Minutes – February 7, 2013 Meeting

Present in Chicago:	David Vaught Rick Morales
Present in Springfield:	Larry Ivory Bill Black
Absent:	Ed Bedore

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

First on the agenda was the approval of the minutes from the January 10, 2013 Board meeting. Member Morales made a motion to accept the minutes as printed and was seconded by Member Ivory. The motion was unanimously approved.

Next on the agenda was CMS Facilities. In attendance was Deputy Director of Property Management at CMS, Nick Kanellopoulos. Mr. Kanellopoulos wanted to update the Board on CMS activities since the last Board meeting. Since Governor Quinn took office CMS has consolidated 157 leases. CMS has also re-bid and re-negotiated 310 leases over that period of time. Through consolidation, re-bid and re-negotiations CMS has eliminated 2.4 million square feet of property that the State formerly leased and the total cost reduction of the 2.4 million square feet comes to $54.3 million, which is an annualized figure. CMS has also decreased the State lease portfolio by 26.7% from about 9 million square feet to 6.6 million square feet today.

Chairman Vaught stated that there was an emergency extension that he would like an update on Tuscola the DHS office that had five people working in it. He noticed that the Governor mentioned that "DHS had to close 57 facilities" and thinks that this DHS facility was a part of those 57 that closed. How many of those are actually closed and how many are still lingering around a year later, like Tuscola. Mr. Kanellopoulos replied that he will have to get those exact figures and will provide those to Director Carter later today. He stated that Tuscola is lingering around for a pretty simple reason. CMS put out a bid to consolidate five offices into one, Tuscola, Effingham, Paris, Charleston and another one. It was put out to bid and CMS was negotiating with the landlord and the deal fell through because the landlord could not get financing. So it had to be repackaged and put out again for bid and now CMS is negotiating with another landlord. The intention is to eliminate the four existing leases and move them into one lease in Charleston. Chairman Vaught asked if there were others that were hung up like this one. Mr. Kanellopoulos replied he is sure that there are a couple that are hung up, but he will provide exact details to Director Carter.

Chairman Vaught asked if CMS is still doing research on any additional small offices to see if they can come down in the next budget year or is CMS just on cruise control. Mr. Kanellopoulos replied they are not on cruise control and are always looking for opportunities. It was just announced that 7 of the IDES offices are closing due to layoffs so that is going to eliminate several small offices. Chairman Vaught asked that when Mr. Kanellopoulos provided the information to Director Carter if he could include a total number on DHS. At one point they were at 100 offices. Chairman Vaught stated that he knows that SOS and IDES are down to less than 60, which are all service delivery offices around the State and is curious about why SOS and IDES can do it for less, but DHS seems to think that they can't get by with less of those small offices that are very inefficient. Mr. Kanellopoulos replied affirmatively. No further questions or comments were made.

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Next on the agenda was the statewide breakdown of Lease Consolidations. Mr. Kanellopoulos asked if there were any additional questions, which he has not provided answers for already. Chairman Vaught asked if this was an additional information item where you have something for the Board. Mr. Kanellopoulos replied that at the previous meeting the Board requested information regarding consolidations specifically into State-owned space and it took a little longer to put together than anticipated, but he does have a breakdown that can be provided to the Board that simply lists all the leases that have been consolidated into State-owned space. Chairman Vaught stated that it is all in past tense and they were thinking more into the future. Mr. Kanellopoulos replied that the Board also asked about opportunities to move into some of the facilities that have closed and CMS is looking at opportunities to do that, but there are various challenges like what was described at last month's meeting regarding bringing a lot of these facilities up to code and the capital expenses required to do that. Plus the markets they are in can be pretty challenging as far as the rent cost and there is not enough State office space in the county these facilities are located in to support the capital expenses and the operational cost of the buildings that would have to be renovated into office space. CMS does continue to look. Chairman Vaught stated that what he is trying to get at in this discussion is the policy issue around the regulation that currently requires you to use State-owned space when it is available and as part of the procurement process to not begin a leasing procurement when that is available. There is also an additional question of what is available and what is not. Obviously there is a lot of State-owned space in Jacksonville, but you seem to be defining that as State-owned space that has a capital budget and other criteria that is not reflected in the regulation and perhaps it should be. Mr. Kanellopoulos replied that he does not see where you consider the space at Jacksonville to be State-owned space under that statute. Mr. Kanellopoulos replied that he doesn't seem to consider the space at Jacksonville State-owned space under that statute, for example when the power plant is shut down there is going to be no heat so until those buildings are renovated and up to code he does not think the statute applies to a facility like Jacksonville. CMS will look at any opportunity to reutilize that facility, but doesn't believe the statute the Chairman is quoting applies. Chairman Vaught replied ok…continue.

Mr. Kanellopoulos stated that this leads into the third item about average cost per square foot of capital cost on closed facilities. One example is the building you would want to renovate first in Jacksonville would be the Gillespie building. There was a study done to see exactly what it would cost to fully utilize it as office space and right off the top to bring it up to code it is about $2.8 million and another $1.2 million would be spent to install boilers that would replace the power plant that is closing. The building is 96,000 square feet you are spending $41.50 a square foot right off the bat to bring it up to code. Currently there is no need for 96,000 square feet of office space. There are only four leased offices in Morgan County and one of them is the DES office that is going to close and CMS cannot fill that building. If CMS could occupy 85% of that facility, which right now can't be done with State use, you are looking at a total cost for the next 10 years a minimum of $25.69 per square foot to operate that building. Currently in Jacksonville you can rent space for a total cost of about $15.50 per square foot and there is a lot of vacant space in Jacksonville. Mr. Kanellopoulos stated that the cost to move those facilities to Jacksonville doesn't seem to make economic sense at this time. Plus CMS doesn't have the money to do the renovations. Chairman Vaught asked what time frame are you amortizing these expenses over. Mr. Kanellopoulos replied 10 years. Chairman Vaught stated that the renovations would have a useful life much longer than 10 years, correct? Mr. Kanellopoulos replied yes, but we also don't know what our uses are going to be so 10 years was the period of time we are looking at to estimate these costs. Chairman Vaught stated 10 years is the statutory limit on leasing, correct? Mr. Kanellopoulos replied affirmatively. The Gillespie building is much larger than what we need. The second option is for the State to attempt to rent it to private parties. The issue there is pretty clear. Private parties can rent space in Jacksonville for about $10 less than what it costs us and there is a lot of space vacant right now and we would be putting a lot of vacant space into a market that is already depressed, which he doesn't think it is a good move right now. This is not an option that CMS is going to pursue, but again CMS is looking at other options at that facility and one may arise pretty quickly that he could discuss with the Board in the upcoming months. These are just a few details of the challenges.

