,000 miles or more?" and there is not a satisfying answer to that question and doesn't understand why that question can't be answered. Member Bedore replied that is why he asked why a couple of students couldn't go and get those mileages from the cars. Mr. Varney replied that they have the information and is not aware of any vehicles that the University has that are in excess of 800,000 miles. To this point he hasn't compiled the list of all 1,279 vehicles and gone through each one. Chairman Vaught asked what their policy was on when you dispose of a vehicle based on years of use or mileage. Mr. Varney replied that it varies on type of vehicle, but they do have a replacement cycle for passenger sedans for example at 6 years or 90,000 miles. Other vehicles are replaced based on time. Chairman Vaught stated that it is a very different answer that he would hear from CMS or State Police about how many vehicles that have over 150,000 miles and what their capabilities have been to replace and maintain those fleets. Why is it that you are able to maintain that 6 year cycle while State Police and CMS have been unable to do so? Mr. Varney replied that for their passenger vehicles they do maintain a user fund that generates both operational and replacement funds for those vehicles and they do their best to replace the vehicle before it becomes a maintenance issue and have the funds set aside to replace it. Chairman Vaught asked if there was a dedicated source for those funds? Mr. Varney replied that for these passenger vehicles there is a pool and the users are charged in mileage or duration a fee and that money is recouped and split between operational and replacement funds. Chairman Vaught stated that he is stating that the users, whether it is State funding, Federal funding or tuition, they pay a fee into this revolving fund that enables you to renew your fleet. Mr. Varney replied affirmatively.

Member Bedore stated that NIU has vehicles with 767,000 miles, 849,000 miles, 248,000 miles....Bill Finucane, Transportation Manager at Northern Illinois University, stated that NIU operates its own charter bus fleet and those vehicles in particular you referred to are charter buses that they use to transport not only athletic teams, but also class field trips, bands, etc., and usually keep those vehicles at least 20 years before they would be returned. Chairman Vaught asked if they are saying that all of these vehicles from page 9 are charter buses that are over 150,000 miles. Mr. Finucane replied no sir just numbers one through nine are buses. Chairman Vaught asked then what the others are. Mr. Finucane replied that it varies. There are some sedans, minivans and a couple of trucks and some vans that are used for late night rides for safety services. Chairman Vaught asked if NIU has a replacement policy similar to U of I for their cars. Mr. Finucane replied that they do have a policy for 10 years or 100,000 miles. Typically as they rotate vehicles through the fleet some of their vehicles are older. Chairman Vaught asked if that was due to shortage of funds and why that policy is not fully being implemented. Mr. Finucane replied that the last few years' funds have been tight and the usage of their pool vehicles has gone down. They also work on the equipment reserve fund, as they refer to it, where a portion of each trip is put into the reserve fund to replace vehicles. Chairman Vaught asked if it is similar to what the U of I described? Mr. Finucane replied affirmatively.

Member Bedore asked about Carbondale. There is a Ford pick-up with 330,000 miles. There are quite a few that are in the 200,000 mileage range and a lot in the 180,000 miles and 190,000 miles. Kevin Bame, Chancellor for Administration and Finance for SIU-Carbondale, replied that many of the vehicles with higher odometer readings are kept close to campus or on campus, which are used by their physical plant

staff or on the farms. We feel that those vehicles have cycled from departments where they came off the road and primarily are kept within a few mile radius of campus and because of their maintenance and their own shop these vehicles are still safe to maintain. Just like the other Universities, money has been an issue. Some of these vehicles are department owned, which were purchased with departmental funds and the departments have not had the funding to purchase new vehicles. Member Bedore asked if they had the expense for the cost of maintain on these old, old vehicles as compared to purchasing new cars. Mr. Bame replied that their trade-in policy is 10 years 100,000 miles, which is similar to NIU. They also have a tracking system and keep records on and if that vehicle becomes a maintenance burden at that point they would decide whether to trade or purchase a new vehicle. Member Bedore commented that they have a car from 1997 with 330,000 miles, which tells him that there is some high end maintenance on that truck. Mr. Bame replied with all due respect that vehicle is pretty much limited to the Carbondale area that may be on one of the farms so it might not ever leave University owned property. It might be only used a few miles a day. It probably came in off of a daily fleet and is recycling to get all the good out of it. Member Bedore stated that they still have a whole sheet that goes from 330,000 miles down to 153,000 miles, which you might have one of the oldest fleets. Member Bedore asked if he could provide a cost of maintaining this old fleet. Mr. Bame responded that they were not asked to provide that, but they certainly can. Member Bedore stated that the University is trying to maintain this 1997 car with 330,000 miles wouldn't it be better to go out...granted you have your own maintenance shop, but that shop is costing you something. You are not going out and buying parts at Auto Zone, but you do pay those salaries and benefits of those mechanics. There is a cost which is what the Board is trying to get at. Mr. Bame replied that it was his understanding that the vehicles listed on that spreadsheet are fairly small in annual miles and really the annual maintenance cost is small because they are not driven that much on an annual basis, but he would be happy to provide that information to the Board. Member Bedore stated that it would be nice so the Board can get a bigger picture of what is going on. Chairman Vaught asked if Mr. Bame could provide the information requested to Director Carter at the PPB and then he would forward it on to the Board. Member Bedore stated that he would like to see all of the Universities provide that information as well.

Next on the agenda was the University Pouring Rights in Procurement. Director Carter stated that at the last meeting, members of the Board asked for the University of Illinois to come back and provide some insight on their take on this topic. The University of Illinois did provide an opinion in writing to the Board as well as the Board's legal counsel has provided his take on the University's opinion. Director Carter stated that he invited the Universities to come and shed some light on their opinion and the Board's legal counsel is available to give his thoughts on what the Universities have provided as well.

In attendance for the University of Illinois was Mike Bass, Senior Associate Vice President of Business and Finance. Mr. Bass stated that he knows that this was discussed at the previous meeting and was sorry he was not able to make it. The University did provide their opinion in relation to the opinion that was rendered by the PPB's outside legal counsel. He stated that obviously there is a disagreement between the two opinions. The U of I starts from the basis that this is a concession and runs through that mode and everything is intertwined and they believe that they are correct in that interpretation. Mr. Bass stated that one of the purviews of this Board is to find areas where there may not be clarity in the law or policies and procedures of the State. In this instance he would put forward that this is an area that the University would be willing to work with the Board on a going forward basis of trying to clear this up if it requires legislation or policy statements of procedures that the Board may want to work on and they are willing to do that. Mr. Bass stated that the Chairman and others that have dealt with legal opinion and diverse ones in the past and they stand by their legal opinion and respect the counsel opinion of the PPB as well and so we are at odds on that, but clearly this is an area that demands more clarity in the purview of how we procure or how we do concessions, which are very important to the University and provide an opportunity with their financial position on the basis of the value that is extended to their exclusive pouring rights partner. He would also say as you look at the U of I they have an exclusive arrangement, but it is not a totally exclusive arrangement. There are areas within the University that are allowable and are designated within the agreement and within the solicitations that were put out for the exclusive pouring rights that were identified. They also have articulated in that that they have ability in certain areas that open up to larger vendors as opposed to just exclusive rights, particularly in their quad-shop in the Union. There is one cooler set aside for that type of activity so there is openness in that and to be frank, once you do that you degrade the potential value exchange for the exclusive pouring right. Those were decisions that were driven not only

from internal desires from the campus, but also important to the student body as well. Mr. Bass stated that he is willing to answer any questions the Board might have and understands that there is a disagreement and it is ok. He stated that the University is more than willing to work with the Board if this is an area that needs clarity so this doesn't happen in the future.

Chairman Vaught asked if Mr. Bass was suggesting that a legislative clarification is necessary to resolve the difference in opinions from the differing attorneys here or do you think that there is some other way to resolve that difference. Mr. Bass replied that he would always hope that there may be ways to do that without doing legislation. He is not saying at this point that they would be successful in that, but would be willing to engage in any of those types of potential opportunity to talk this through. From the University of Illinois' perspective and point of view this is an important way of increasing their revenue under the brand value of what they carry and it is something that they are protective and are wanting to keep, but also want to do it in a way that if there are questions that need to be clarified they would be open to any of those. Mr. Bass stated that he understands and supports the Board and his belief is that the Board can do very proactive and positive things to guide how we procure and do it in the correct way. He supports that and always has, but here the U of I stands by their opinion, which is from reputable attorneys. The Board has a reputable attorney that has a different opinion and how we solve this thing going forward he thinks is what he would like to work with and with the Board on to figure out and to come to some type of conclusion. If it requires some type of legislation, which it may, they are willing to try to make that happen.

Chairman Vaught stated that it seems that this is treading into a pretty significant area in this pay to play statute and sure it is a general prohibition and sometimes it is hard to apply it to specific facts, but he certainly thinks that one of the values to the Board is to try to keep that broader perspective as well as the individual perspective of how it applies to the specific situations and keep both in some degree a balance and don't have the tail wagging the dog so to speak. Chairman Vaught stated that he welcomes Mr. Bass's willingness to work with the Board.

Member Bedore commented that from his point of view, he does not want to do anything to hurt the pouring rights. Nobody is disputing that whatsoever. The point that he has a problem with is when the U of I or any of the Universities go out and purchase let's say juice or some product and put this provision in there that they have to buy advertising in the Illini Union like something that Carbondale is doing where they have to buy \$50,000 worth of advertising. Member Bedore stated that he believes that they have crossed the line with this pay to play. Mr. Bass replied that he was not aware that it was a part of their agreement and would disagree with you on that. Todd Turner, Board's Legal Counsel, stated that it was Southern. Mr. Bass stated that people from Southern are here to discuss this if needed. Mr. Bass stated that he understands what Member Bedore is saying. Member Bedore stated that this crossed the line and he is not saying that he did, but believes that Southern did. It is one thing to say you have the exclusive rights for pouring concessions you have all the vending machines on campus he doesn't have a problem with any of that, but when the Universities go out and purchase and put a stipulation on there that you have to do so much advertising or you have to buy so many tickets or have to do this or that. What's to prevent the Universities from saying in order to get this contract you have to contribute to the Mike Bass Memorial Fund. Where do you draw the line? Member Bedore thinks that it should not be allowed whenever there is a purchase being made by the University. Mr. Bass replied that in their particular situation part and parcel of the concession of the value of the pouring rights was the ability to bring in and to extract the value exchange from their partner was to bring in campus dining, the Assembly Hall and the stadium. In that they set out pricing for the bag and box that becomes a concession, but it wasn't in a way to say you are going to get that and by the way you are going to put some money here to do something. It was done because it was a part of what the University viewed as the totality of what are exclusive rights. If you have an exclusive right in the arenas and that is how you identified it then that is the product you need to use. Member Bedore commented that they are not purchasing any....but then you are. You are purchasing milk, juice, etc. Mr. Bass replied that was a price that was already articulated because they have to get that product. Mr. Bass stated that it is different than what Member Bedore was saying and that is where they stand by the start of what their opinion and what they believe where they are at is a concession is very broad and is an exclusive right to try to have that as in order to get the exchange to try to have that as broadly as they can. You want it in your dining and what do they get for that obviously they get marketability. Because every cup out there is going to have Coke on it so they get the advertising. Mr. Bass stated that in a lot of these, not all of them

because there are some machines that can do both, but sometimes it's actually concerning to them the dimensions of the bag and box is syrup that creates the drink affecting the equipment that the vendor provides. Mr. Bass stated that it is one of the aspects brought out by PPB's legal counsel's opinion and the University views it as all intertwined with an overall concession agreement with their exclusive partner.