Member Morales asked what the State-owned space is costing the State right now. Mr. Kanellopoulos replied that he would have to get those numbers. Member Morales replied that it is great to have those figures, but he wanted to know how much State-owned space there is out there not being utilized and what is it costing the State. What is the plan for those spaces? Mr. Kanellopoulos replied that they have a division at CMS, Surplus Property Division, that takes surplus property in an attempt to re-utilize it and if it is not

re-utilized then CMS attempts to sell it. Obviously the market in the past few years has not been good to sell, but CMS is going to attempt to sell a couple of properties in the next year and if those are successful then they will try to accelerate that. Mr. Kanellopoulos stated that he can get a list of their current surplus property so the Board can see what that portfolio looks like. Member Morales wanted to confirm that when a renewal comes up part of the process is to look at available space before going out for a re-bid. Mr. Kanellopoulos replied affirmatively. No further questions or comments were made.

Next on the agenda was Rules Review on General Services, Small Purchase Threshold. Director Carter stated that CPO Brown has cleaned his rules up to show an increase in the small purchase threshold that meets what the Board established in 2008. Matt Brown, CPO for General Services, stated that he concurred with Director Carters statements that the rules simply adjust the small purchase threshold upward to the values approved by the Procurement Policy Board 2008. Those values are $50,000 for goods and services and $70,000 for non-CDB construction. This should help to mitigate the use of emergency procurements by having a small purchase threshold more easily accessible to some of these facility needs and the needs today that might be declared an emergency. Chairman Vaught stated that when he was looking at the rule and those two changes are in paragraphs one and two, but in paragraph four there is professional and artistic that is not proposed to be changed. Is that within your authority to change? CPO Brown replied that it is not within the authority of the CPO to change. He believes that the Board has the jurisdiction under the Procurement Code to consider changes to two of the three thresholds, which is the goods and services threshold and the construction threshold. Those are allowed for adjustment after Board review by rule of the CPO. The professional and artistic threshold is statutorily fixed at $20,000 without administrative opportunity to increase. CPO Brown replied that he believes so. Chairman Vaught stated that he just raised that because there are three numbers and they are getting to be different as they change over time. Member Morales made a motion to not object to the changes on the small threshold rule and was seconded by Member Black. With a vote of 4-0 the motion was approved.

Next on the agenda was Rule Review on Department of Transportation's EBID/Consistency with Statute Changes. Director Carter stated that the rules are not only cleaning up from the last procurement omnibus bill from last session HB2958, but it also clarifies their rule to accepting e-bids or e-procurement solicitations. In attendance for Department of Transportation were State Purchasing Officer, Colleen Caton and MaryLou Lowder-Kent with the Office of Chief Counsel. Ms. Caton stated that the changes are being made to accommodate the electronic bidding system that is planned to be implemented in the spring 2013 and to be consistent with Public Act 97-895. Member Ivory asked for Ms. Caton to go through the changes. Ms. Caton replied section 6.125, Small Business Set-Aside, those changes are being implemented to allow federal language changes to comply with federal law and the term to be consistent with the federal language. Section 6.160 is the electronic signatures to accommodate the electronic bids and on the same section d) is being changed from CPO to the Department and that is to be consistent with SB51. Section 6.170 language is being amended to accept E-Bids under the delivery of the bids so we are not receiving bids it is adding that they will not be accepted after the time deadline on the submittal. Section 6.210 is clarifying language that it is not read publicly, but made public and that will be on the Transportation Procurement Bulletin. Section 6.220 the bids will be opened and recorded and not be read. Section 6.300 is being changed from a 15 day period to a 30 day period to allow for the Procurement Policy Board's review of proposed contracts. Ms. Lowder-Kent stated that the Section 6.410 is the section of the rules that deals with protests. The protests under sub-part (g) are protests dealing with solicitation matters and not necessarily contract responsibility. They are clarifying that contractor responsibility is not subject to those particular requirement in the Rules. The reason for this is basically so the Department can challenge a contractor's responsibility at any time and not be subject to this. For example, right now the contractor has certain certifications that they make - one of them perhaps if they are convicted of a felony. If they should find out from a State's Attorney that is it not true, that they lied, they want to be able to challenge them on that at any time. Member Ivory asked if this was dealing with prime or sub-contractors. Ms. Caton replied the prime contractors. Ms. Caton stated the next section is 6.610 is a change that it is the CPO and not the Secretary of Transportation on the notice of suspension. In section 6.830 contract incentive actions they are taking out the bid incentives and leaving that open so they can do an incentive after the bid during the contract period instead of up front incentive.