Member Black stated that he recalls this discussion and that his memory is not what it used to be he agrees with Member Bedore that he doesn't think that there was any question and very little negative reaction to a pouring rights ability in a public venue at the University of Illinois or other Universities. He views that and believes that Senator Schoenberg did tremendous work on trying to clean up our purchasing policies and doesn't think Senator Schoenberg would disagree that we were asking the Universities to figure out ways to bring in revenue and one of the way to do that was to do a request for an RFP who would like to furnish soft drinks and other concessions at Memorial Stadium, the Assembly Hall or whatever that venue might be recognizing that they didn't have the counter space/dispensing space to let anybody and everybody to come in. There is no way even on the remodeled west side of Memorial Stadium where you can accommodate every potential soft drink vendor in the Midwest. So it was a request for proposal everyone had an opportunity and the price and the cost structure and the benefit for the University was to be taken into consideration. He doesn't think that would violate the pay to play provision. Where it might be less clear is in areas of the University that are not generally as open to the public such as a dormitory. The Illini Union is open to the public as are any athletic venue. There are people in certain dormitories that want different products, but would tend to agree with Mr. Bass that there are two conflicting legal opinions and it would behoove the attorneys involved and this Board to try to resolve it internally. If we go back to the General Assembly given the general mental state, not to be nasty, he is just giving the state of the current General Assembly, they might make us much more confused or eliminate it altogether and doesn't think it is in the best interest of the State budget or the University's budget. We asked them years ago to find sources of revenue to help renovate Memorial Stadium or whatever stadium and maximize your return on that contract. There may be areas of disagreement, but Member Black agrees with Member Bedore. He thinks if the University goes out and says they want to buy 50,000 pints of orange juice and within that request state that the successful bidder will buy \$50,000 worth of advertising in the student newspaper or the Alumni magazine that does not appear to be a part of the pouring rights contract. He thinks that is a little different. He thinks that the attorneys need to sit down and resolve this internally with the Board and the staff and believe that we can come up with language that everybody could agree to. It is gray area as Member Bedore has pointed out, but he doesn't think there was ever any disagreement in the General Assembly that we expected whenever possible when you can enter into a pouring rights contract, which is really no matter where you do today, is a matter of business whether it is the United Center or Soldier Field or any other venue. Pouring rights is an accepted practice. What Member Bedore is talking about may not be the accepted practice the General Assembly was talking about years ago. Member Black would hope that we don't go to the General Assembly because they have enough on their agenda and it could be an absolute disaster. There is no space for dispensing or counter space to just say anyone who wants to sell a soft drink to come on in. That would be impossible to accommodate and not be a financial benefit to the University and would slow down the concessions stand. Member Black believes pouring rights is an excepted practice and doesn't have any problem with it. Again, the attorneys and the Board can get this worked out. We are not going to solve this here today. Whenever you take conflicting attorney opinions and try to work it out in a meeting like this somebody would have to bring in lunch and dinner and breakfast tomorrow and still might not have an agreement. Like Member Bedore said this brings up a whole other point and they can get that point worked out. Member Black stated that he doesn't think that we need to examine the pouring rights issue, which was fairly well debated on the House floor and he thinks that the General Assembly and the Governor who signed the bill was in agreement. If we can move on from where we are today it would be in our best interest to do that.

Chairman Vaught wanted to affirm that Member Black is suggesting that we have the attorneys work with Director Carter and perhaps the Universities a little further. Member Black replied that he believes that it is the best way to do it to get the clarification that Mr. Bass was talking about and in the areas that need more clarification. Chairman Vaught stated that he thinks it is an excellent suggestion.

Member Ivory stated that he was listening to the comments and stated that he would say the legal counsel has given their opinion and he would like to hear from counsel from their perspective, based on what Mr.

Bass said, if he has a dissenting opinion if this can be worked out and is it possible to come to some happy medium in terms of how to get this thing fixed before it goes someplace else.

Todd Turner, Board Legal Counsel, stated that he believes it can be worked out. He agrees with Mr. Bass that it is a close question and that he stands by his opinion and Mr. Bass stands by theirs. He has no problem with trying to work something out. The only thing that he might say in response to what Member Black brought up was didn't this start because there was an outside complaint? Mr. Turner stated he is willing to work it out without going to the legislature, but his concern is that the University and the Board can reach a conclusion on this but if there is not a legislative change might there be litigation down the road from someone who challenges an award. That is the only thing he wanted to point out, but does in general think that you don't want to go to the legislature and have them open up the Procurement Code on debates unless both parties feel that is the only thing we have to do.

Member Bedore stated that at the last meeting there was a motion by Member Ivory and himself that there would be no allowing of contracts of this nature to go through after January 31, 2013. If we are going a different way we will have to rescind that because he doesn't think it could be worked out by January 31, 2013. Member Black stated that Member Bedore is absolutely right that couldn't possibly be worked out by January 31, 2013. The University is in the middle of basketball season throughout the State University system and probably already has contracts in place for the fall football season, soccer season or whatever. The athletics run year-round now. I would move to rescind that previous motion because we would not be able to get anything in place by January 31, 2013. He believes that in 60-90 days we could come up with some reasonable language on this. If we need legislative clarification as some point he doesn't have a problem with that, but doesn't want to get in the middle where the Universities would have to rescind pouring contracts because that is not any contention here. If we cancel these contracts after January 31, 2013 then we will open up a can of worms and lose a potential revenue source at this point no one can afford to lose. The State is not going to make up the difference and the Universities don't have the money to make up the difference. We need to go forward with what we have and let the attorneys and the Board's staff to see what we can do and then later on in February, March or April if we need legislative clarification then fine we can seek that. Member Black stated that he would move that the January 31, 2013 prohibition of any such contracts be voided here today. Chairman Vaught stated that we have your motion and just wanted to understand the intended motion in which you intend that legal counsel would come back to the Board in a reasonable time frame that was suggested of 60-90 days and would have this back on our agenda to reconsider is that correct? Member Black replied affirmatively. This is not going to go away. He stated that he can understand a small vendor, he can understand a vendor that gets an offer for a contract being upset and he thinks that it can get straightened out without endangering a significant source of revenue that the State cannot afford to give up and the Universities can't afford to give up. Chairman Vaught stated that Member Black made a motion to rescind the motion that was made at the last meeting, which is on page 14 of the minutes. Member Morales seconded the motion.

Member Ivory commented that he wanted to make sure that he was clear because there is a great deal of sensitivity to be a small business and understands the pouring rights issue and with Member Black and the reference the example that was given regarding Carbondale. Do we have to rescind the motion in order to ensure that particular situation happens again? Member Ivory stated that he was just not clear in terms of why we need to rescind the motion in order to keep moving to make sure it doesn't happen. Member Bedore stated that the motion was not to rescind the pouring rights. The motion was to stop what the Board thought was a violation in Carbondale where they were purchasing a product and they tied it to advertising. Oh, I was just told that it didn't stop them they awarded it anyway. Then I guess that is a moot point then.

Member Black commented that when the day comes that he would need to bring Member Ivory up to speed it would be a very strange day because he has forgotten more about this than I will ever know, but my point is simply if the aggrieved vendor at Southern Illinois University wants to pursue legal action then they certainly have the right to do so. He believes that until we can get legal counsel for SIU and all of the Universities together there may be something in the language that SIU is using that just escaped their attorney, but doesn't think it can be worked out by January 31, 2013. So to rescind this motion is not to take it off of the agenda, but to have them come back within 60-90 days with some recommendation and maybe some contract language revision and we go from there. Member Bedore stated that he agrees with that

except he would make it a part of his motion that this would be resolved in 60 days because we do have a legislative calendar. He just doesn't want it to be dragged on until May or June. Member Black stated that he has no objection to that and would ask that this be on the agenda in 60 days and hopefully come to some reasonable terms of understanding and agreement at the said meeting. Chairman Vaught asked Member Morales if he has any problems with that amendment. Member Morales replied that he does not. With no further questions or comments the amended motion was approved with a vote of 5-0.

Next on the agenda was Emergency Procurement. Director Carter stated that the PPB staff got together with CMS and staff and talked through the emergency concerns the Board had. Staff also got together with some of the larger agencies at the invite of the Chief Procurement Officer. Here are just a few quick bullet points to bring emergencies more into perspective here before the discussion. 1) As of March 28, 2011 the Chief Procurement Officer no longer allowed extension of time on indefinite quality contracts. There is not exact number, but that is definitely a cause of some of the emergencies. 2) CMS relies 100% on the Agency to start the procurement. So if there is no business case created on the Agency level CMS does not proceed. Along with that there have been communications that maybe the PBC system could be updated to provide a reminder of some sort to assist the agency in getting things moving and sending things to CMS. 4) CMS is working to alter contract end dates so that certain things that are seasonal related don't end in the middle of the season and will start in the beginning or end of the season to clear up any lapse in service or emergency needs. 5) Sometimes a solicitation does not yield any responsive responsible bidders. 6) Small purchases account for as many as 25 of the 78 emergency they have covered on here. The thought is to avoid any stringing in procurement. The emergency vehicle is more transparent to the process. Lastly, there are still some concerns that using CMS requires the agency to almost seek two avenues of approval both from CMS as well as the CPO. When they got together and worked on these there are a multitude of reasons for emergencies and Director Weems and Roger Nondorf are here to comment.

Malcolm Weems, Director of CMS stated that the most important thing for CMS over the last two meetings was that they had that their point all along was that this is a more complicated issue. However, now that we have scratched the surface there are other issues that have arisen based on all of this background information that was found. There were numbers that were discussed at the last two meetings that determined the dollar amount of these emergencies. CMS still has not been able to reconcile that. There seems to be a mix up of the fiscal years in terms of what the aggregate number was, but wants to reiterate CMS expected there to be emergencies based on the list of what Director Carter just went through. CMS knows that they have a different policy with regards to BEP and knows that the culture change will yield more emergencies. CMS will keep working until they have a process worked out so they can have a complete emergency procurement file so going forward CMS will be able to answer those questions in a real time situation. Overall we need to capture the real data before we do something or do more than what we are doing right now. Roger Nondorf, Chief Administrative Officer for CMS wanted to add that they did spend some time looking into the numbers and trying to understand the scenario. As members of the Board would recall at the last meeting in December there was a disconnect on the numbers of CMS related emergencies. He thinks he understands where some of the disconnect now lies. He believes that the disconnect on the numbers is a disconnect between what is total administration versus what is CMS specific. To Director Carter's earlier comments on notification. CMS has initiated the development of a vendor management system with their IT department. Part of that functionality would assist with post contract administration. It is a tool that has not really existed in State government.

Chairman Vaught stated that he had a concern about a memo that Director Carter just brought to his attention. Item two in which the agency is the one to start the procurement process. Chairman Vaught believes that it is CMS' responsibility to start this process. He stated that there was a huge concern in the General Assembly about the overuse of emergency procurement and these are still very high numbers and doesn't think the intent of some of those reforms in SB51 were to have numbers of this size. Don't you know the expiration dates of contracts that are likely to be re-bid or renewed? Isn't that in the PBC system or in the CMS database somewhere so that you will know when the agency is too slow in beginning the PBC. Director Weems replied that there is information where you can tell when a contract ends, but there is also the chance that we are not re-bidding that contract. What Director Weems is saying is that the agency has to speak for itself in terms of what its needs are based on their resources. Director Weems stated that what CMS may be able to do, with the limited technology that they have, is to have a tickler of some sort