Chairman Vaught stated that he was a little lost on 6.830 and wanted to know if that was new. Ms. Caton replied "no" that it was part of the target market that was implemented last February. It was in the rules, but they changed just that section of it. Chairman Vaught asked if there was a change in that section. Ms. Lowder-Kent replied yes it is in (a) subsection 3. You will notice that the Section starts out in consultation with the CPO may establish bid incentives and we are just taking out the word "bid". So the incentives are not just limited to bidding. Chairman Vaught stated that they are just broadening the potential scope of the incentive. Ms. Lowder-Kent replied affirmatively.

Member Black asked what definition they are going to use for small business - the federal designation or a combination of federal and State. I just want to know what would be most advantageous to small business in the Midwestern State. Sometimes the federal definition is not what it is outside of the metro area. Ms. Caton replied that this was to comply with the consistency of the federal law requirement and would have to get more detailed information. Member Black stated that it is sometimes the Feds that say anything under 500 employees is considered a small business and he thinks that it is the generally accepted provision, but in my area of the State that is a big business. Would you be able to give some clarification when you determine what the definition of a small business or small business concern will be? Ms. Caton replied affirmatively. Chairman Vaught asked if the Board wanted to act on this today or wait until the Board gets some answers. Member Ivory asked if the Board could wait until DOT responds to the Board's questions. No further questions or comments were made.

Next on the agenda was the Vendor Payment Program. In attendance was Malcolm Weems, Director of CMS. Director Weems stated that he wanted to give the Board a brief description of the program. Director Weems stated that this was a program that he conceived while he was at the Governor's Office of Management and Budget. As we know the State has well over $9 billion of unpaid bills and what they were trying to do at the time was there was not going to be any moving or borrowing to pay off bills. What they tried to do is relieve some of their vendors from waiting for cash so they wouldn't go out of business or lose business with the State. OMB worked with the Comptroller's office to develop rules for the program, which is based on the sale of a receivable to a purchaser and allowing the vendor that sold the receivable to get 100% of the value of their voucher or invoice. That is significant because it is not a factoring program. It doesn't cost the State any more money to operate this program as it would without the program. The only difference is the prompt payment penalty that is prescribed in statute is transferable to the purchaser of the invoices. Again, it is a program that allows voluntarily Illinois vendors that are owed money by the State of Illinois to decide if they need working capital or not, or if they want to wait until the State pays them and then receive the interest themselves. Again, not a factoring program since it's inception it took them a while since they had to present rules to JCAR and with the Comptroller, which they have done. CMS just received funding for the program, meaning their purchasers pledged about $300 million that is available for Illinois vendors who want to participate in the program to do so. CMS is hoping to get more purchasers right now since we only have one at this time, but there are two or three that are ready to join the program as well. The program is based around trying to protect Illinois vendors and make sure that they don't lose any more jobs in this State because the State does not have the cash to pay all of its obligations. It is a voluntary program for those who are eligible for prompt payment to participate in, which does not include school districts or recipients of grants. This is only for people who have contracts for goods and services that go through the procurement process.

Member Ivory stated that this is a very creative and positive thing to do, but he is having trouble understanding the reference of the purchaser putting up the money, what is their incentive? Director Weems replied that as he said before the prompt payment penalty, which already exists is basically a simple 1% interest per month after 90 days for the value of the invoice. That is what the purchaser gets. There are no fees to participate in the program - there is a term sheet that they must agree to. CMS sets all of the rules and no additional fees can be charged. It is just a simple sale. Member Ivory asked what the Director's opinion, in terms of the program, what is your take how to market this program? Director Weems replied that it is put on the Procurement Bulletin where they have sent out an e-mail to vendors there and right now they are requiring the purchasers to do the marketing. Since there is a value for them the more people that sign up the more money they will make. So it is put on the purchaser because we don't want to spend State dollars marketing the program, but it is on their website and CMS has done e-mail blasts. There has been some large businesses participate and CMS expects to have larger investors come on board soon, but again

the $300 million revolver that the current purchaser just got just started a few months ago. It is a slow climb to getting larger businesses to participate in the program. When businesses call the State and say that they need to get paid the Comptroller's Office and CMS and the people in the Governor's OMB are referring them to the program because it is the only place where there is cash available at this time.

Member Black asked if it would be able for those businesses who have not received their tax refund for the last four years. Director Weems replied unfortunately they can't do that because there is no prompt payment associated with that. Member Black asked if the program is aimed primarily at the businesses that provide durable goods and services. Director Weems replied affirmatively. Member Black asked if a nursing home qualifies. Director Weems replied that they don't qualify currently. They are doing a different version of the program for Medicaid. The only issue for Medicaid is they want a State agency involved rather than having the private sector do it, but we are about two months away from a Medicaid version. Member Black stated that on step one it states that you can only choose one qualified purchaser. How many qualified purchasers do your expect to have. Director Weems replied I expect to have three. The reason we only want them to pick one is because we don't want to have vendors that are desperate for money try to sell vouchers to more than one purchaser. There is a time lapse where they could take advantage and try to sell it to a couple of vendors. Member Black asked what type of businesses do you want in this program. Director Weems replied depending on how much money you have personally you could become a purchaser. The only thing you have to do is show us the source of funds that you are going to pledge to the program and sign the term sheet. It is a sale. It is not a loan and there is no credit application or anything like that. Really it is just the sale of an asset. Director Weems believes that financial institutions will partner and work together to offset some of their risks, but we expect to have large groups.

Member Morales requested a quick recap to make sure he is following this correctly. This is not factoring and yet qualified institutions, whoever that might be, to purchase the accounts receivable for that vendor to pay the vendor after 90 days, correct? Director Weems replied affirmatively. Member Morales stated that it is costing us 1% per month or in many cases 3-4% annualized. Director Weems replied that the interest that is usually owed on an invoice is about 3%, but yes you are basically correct. Member Morales stated that this program is currently in place is doable right? Director Weems replied affirmatively. Member Morales stated then moving forward do you see any other moving parts if these qualified institutions for example, if they have problems. What happens then? Director Weems replied that with the current purchaser they have a bankruptcy remote trust. It is designed to make sure that no matter what happens the money is in a trust so that the vendors are paid. CMS went through a lot of pain to make sure that at the end of the day the only person we are worried about is the vendor. There is some risk out there for the purchaser, but the money is in a trust and if they don't do a trust they are allowed to do a holding account of the funds so the funds are made available regardless of the financial position of the purchaser.