that alerts people or be able to run a report. There are a few things we can look at. Chairman Vaught stated that he still believes that CMS has some responsibility for helping manage the procurement system from the Executive Branch point of view and the agencies don't always view it that way and if we left it to all of these agencies we would have a greater problem. He is worried about this idea that CMS is waiting for the agency to start the procurement, but then if they are lax and don't get started then it contributes to the emergencies then it seems to me that area could be addressed a little bit. Director Weems replied that the Chairman is correct and believes that the problem that CMS has had since he has become director is that there is this back and forth with the CPO office and they have to deal with the agencies and CMS has to deal with the agencies about when a procurement starts and CMS is still working on a lot of that stuff and thinks the Chairman is correct that CMS has a responsibility, but also thinks that what they are trying to get at is the resources and what the process is going to be overall. Mr. Nondorf added that the PBC is where part of that work flow is required. It doesn't mean that it hasn't been asked for. He is not going to pretend that CMS is 100% perfect in all of these situations. Certainly there is a range of things that could happen where the need for the continuing procurement is sought, but not really defined. The PBC would be required for actions to take place relative to that procurement under CMS policy. It could be overlooked. He would not suggest that it is never sought from that agency and believes that it would be an incorrect characterization. That does happen and is not going to say that it is 100%, but without the PBC being within the process the procurement process does not start, which has always been a part of the CMS process. Chairman Vaught asked if CMS had a breakdown of the 78 emergencies and where in terms of agencies. Director Weems replied that he is not sure if they have the latest breakdown, but originally this is how this started. Through continuing work, CMS could get a better idea of the breakdown, but wants to add that there are more emergencies that are off the books right now. In fact, Representative Ken Dunkin came to CMS with regards to commissary. There is not a contract out there right now for the Department of Corrections and commissary is still being purchased. So at some point there is going to be a need for an emergency contract to get something in place and he is concerned about that. Director Weems stated that this is something that the Board doesn't even see yet. So there are other contracts that don't even exist and CMS has to go through this and the Board might see an increase in emergency contracts rather than a decrease at least on the front end. Those are the numbers that CMS is trying to reconcile. What is out there? What time period are we looking at so rather than trading remarks we are talking about the same things and that is what CMS is trying to do. Director Weems stated that the area that he wants CMS to focus on is poor planning.

Member Bedore stated that this goes back to what the Chairman has been saying. For the past two or three months now that it is poor planning to not know when contracts expire. There is no notification or anyone saying and an example you gave on commissary is one. Doesn't anyone know that we need to feed prisoners? Does it take a Representative to come to CMS saying I have a concern here? Shouldn't there have been a red flag six months ago in the system saying this is about to expire. Why do we have to have outside Representatives and Senators come in and say hey, we have a problem here? Member Bedore doesn't know why there is not a red flag that goes up six months stating that this contract is about to expire. Do you want to continue it, alter it or do you want cancel it. Member Bedore stated that the point is why don't we know about this in advance before it expires? Director Weems replied that they do know on certain contracts, but for example the commissary. CMS started the procurement and the results of that procurement the agency disagreed with the way CMS was going thought the procurement and then the procurement stopped. That means that more information was needed, but it doesn't mean that CMS didn't try to arrive at a contract. There were reasons that it stopped and sometimes the agency is definitely involved. Director Weems stated that notification is not necessarily the problem here. CMS does not have the authority, in some cases, to force an agency to have an agency specific contract. For example, if CMS wants the agency to have BEP goals on a contract and the agency doesn't think that it makes sense then they don't want to continue the procurement. Then the question is what happens at that point. It is not just the matter of CMS not knowing, but they do have to work with the agencies to get that done along with the CPO's office. It is not a matter of CMS not wanting to start the procurements. There are more issues than just the date of the end of a contract that come into play.

Mr. Nondorf wanted to add that in the December meeting there was a discussion on yeast that Member Bedore brought up and wanted to let the Board know what he found out. The yeast contract never lapsed. It was never not done. What CMS had was a situation where the bid process did not yield an awardable offer,

it was redone, a contract was put into place and for purposes of slow pay/nonpayment, multiple emergencies were engaged against that. That is part of the process that CMS wants to review and involve CMS legal in the post emergency review. CMS is looking to make pro-active changes to that cycle so that these types of things get addressed in a manner that will elevate some of the emergencies being done and keep CMS more in accordance with what the Board today would like to see. Member Bedore stated that it is still puzzling on those 78 transactions that were highlighted. There are 10 transactions out of the 78 where the present contract expired over 500 days ago. There are 11 transactions where there are contracts expired between 300-200 days ago and then it goes down to 200 and then 100. He hopes that CMS keeps working on this because these numbers still need work. This is overall and not all CMS, but he can't envision 10 transactions where the contract expired over 500 days ago. I am baffled. He understands the government moves slowly, but over 500 days. Mr. Nondorf replied that he and Director Weems agrees that 500 days is too long. In the review of the number CMS can't speak for the entire administration. CMS has 37 emergencies for FY13 as of the last data sets that were supplied for just over \$11 million. If you break that out of those 37, eight of those are small purchases. Speaking to what Director Carter initially pointed out per the CPO's direction things are being classified in a manner that isn't necessarily consistent than what has been done historically. It is certainly in the CPO purview to make that decision. Of those 37 historically eight of those would be done as small purchases of the 29 remaining 10 of those are related to some of the BEP changes that CMS has made as an agency. Mr. Nondorf stated that to the Director's point there are a number of factors that contribute to the numbers and he believes some of the confusion from past meetings is that we have gone back and forth between total emergencies versus CMS specific transactions.

Member Ivory stated that he knows when Director Sledge was the Director of CMS and he knows with SB51 it has caused some degree of change that we have to adjust to and knows that it seems that we have had more emergency contracts that ever before. He is trying to analyze it to see if there are inefficiencies or the change in SB51 and what is the rationale for where we are at right now. Member Ivory stated from his personal experience since being on the Procurement Policy Board, people will call you up and tell him about procurement issues that have not gone well in their opinion. Member Ivory stated just recently there is a contract issued for inmate calling and that was contested by a number of vendors and the fact the vendors contested based on FCC Rules and the cap on what the regulations were it prolonged the procurement by the nature where there had to be some verification. He did speak to CPO Brown in reference to this also. Member Ivory stated that he is far more familiar with the complications that happen just because you want to do a procurement doesn't mean that you can do it as quickly and as easily as you want because there are always outside factors that can have an impact. He will also be exploring another issue on the video conferencing where we have no BEP goals whatsoever on it and would like to have a conversation with CPO Brown and whoever else to find out things where there should be. The point he is trying to make is that from his experience from being on the BEP Council and being a little more familiar with CMS he does see some consistency when people file a complaint it drags out procurement. The question really becomes an issue from a leadership point of view is that what can you and your team do to help procurement become better and knows that you are working on that, but do you have some suggestions that you are going to take to heart that will help us and make this process much easier and reduce the amount of emergency contracts.

Director Weems replied that it is going to take some cooperation between our State agencies and the CPO's office. The truth of the matter is SB51 changed the procurement landscape in this State, but we are still working our way through operational issues, which should be expected. Overall the procurement process takes too long. Director Weems stated that he does not have the answer that is going to get it fixed right away, but he does know it will take them figuring out the real data first. We really need to work towards building a process that everyone can buy into and it gets us what we want. He knows we are far away from that, but we are working on it all the time and staying within the confines of the law.

Member Bedore commented that he had one clarification for Mr. Ivory when he said that it seems like there are more emergencies. It doesn't seem like it, there are. Member Bedore stated that last year, which was not all of this is CMS but the administration; the last year was a \$100 million. So far this year we have \$86 million. It doesn't seem like there is more emergencies. There are. We are going to set a record for the State of Illinois under this administration for emergencies. Chairman Vaught stated that he believes that we already have set a record and is going up. Member Bedore stated that the point is that at the rate we are going we are going to have \$160 million worth of emergencies. Member Bedore stated that if you go back

to the last full year of the Blagojevich administration, they had \$32 million and we are going to have \$160 million. You can blame a lot on SB51, but last year was two years after SB51 was passed we only had \$100 million. Everyone can hide behind SB51, but we have had two and a half to three years to work with it and last year we had a full year of SB51 and only had \$100 million. For the first two quarters of this year we are at \$82 million. It doesn't seem like we are going to set a record we will.

Member Black asked that on item 7 from Director Carter's bullet points would there be or could there be under SB51, if some agencies that have commodities that are time critical for delivery would it violate the intent or the authority of SB51 to let some of those agencies, like Corrections or Illinois State Police, to set up a flow chart where some agencies could just go out to purchase some commodities that are extremely time critical or would that put us in opposition with SB51. Mr. Nondorf replied that he must be reading his mind to some degree. The level of work has increased as the result of SB51 with a limitation of resources due to some of the fiscal challenges faced by the State. He is not just talking about CMS, but all agencies under the Governor. All of the stakeholders have more requirements to monitor, more activities to perform, more documentation all required under SB51. Mr. Nondorf stated that he is not criticizing the reform he thinks that it is a good reform and they want to do that. CMS has not had a fiscal situation that would allow for resources to be added and frankly, there was a period of what exactly will SB51 mean as to where resources need to be. To your point CMS is working with a couple of the large agencies and their intention is to do more. CMS is not adverse to delegating those agency specific activities back as part of the load balancing. As far as willingness and openness and the ability under SB51 to try to shuffle that work so it can be done in a timely way. To deal with some of those workload issues these are the types of things that Director Weems mentioned where CMS is working with the CPO on and to some degree making progress on and trying to address how those resources can be applied to accomplish everybody's objectives and goals. Member Black stated that he understands and appreciates the answer and doesn't want to open up a can of worms. He believes that point 7 is something maybe the Board and Director Carter can look at and there might be a very small select number of items on a carefully drawn organizational chart where somebody could do their own procurement, subject to review, but only on those items that are extremely time critical. Member Black said that he would pursue it with Director Carter at a later date and thanked CMS for their comments.

CPO Matt Brown stated that he knows that this has been a lengthy discussion that can be handled outside this meeting in a number of ways. He wanted to provide assurance to the Board and others who might be interested in this subject. There are a number of things that they do to try to mitigate these areas of concern. For example, while we are aware that a contract action or a procurement action is not official in the State's organization without a PBC. The SPOs conduct weekly meetings with the agencies to assess need to understand where critical points are for logistical reasons. The CPO's office always recommend when they realize that they are not operating under contract they do insight decision making that prevents one-off buys and make sure to find aggregation or alternate sources and the SPOs have a responsibility to see that through to a determination. There is an effort to that and documentation that supports that. The CPO's Office does have a realization that in the interim of any lapse of contract that there is a need for services or commodities and at certain points it is necessary to formally direct the interim process. You may have to deal with whether vendors are refusing to serve the State because of slow pay or it may be a market situation that the State is not in control of. It may be any number of factors, but in each of those events they do prescribe a limitation or particular direction to see if they can mitigate risk to the State.

Member Black stated that he appreciates that and again he is reminded that a correctional officer or two had called him about a local vendor in Danville that had an existing purchase order for certain commodities at the Danville Correctional Center and showed up one day through the sally port and asked to speak to the officer in charge and needed to pick up a check. He was to drop off napkins, plasticware or things of that nature. The officer in charge called the warden and said that his boss wants a check. The officer stated that they were not authorized to do that and so he got back into his truck and left. Member Black stated that he realizes that slow pay complicates it, but he does appreciate the update.

Chairman Vaught asked if Director Carter wanted to add any comments on the other two items on pre-bid conferences of vendor refusal/slow pay. Director Carter stated both of those items are Board requests. PPB staff reached out to Director Weems and his staff on the amount of pre-bid conferences that are held. They

also looked at the issue of the State slow payment and vendor refusal and did a survey of 16 State agencies at random and the two main points was that they do see a lack of competition because of the State's slow pay and there are difficulties because of refusals. Lastly, not everyone had a firm grasp on the vendor payment program and was going to share it with Director Weems and his group. Member Bedore stated that he asked about slow pay because when they went through all of these emergencies the vendors are saying that they are not going to participate or bid or the vendor says that they will not deliver this food. The State Journal Register is going to start a series once a week about the vendor that is going out of business or is so far behind and refuses to do any business with the State. Whether we want to accept this or not it is a fact of life. A lot of vendors are not bidding on State contracts and if they do bid they are building in the cost of money. A contractor who has to pay his employees every week would have to go out and borrow money so when he bids he puts in the cost of his money that he had to borrow so the State is paying more for its products. Member Bedore believes that this administration and this Board needs to start working with vendors and finding out the problems and really bring this to a head. It is affecting the procurement in the State of Illinois that is why he requested a survey to start looking at these things.