Member Ivory stated that one of the big issues that small businesses have is access to capital and finding talented people. Has CMS considered talking to the President of the Illinois Bankers Association and with the Credit Reporting Agencies (CRA), which is an issue for the banks, have you considered having a separate fund that would be allocated with some incentive for the bank to invest in an area where they would get CRA credit for investing in this fund as a means of one helping to strengthen the CRA which could have some devastating impact on mergers and acquisitions that sometimes committees can contest that you just bought a bank that they are redlining and are not doing a good job in the business market. Perhaps that could be an incentive to approach bankers and tell them that we have a program that you can participate in and get paid for it, but at the same time it will help enhance the CR credit, but it has to be specifically marked for minority businesses. Director Weems replied that CMS has talked about this before and what they are finding is that a bank participating directly is very hard. Anytime they are going to do an outlet of cash since the financial collapse there have been other rules and regulations put in place where they have to do a background check every time someone opens an account with them. The problem that they have is that there is a cost related to doing what you are doing if you segregate funds. What tends to happen is that you have all of these people partnering and just investing and there is a term sheet that gives all the guidelines, but for what you are talking about CMS has met with a couple of banks and they would have to put together a different program. What you are saying makes sense, but I think the challenge for the State in this area or for any other working capital program is understanding for a bank the risk of putting cash somewhere and waiting for vendors to qualify and use it. There is a cost for letting money sit. CMS

will continue to talk with them about this issue, but the program right now cannot accommodate it because of the way the rules are set up.
Chairman Vaught stated that the Board didn't invite the Comptroller's Office to the meeting, but he knows that they were a part of these joint rules and are a part of this program. Could you give the Board a little more detail on their behalf in terms of what the Comptroller has done to help make this work? Director Weems replied that the Comptroller and her Chief of Staff Nancy Kimme have been excellent. The moment CMS started talking about this process and working with them they have been cooperative and have shared ideas. The Comptroller is very serious about getting these bills paid and CMS tries to make sure that this program is something that is comfortable with that. While the Comptroller makes comments about CMS controlling their spin they definitely have recognized the positive use of this program and have been behind us 100%, which made the difference of getting it done. We have joked about how long it has been to get us to this point. We were dealing with State law, rules and then we were dealing with banks who have their own kind of motivations and through it all the Comptroller's Office has been great.

Member Black asked what if the qualified purchaser after 18 months has not received the interest payment or longer than that. I just want to make sure that there is nothing in here that would let the qualified purchaser then go back to the vendor and say I am not waiting another 18 months I am filing a lien against you. I want my money. Director Weems replied that once the purchaser has bought the receivable there is nothing to chase the vendor down about anymore. We do that because at the end of the day the State owes the money. Once they buy that right to payment they are really dealing with the State after that. That has been a concern for the purchasers that are interested. So no, the vendor is not at any risk or retribution from the purchaser for however long it takes the State to pay. In fact that is exactly what the purchaser is signing up for. Member Black stated that CMS will have fairly iron clad language, because they are very clever about finding somebody to pay off their investment and just want to make sure that it doesn't get back to the vendor. Director Weems stated that Member Black is right and CMS has written the terms of the program and these are the only rules that exist and make sure that it is clear in their terms sheet and on their website. The program is what you see anything outside of that would be easy for a vendor to complain about and CMS would remove the purchaser from the program. If there is any attempt of suing then you are looking at who they will be suing, which is the State and that is the way they wanted it.

Member Morales asked if the interest is paid monthly to the qualified purchaser of the AR. Director Weems replied that the interest is not paid until after the underlying voucher is paid because you can't calculate the interest until that voucher is paid. So it is all paid at once and not on a monthly basis. No further questions or comments were made.

Next on the agenda was the Department of Corrections – Inmate Calling Procurement. Director Carter stated that at Board member's request this item has been put on the agenda in way of an update. This procurement is for inmate collect calling for families to communicate with the offenders at the Illinois Correctional Institutions. At the root of some of our vendor concerns is fee concerns as well as Illinois tariff applicability. He also knows that there are a number of people who would like to speak today as well as the Department of Corrections to speak to it as well. Director Carter wanted to encourage everyone who is going to provide testimony today to remember that this is an on-going procurement, on-going legal matter as well as other considerations so be mindful of that in your testimony. Member Morales made a motion to adopt the policy pursuant to the Open Meetings Act to allow members of the public the opportunity to speak and doing so to limit it to 10 minutes. It was seconded by Member Ivory. The motion was unanimously approved.