Director Weems replied to that point Director Carter mentioned the vendor payment program, which he started creating while at the Office of Management and Budget to defer this issue. It has been several years now that they think that procurement has been impacted by the fact that the State does not pay on time. We need to come to the realization that there is a \$9 billion backlog problem. This is not something that is going to be remedied in the next year or two. The real issue, with regard to these emergencies, is the first thing CMS does when a vendor says enough is enough. To cancel something from a contract cannot be our policy because that person bid in good faith to do the work and in most cases did the work or provided the services and then their only answer because they won't keep doing it is that CMS is going to cancel their contract and give it to a new person. The vendor payment program is designed to take the burden off of the vendor and place it on someone who is willing to wait so that vendors can make payroll and things of that nature, but it was shocking to CMS to find that the first notion would be to cancel someone's contract because they didn't want to perform after not being paid for seven or eight months. That is not in the best interest of small business and the State. It is just wrong. Collectively you are correct, CMS needs to work on how they are going to deal with that situation, but they have to have sensitivity to the fact that pretty soon you can keep jumping contracts and re-bidding and soon people are going to be getting hit and they will just not bid at all. That is not what we want. Member Bedore stated that the vendor payment program was announced years ago. Do we have any numbers of how many companies participate in this? Director Weems replied that if the Board would like he could have it added to the agenda and give the Board an update. CMS does have some figures. Currently, investors have made over \$300 million available so it is a first come first serve for vendors who want to participate. Member Ivory stated that he knows that we can always better our best. There is always room for improvement. What he doesn't want is for us to lose sight of is the fact that we have done some new things that creates some degree of challenges in terms of procurement and thinks that the challenge is how to correct some of these issues that we have never dealt with before because this is new. Some of the issues are surely related to and should be related to more inclusion when it comes to BEP. Because the numbers he has seen are very disappointing and he knows that there is a culture change and should be vigilant in terms of making sure there is more inclusion. Member Ivory stated that he believes that we are working towards a solution and if the CPO and everyone work together it will be better than today, but thinks that it is going to take some time. 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 he provided the statute to Director Carter that basically states that before CMS leases or purchases a building CMS is supposed to look at any existing State owned or State leased facilities to accommodate any agencies need. Chairman Vaught asked if CMS has tracked it in the consolidation reports that have been given to the Board. Do you have a summary of who CMS has moved into State owned space? Mr. Kanellopoulos replied that he does not have a breakdown of who has moved into State owned space. He thinks if given until the next Board meeting CMS could break it down as to procure lease consolidations and give some figures of movement into State owned buildings. Chairman Vaught stated that he recalls at least one lease that was moved into the Lincoln Development Center, but is curious about how the properties at Tinley Park are being used. He knows that there was some talk about using some of the mental health facilities around Elgin and Jacksonville. Mr. Kanellopoulos replied that he can tell the Board that at Jacksonville, Tinley Park and Singer nothing has

moved in as of today. Mr. Kanellopoulos stated a warehouse lease that was costing the State about \$500,000 \$600,000 a year was moved to Elgin city, which is the DOC warehouse. In Elgin, he believes about March, CMS is going to terminate a very large DHS human capital development lease and move it to a building on the grounds of the Elgin Mental Health Center. It has been a long term CDB project renovating half of what was a vacant building and that will save the State and pay for all of the improvements that were done.

Chairman Vaught stated that there are two rules here that you stated in your opening remark that CMS is required to look at State space, which is in the statute. In the Rule is doesn't say you are required to look, it says that you are required to give a preference. Correct? Mr. Kanellopoulos replied affirmatively. Chairman Vaught stated that an exception to that policy must require a strong specification. Mr. Kanellopoulos replied affirmatively. Typically the justification that he has seen for CMS not moving an agency into State owned space is the location of that space. For example, most of their offices are social services agencies that provide services to the public. Like the Singer Mental Health Center in Rockford. The Mental Health Center in not in the center of the city and believes there is one bus that goes out to that facilities and it does not stop close to it. So that is a challenge. A strong justification is "how would their clients get there". A second strong justification would be cost and that is something you see with the Jacksonville Developmental Center. In Jacksonville all of the buildings are heated and cooled with a power plant and it is going to be shut down. In order to heat and cool them in the future the State will reutilize the building and would have to install boilers and would have to renovate the building. Most of those buildings are dorm style housing not office space. Chairman Vaught stated that he would like to see some of those details and would seem like it would be a case by case basis.

Member Bedore asked if the Board could move to the ISP lease because they have to attend another meeting. Mr. Kanellopoulos stated that the update he could give the Board for the Franklin Life Building is that they are finalizing plans for the Civil Service Commission to move into that facility and have finalized floor plans with the Gaming Board to increase space to accommodate for the additional hires they will have. He knows that ISP will also be making some additional hires based on new programs that they are going to be operating, which would be starting next month. Chairman Vaught asked how many non-ISP employees are there in the building. Mr. Kanellopoulos replied that he does not have that number for the Board this month, but will have that for the Board next month.

At the last meeting there was a short presentation done on Ashkum. The issue here is that there is a small lease in Ashkum and has been there a long time. The issue with terminating that lease is that there is a communications tower located at that location and Pat Murphy with ISP is here to answer any questions regarding the consolidation plan the Board might have. Chairman Vaught stated that it was his understanding that Ashkum is the only District headquarters that is leased, is that true? Or are some of these other on the information sheet also district headquarters? Mr. Kanellopoulos replied that he believes the Chairman is correct? Chairman Vaught stated that essentially ISP has about 20 district headquarters that managed to be in State owned space in nearly every case. Mr. Kanellopoulos replied affirmatively. He knows the plan is that Ashkum will eventually go away. Mr. Kanellopoulos replied that the last item was the leased lab space in Morton. There are a couple of leases and CMS looks at them every time they come up they do look at other opportunities, but is it the sheer cost of building a brand new lab that prohibits CMS. He knows there is a project in Belleville that will eliminate a leased lab. Chairman Vaught replied that it is supposed to be open this fall. Mr. Kanellopoulos replied affirmatively. As capital dollars come up the leases will disappear, but until that happens CMS will continue to work with ISP and continue to obtain good rates for the existing lease. Chairman Vaught stated that the sheet that was furnished in the meeting packets did not have the rent on Morton. Mr. Kanellopoulos replied that the sheet that was supplied was CMS' sheet. Where you see numbers CMS pays the bill and is a consolidated facility. When you see blanks it is not a consolidated facility and CMS does not have that information. Chairman Vaught stated that we don't know what the Morton lease cost? Mr. Marc Maton Deputy Director of the Division of Forensic Science with the Illinois State Police stated that he could read in the Morton lease schedule. In the last year the Morton contract is \$206,000 and \$316,000 a year for the Morton lease. The projected lease schedule for the new contract starts at \$210,000 for 2014 and in the last year in 2018 it is \$227,089. Chairman Vaught asked if Carbondale is where the other one that is comparable to that too or is that smaller. Mr. Maton replied that it is smaller and it is in Southern Illinois University space and is slated to close at the end of this year and will be consolidated in the Belleville lease when it is built. Chairman Vaught wanted to confirm

that after Carbondale is consolidated and Belleville is complete Morton and Springfield will be the only ones with leased labs. Mr. Maton replied that they also have a leased facility up in Chicago in the medical district. Chairman Vaught wanted to know if ISP has made any progress in the capital budget going beyond the single lab and try to get a second or third lab in a capital appropriation? Mr. Maton replied that he would have to refer to the logistic people to answer. The second lab was a consolidated facility up in Joliet and that has been stalled at the feasibility study level since 2008, but it is still number 1 on their capital developments project, but it has not moved forward due to funding. Chairman Vaught asked if it would replace the owned lab out by the Joliet Correctional Center. Mr. Maton replied affirmatively. Chairman Vaught stated that ISP is leasing over \$400,000 a year in Tinley Park. Is there a reason some of the facilities closed around Howe are not suitable for modification in State owned space so we don't have to pay that \$400,000 in rent. Mr. Kanellopoulos replied that the plan is to sell those properties. Chairman Vaught stated that part of that has been given to the city. Mr. Kanellopoulos replied that over the past 25 years that part of chunks of it have been given to the city for different projects, but the challenge with the buildings there would have to be renovated. It is a capital project. It is not just do a few repairs and moving in ISP, but the buildings are inside the property so you would have to carve out something inside the footprint of the entire camp there. No further questions or comments were made.

Next on the agenda was on the Break Room and Vending areas. Mr. Kanellopoulos replied that he provided the Board with the language on the AFSCME contract that talks about the impact bargaining changes in the condition of employment and that is the relevant statement in the contract with regards to if you move employees from a facility that has certain things to one that does not you are typically taking something away. If it is something like a break room it gets impact bargained. That is one thing CMS looks at when they are planning new space. Chairman Vaught stated that the Union is in an obligation to bargain that right? Mr. Kanellopoulos replied affirmatively. Mr. Kanellopoulos stated that the issue that brought this up was a particular break room in a particular facility. In his opinion, that break room is needed in that facility. Mr. Kanellopoulos stated that he supplied the Board with a couple of pages from an architectural guidelines book that talk about things like break rooms, lunch rooms, cafeterias and standards that should be used. CMS current standards on break rooms are a little more stringent then what is required in that manual. Chairman Vaught commented that you are not saying that we change the size or the nature of the break room when we have to do the impact bargaining. Mr. Kanellopoulos replied no not at all. He thinks it is when you are eliminating a benefit. Member Bedore stated that this was originally brought up when CMS was going to put in a break room for 3 employees. Mr. Kanellopoulos replied that there were 7 employees at that facility. Member Bedore stated that CMS is going to do it again with the lease in Lombard where we are spending money again for a break room. Chairman Vaught asked how many employees it has. Mr. Kanellopoulos replied 11. Member Bedore stated that there are two things with this lease that really bother him. One is the break room and the other is a conference room. We leased this space for four years and now the State is going to pay this corporation to fix up their office. We are going to replace damaged ceiling tiles, broken lights what are we paying rent for? And they are going to paint and clean the carpets. Why do we pay rent if the owner is not going to replace damaged ceiling tiles and broken lights? What type of operation are you running? I just don't get this. I want this one killed. Chairman Vaught stated that he was confused on the status of this lease. Member Bedore stated that it is under the 30-day review. Chairman Vaught asked if he was objecting to it under the 30-day review. Member Bedore replied affirmatively. Mr. Turner stated that it needs a 3/5 vote to put it under review to put it on the agenda for the next Board meeting and that would keep it from going forward until the Board has a chance to review it. Member Bedore stated that in light of new information about the repairs not being included in the \$45,000 he is withdrawing his motion. Chairman Vaught asked for Mr. Kanellopoulos to continue with the Aurora lease. Mr. Kanellopoulos stated that CMS did an RFI and got proposals in and right now is negotiating with all responsive bidders. Now that the holidays are over there should be a decision that he could share with the Board in the next month or 60 days. No further questions or comments were made.

Next on the agenda was Legislation. Director Carter stated that he has nothing to add at the conclusion of the 97th General Assembly there has been nothing to note on the 98th and will keep the Board posted.

Member Ivory wanted to make a quick comment on a procurement that he would like the Board to take a closer look at and there could be some conflict and may need to weigh in on, which is on a cell phone contract that was issued not long ago to a vendor. Based on his research and from what he understands it

had some real serious issues in Chicago for overcharging. Director Carter stated that he is compiling materials on that and has requested materials from CMS as well as the CPO's Office. They do have an interest in front of the ICC this month. This will be ready for the Board members in February. Member Ivory stated that he also had some concerns on video conferencing in terms of its process. Director Carter replied that he will work with CPO Brown on that as well. No further comments were made.

The next scheduled meeting for the Procurement Policy Board is set for February 7, 2013 pending Board confirmation.

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