Linda Stevens with Schiff Hardin was first to speak on behalf of Consolidated Communications the incumbent vendor until this year for the provision of the inmate call services at issue. Consolidated wanted to speak to the Board today because what it is seeking is a fair and lawful procurement process. That is Consolidated's goal. A fair and lawful procurement process and it has come before the Board because it is charged with safeguarding the integrity of the procurement process. As of August of last year, just this past year, the Procurement Code was amended to allow any person to come before the Board and bring to the Board's attention any violation of the Procurement Code and recommend that the Board then can consider the issue and may recommend that a contract be voided if there is a violation for procurement law. Ms. Stevens stated that Consolidated has brought before the Board several violations. We have brought those to

the Boards attention in the complaint that we submitted with the various exhibits, but to be clear Consolidated is not here merely as a disappointed bidder. That is not the point here. If Consolidated had lost fair and square had lost and participated in a fair and lawful bidding process and ended up being out then we would not be here, but that didn't happen. Consolidated is not here because it lost fair and square it is here because there were differences in the way the various bid complied with Illinois law. Consolidated's bid complied and Securus' bid did not. More specifically Consolidated's bid complied with the ICC mandated cap on the rates that can be charged for operator services and Securus's bid did not it is going to charge. Securus bid in its bid and its contract provides that it will be charging Illinois consumers rates that exceed that cap. Securus will be charging rates that exceed that cap and that allowed Securus in its bid to promise the State higher commissions and that is how its bid was chosen primarily on that basis. In contrast Consolidated complied with that ICC cap. There is another violation of concern, of great concern, to Consolidated and Consolidated believes it is certainly to be a great concern to this Board and that is the BEP issue. The BEP statute requires the allocation of 20% of "total contract value" to be allocated for minority and women owned businesses partners vendors, subcontractors, what have you and Consolidated complied with that. It took the total contract value and allocated 20%. Securus did not do that. Despite the law's requirement that 20% of the total contract value be allocated for BEP. Securus's bid deducted cost from the total contract value most significantly the State commission. So what Securus did is say that we will deduct from the total contract value, but we are going to have to pay the State in commissions and then we will figure the BEP 20% on that reduced net number, which violates the Procurement Law. There is no dispute to whether Securus did this, the question is whether it is lawful or not. There is no dispute that the two, Consolidate on one hand and Securus on other, figured their BEP in these different ways. Consolidated followed the law and did it on the total contract value. There is also other violations that they have brought to the Board's attention for example, the lobbyist that the State, by the way, lists on its own website as the lobbyist and uses the word lobbyist for this contract DOC inmate services contract lists Mr. Skulnick as its lobbyist. There is no dispute that he is listed there as a lobbyist on the website, there is no dispute that Mr. Skulnick is not registered appropriately as required by Illinois law as a lobbyist. There are other violations as well, but these types of Code violations and procurement law violations are exactly the type of thing that Consolidated believes that the Board should be and is concerned with. We have asked for a recommendation from the Board to void the contract that was awarded to Securus and award the contract to Consolidated as the only responsive responsible bidder because Consolidated is the only one that complied with the various laws. At the very least Consolidated has asked that the contract be re-bid and let's just bid it out again with everybody on the same playing field. If the Board needs confirmation from the ICC regarding this rate issue we have asked what this Board do is issue a recommendation that the transition of facilities from the services from Consolidated, as the service provider, to Securus as the service provider just put those on hold until we can hear from the ICC and get the guidance from the ICC. The ICC ruling is imminent despite Securus's attempt in the ICC to delay that and I can talk more about that if the Board is interested, but the ICC staff itself made reference in a written filing to what it called an attempt by Securus to harass staff and delay resolution of this matter. So that is the ICC staffs words, not mine and that staff submission is attached as exhibit A to my letter dated December 3 of last year. So we expect a ruling despite those attempts to delay. The next meeting for the ICC is scheduled for the 14th and there is also a meeting on the 21st if it is does not get dealt with on the 14th then we will expect the 21st. What is the issue before the ICC? Whether the ICC's maximum rate, the cap if you will, for operator services applies to the phone services at issue here and let's be clear on what those services are. This is not about the regulation of pay phones sitting in a prison somewhere and the ICC regulation of that. Securus sited some cases that relate to pay phone regulations that is not what we are talking about and the ICC has made that clear. What we are talking about here are operator assisted services that, it is basically collect calls, made by inmates to their friends, loved ones and family members through pre-paid accounts. So what happens is the consumer here is paying, the Illinois consumer, the family members or loved one of these inmates these people are the customers ultimately. They are paying for these calls. Alright. They set up an account. Most of it is through pre-paid accounts. They set up an account with Consolidated now and Securus if the contract is transitioned to them and they loaded with funds and those funds are used as they make phone calls. So that is the services at issue. And the question before the ICC is whether the rate cap for operator services applies. Now where are we with the ICC. The administrative law judge has issued her composed ruling stating that the cap does apply to these services. What is before the ICC is this particular procurement about this particular factual situation is before the ICC and the administrative law judge's proposed order has said "yes" the cap applies. That is what it means it is what it has always meant by the way. That it is always applied. So that is

where they stand. The ALJ has issued that proposed ruling the ICC is expected to adopt it. So what is the import whether the ICC adopts this administrative judge's proposed ruling? Well first of all we could look to what CPO, the Chief Procurement Officer, in this procurement. What did the Chief Procurement Officer say? The Chief Procurement Officer said that the key inquiry here is whether the services that were issued fall within the regulatory jurisdiction of the ICC. If they do then the restrictions of Section 770, which is the cap, apply and the award to Securus must be resented. However, if the services are exempt or outside the regulatory jurisdiction then the award must stand. So that is what the Chief Procurement Officer said about the import of the ICC's view of this. The CPO also said that the proper way to determine the ICC's or determine the meaning or application of this cap would be to get a declaratory ruling from the ICC. That is was brought Consolidated before the ICC. That is what caused Consolidated to go to the ICC and ask for declaratory ruling because the CPO said that it was the right place to go those are the right people to be deciding this. That is where we need to get our guidance from so that is what we did and the CPO is right. The Chief Procurement Officer said that the application of the cap is determinative, and it is, and he said that the ICC is the right entity to be deciding that, and it is. The ICC order is not going to be a change in existing laws. Securus has made comments to that effect to this Board and I have to speak to that. The ICC is not going to change a statute. It is not going to change a regulation it is merely saying what that statute says. It is going to say that the wording of that has not changed, will not change. Regardless of whether this Board believes that the ICC ruling will be a change in law or a confirmation of existing law it is a bit of red herring it doesn't matter. Securus is going to have to comply with that law moving forward. Securus will have to charge rates that will comply with the ICC cap. Now when that happens its violating its contract and the bid requirements were very clear. There were one set of prices that can come in from each bidder. Someone can't go and change their pricing after the fact and to allow Securus to do that would violate the Procurement law and violate the rules surrounding this procurement event. So regardless of the retro activity, and I hate that word because we are not talking about…the Board is not addressing going back and truing up on fees it is talking about what Securus can charge going forward and it will have to comply. So we are just going to have a terrible choice there. We have also brought to the Board attention the charging of fees. Securus has admitted basically that it's technology is set up to automatically charge a fee, which is called a fund transfer fee, and is automatically doing that until it's computer system can recognized the panding or personally approved numbers phone numbers of friends and family and then once those phone numbers of that inmates are in the system then Securus says they won't be charged a fee when they load funds into their account, but otherwise every time they load the funds, boom there is a $7.95 fee. Chairman thanked Ms. Stevens but we have to move on to other who would like to comment. And the panding takes at least seven days to put together. It does not happen instantaneously. The cap data has to be entered and so that fee is going to be charged until Securus finds a way not to do it. We think the thing to do is….Chairman Vaught asked who was next.

Next was Michael Hayes with K & L Gates who represents Securus. Good morning my name is Michael Hayes and I am a partner in a law firm of K & L Gates out of Chicago representing Securus. I am going to start out feeling like Yogi Berra. I think he famously said "it is déjà vu all over again" and I have heard these arguments three or four times in prior legal proceedings where Consolidated has attempted to make the same arguments. Both in two appeals before the Chief Procurement Officer and across Circuit Court in Sangamon County down in Springfield, they lost. Those are bodies that are set up to hear facts make evidential determination, make factual determinations, make legal determinations as provided by the statutes. This Board, as I understand it, is not in power to sit as a court of appeals in any of those three entities that have already ruled and indeed Consolidated has an appeal pending in the 4th District Appellate Court on the very issue challenging the legal rulings made by the judge down in Sangamon County. We are contesting all of those vigorously as we have, but the facts that were presented here this morning are veered facts and allegations that have previously been found to be untrue. I am not going to go over each of them in the 10 minutes I will just tell you that other bodies who were statutorily, constitutionally and powered to hear these disputes have held otherwise. They have thrown her case out of circuit court in Sangamon County and the Chief Procurement Officer after receiving responses and investigation the claims made by Securus on two separate occasions had ruled in favor of Securus and the contract has been implemented. I think a way to look at this from this Boards perspective to show that what was asked here this morning is really to act as court of law. It is the fact that they have asked you to stop the contract from implementation. We are in the middle of doing that I did not see anywhere in the statute, when I review it, the ability to enter injunctions that are asked for today and in essence adjoining an on-going contract right that is going on.

Securus has bid, in this case, and has defeated in its bid process…I should point out that this is a contract where the winning bidder pays the State the most money. It is a revenue generating contract for the State and we indeed have out bid Consolidated. They are here as a disgruntled bidder and I point out that in the process of defending the bid the Attorney General of this State raised the issue of coming to this Board in the argument they made in circuit court as a possibility, an exhaustion of good administrative revenues and Consolidated has picked that up and is used this for nothing more than an assault tactic to keep them in power making money as a company who miss read the Illinois law for 15-20 years that they have had this contract. They have literally under charged and have under paid the State that they could have been paying had they read the Illinois Commerce Commission's ruling and interpretations correctly. They didn't. Securus did win its bid and it's has been found by three adjudicatory Boards to have the legal bidder, the correct bidder they were award the contract and it is being implemented. We would ask this Board to realize that it does not have the power to do what Consolidated is ask you to do is issue an injunction to interfere with the implementation of this contract and take it from there. I would be happy to answer any questions that the Board might have and we have people here we have brought up from the Company that would answer any technical questions you may have. I just know that this Board in the position to try a case and hear evidence and make evidential legal rulings. With that I have nothing else. Chairman Vaught thanked Mr. Hayes for your comment here today.

Next was David Silverman, General Counsel of Public Communications Services, the third bidder in the process being discussed. We come here today not here to seek legal redress from the Board for something that is not something in statutory authority. All we are seeking is that someone work with the vendors in this particular situation and get it right. There were misconceptions about applicability of the rate cap that is being discussed. Some vendors believes it applies some vendors believe it does not. The it seems unknow itself whether or not this applied DOC's did not know for certain whether it applied and it was only after the investigation from the Illinois Commerce Commission that it was revealed that fact that it believes that another adjudicatory setting that the rate caps in fact do apply. In its bid Public Communication Services took the assumption that they did not. So we bid prices that we believed now to be at face value. The ALJ findings would be in fact illegal and that is the situation that we find ourselves in. So, basically the fact that we proposed illegal prices for those reason we suggest that until this matter is completely concluded whether or not through on-going proceedings, and are they are in valid view, protest context ruling from the ICC. All we are asking that there be a reasonable approach and that is to stop the implementation, the process of implementation in this matter affects thousands and thousands of Illinois consumers. It affects people both inside the facilities, but also the friends and family living in Illinois and elsewhere. They are asked to open up new accounts. They are asked to deposit funds that will sit stranded until services are being applied by a vendor and to our view given the current (in auditable). The approach is not unreasonable given the context, which is direct uncertainty as to the primary focus of the contract, which is pricing. Until the pricing issue is resolved the implementation should not move forward. In addition to the findings regarding the pricing of the contract the allegations and the behaviors of some of the vendors we have no view on that except to say that it is still subject to review and the contract cannot proceed until the vendor has been cleared of these allegations. Overall you have a situation where it is the unintended consequence of parties trying to figure out what to do. Vendors looking to offer the State the best quality moving on and the State looking implement those great relationships that exist now and have existed for some time. Unfortunately the nexus of those two things today is a situation where everybody got it wrong. Vendors got wrong on whether the rate caps applied. The folks who were issuing the RFP didn't know themselves whether they applied and in the matter in which the ICC is going about it is the correct one, which is to examine the facts come to a conclusion validate its report and then enforce it. It is our understanding the decision on this will be coming soon perhaps next week. If that is the case then it is not unreasonable that the Board to consider a resolution or other recommendations CMS and DOC's is to stand down. Take down the website and encouraging people to move their money from one company to another. Stop taking phones off the walls. Stop the process until we understand with certainty whether or not it was fair, and get it right. If the contract in fact falls to Securus then so be it, but to the extent that the rates are illegal, we believe they are, to the extent that the consumers are being charged more than they can be under Illinois State laws they, should not be. This contract which was bid in an era and complete absents of uncertainty in all parties cannot in any way be considered fair. That the playing field never had been level and people making different assumptions about the central character the pricing. So we would ask the Board be patient as the DOC's and CMS to be patient get to the right conclusion which we believe at the end of

the day is going to be throw this contract out and re-bid it and believe that is the outcome that would be fair. Patients, prudence, and allowing the agencies that have been asked to review this manner do so without having the hammer over their heads over implementation. Thousands of consumers now will be asked to move from one bidder to another and maybe back again in this dispute process over the period of weeks. The bottom line is that these are not people which make the decision or place money into several accounts and that they are the ones we should focus on to figure out what's the solution to the mess that we are at. It is a mess that needs to be addressed and this Board it is certainly within its jurisdiction to do something. Chairman Vaught thanked Mr. Silverman for his testimony.

Next was William Barnes, Chief Legal Counsel with the Department of Corrections. I want to respond to the comments that have been made and the last thing I want to do is speak for the CPO so I would request to the extent I dint touch on issues that he would like to highlight or address items. I stated my stent with DOC in November 2012. You see what I have been dealing with. I come in and I have people tell me we have a completed procurement, we have on inmate calling. I said ok that sounds great what exactly is inmate calling. When I got into this I realized it's that I have CMS agrees that this is a solid procurement and folks at my shop and myself included believe that we have a valid complete procurement and we have the Attorney General as well saying "you guys have a valid contract let's move forward on this". A lot of the discussions we have had today are sort of baiting me to dig into or to address some of the on-going litigation and quite frankly it is not relevant to this proceeding and question the appropriateness of the discussion so I am going to leave that out of my discussions. What I do want to say is that we have a signed contract and that contract was signed in October 2012 and have an implementation scheduled that is in place that we worked out with the former vendor Consolidated with the current vendor Securus and also more importantly with my 29 adult facility that are being transferred over. There is a lot of talk about the family and friends the consumers in this case and that is a very important consideration, but another thing that we also need to consider is the inmates themselves. There are almost 50,000 adult inmates with DOC all of whom expect and anticipate the ability to call out from the facilities to speak to their friends, family and loved ones. When those individuals regardless of whether or not they are medium security or maximum security, don't have that opportunity, things can get unruly. When things get unruly it puts inmates at risk it puts my staff at risk and it puts the security of the entire facility at risk. So over arching these questions about consumers is also my departments concern about security. We need to ensure that things are rolled out in a reasonable, efficient, and timely fashion so that there are no hiccups, no blimps, there are no missed facilities and no dropped calls. Because that first dropped call you will hear about it and a grievance is filed, the second one the third ones then there are additional grievances and we have a big problem on our hands. Operationally, we as a department are committed to implementing this procurement and have devoted many hours of a very limited and stretched staff working this out berating a very complex and workable implementation schedule to work in both Consolidated and Securus to make sure we have representatives from both Consolidated and Securus and the necessary security staff on site each time an individual's visit our staff and coordinate that with each facility and we think we have worked that out and are comfortable with how it is moving forward. What's the issue here? I don't really know what the issue is here. I know that we have a valid contract. I know we are committed to rolling it out. I have other folks from DOC here who are willing to respond to questions. I have folks who are involved in the actual roll out itself. I also believe I have fiscal folks here as well, but yes there is on-going litigation regarding this contract. How long that is going to take to resolve, I don't know. Anytime we delay this it causes issues in my shop and puts potentially my staff and the inmates at risk. I would be willing to take any questions from any member of the Board.

CPO Matt Brown stated that the CPO's perspective is that procurement decisions were made on this transaction under the laws prevailing at the time when the decisions were made. They don't consider, from the CPO's perspective, this to be an incomplete or incorrectly conducted procurement and he stands by that decision. Mr. Brown stated that this subject matter is in front of the Court of Appeals and will continue to have that be the venue for resolution of the legal matters. Chairman Vaught asked if any Board members had questions.

Member Ivory stated that he does know with the Department of Corrections that as he looks at participation at any level that he has been terribly disappointed and the issue that he wants to address is 1) he is not sure, quite frankly, if this will put people at risk if we extend an emergency contract until we find resolution on

this. Could someone tell me why that is a legitimate excuse for not taking a serious look at something that could be flawed? I think that it is our job and our responsibility from my perspective. The other issue is that we want to have a level playing field and if the field is not level I feel we have an obligation to examine all of the facts and if it is flawed or not done properly then I see no reason, in my opinion, that we would not send this thing back out. I think that if it goes back out there will be a more competitive bid, which would save the State money and the same company could win it again. Member Ivory stated that he is interested in the best interest of the inmates and the people who happen to be largely African Americans and Hispanics who are incarcerated in those particular communities and being overcharged. Member Ivory also has an issue that he heard that even the current provider also was over charging and went over the statutory limit. Do you know Mr. Barnes is that correct? Mr. Barnes replied he was not sure on that. Member Ivory stated that his point is that after listening to all of the positions and all of the information that he has seen asked the Board's legal counsel for advice on this and if the Board has any authority in this matter. Member Ivory stated in his opinion that this process could have been slightly different and more importantly maybe this process should be done over and let the other parties compete again. Mr. Barnes replied that regarding the inmate population, regardless of race is being overcharged, it is the first he has heard of it. Since he has started with this position and this inmate calling issue he has taken a look around the country and can tell the Board that with the current contract the rates are quite low compared to what is even being charged in Cook County. As for whether or not to put this out for re-bid in the hope we get a more competitive contract. That is not a decision I can make, but I also have to respect the validity of the contract and also the procurement process that is in place here in the State of Illinois and would question the need to re-bid everything in order just to get a cheaper rates. Mr. Barnes stated that as for the security concerns that he raised he can only stress that those are valid concerns. DOC is under an emergency contract right now with Consolidated to extend their participation in the DOC calling realm until the end of March, which is to allow an overlap between the new and the old and for the transmittal of data to allow for seamless transition from one provider to the next. If DOC was to halt things right now they would have two providers, each servicing different facilities in the State and it goes without saying that they are not playing very nicely and if there is a hiccup in transmission of data between the facilities and between the vendors that is where we run into problems.

Member Black stated that according to the memorandum someone in the Attorney General's office said that the Procurement Policy Board is the appropriate entity to raise this concern about the bid. The other thing is when I listen to lawyers for several minutes I find that I thought I had a clear and concise picture of what was going on then I heard the lawyers and now I am not sure what we are even talking about. No disrespect to the members of the bar, but I can't understand if this has already been appealed to the Illinois Commerce Commission and we are waiting a ruling and the ICC has had this since October 2012 why wouldn't the prudent course of action be to wait for the ruling because if we proceed with the current bid and then the ICC says, oh by the way; we think this is in fact covered under certain sections of the Act. So then what do we do? We have a new provider and the ICC says that they think this whole process is covered under the ICC's rules and we will make a ruling then what do we do, just go back to the original bidder? Why wouldn't we be advised to extend this until we get some kind of ruling or some kind of decision or advice from the ICC? Chairman Vaught stated that is a very sound consideration.

Member Morales commented that this has a lot of moving parts and is very complicated. With all due respect to the people speaking today everyone is going to have the motivations for saying words that they presented before the Board today. The Board's job has been and will always be to give input, to review, to act on any improprieties they see in the procurement process. The Board might not have a lot of teeth or bite, but we have a lot of bark and people listen to that bark. Member Morales stated that whether this contract goes through or not the Board will continue to ask questions and investigate because that is what they do it-is their job to make sure that the process adheres to the law. Member Morales asked CPO Brown where the timeline is and if they are still waiting on a ruling? CPO Brown replied that the procurement is concluded and has been for some time and the award has been issued and contract has been executed. He could not speak for what the ICC intends to do. They do have a hearing that is potentially set for sometime in the future and is not sure what the ICC is going to rule. From a procurement stand point at the CPO's office they have concluded selection, review, award, acquisition and have the executed contract available for the agency. The agency has executed the contract and began their contract administration of transitioning from one company to another. At this point the CPO does not play a role in that business

relationship between the State and the provider. Member Morales asked Mr. Barnes if the transition needs to be completed by the end of March. Mr. Barnes replied that they are set to complete the transition by the end of March and the only reason they reference the end of March is because that is the end of the emergency contract that Consolidated is operating on to allow the overlap.

Chairman Vaught appreciated Member Morales's remarks because they put in context, essentially our policy. That means that we need to keep this under advisement and have the staff keep the Board informed about it. Member Morales asked CPO Brown if there was a question regarding the rate cap not being clear or the wording or process. Could the Board look at it to be sure that it is? CPO Brown replied that the Board is certainly in their jurisdiction to review the procurement that was issued to understand the solicitation to which all of the vendors answered. CPO Brown stated that he would be happy to provide those documents for the Board's review. No further questions or comments were made.

Next on the agenda was the Illinois Department of Corrections status update on the procurement of Commissary Services. Director Carter stated that there have been some recent developments in the DOC Commissary procurement. For that reason the Board has asked DOC to give the Board an update on where they are in this bid process. In attendance for the Department of Corrections was Chief Financial Officer Bryan Gleckler. Mr. Gleckler stated that they have been working on the commissary procurement over the course of the last couple of years related to how best to formally procure products for resale to the inmate population that are sold in their inmate commissaries. Their original course of plan was since this was something that the agency had not been involved with in the past was to start with one facility make sure we work on any problems out and then roll it out to the rest of the State, but as they were going through that process it became more apparent it was going to become too time consuming to start with one facility rather than addressing all the facilities in regards to doing a formalized procurement. Over the course of the last few weeks they have been working with CMS in the development of a statewide procurement for the commissary goods to acquire and to be sold in the inmate commissaries. They are currently in the development stage and hope to have something on the street within the next 30 days. Chairman Vaught stated that it is good to hear that.

Member Ivory stated that based on a few conversations that he has had there seems to be an issue with the union's role and how that impacts going forward with a statewide contract. Mr. Gleckler replied that at this point he didn't see any issue moving forward or being prohibited from moving forward as a result of any union activity. Previously, I believe there was an apprehension on the part of the union because several years ago there was an effort by the department to privatize its commissary operations and I believe the union was apprehensive in the Department's plans to formally procure the goods to be resold as a step towards full privatization. After ensuring them that based on State law now that it is not something that could be done. After going through the previous audit findings and the report that was produced by the Procurement Policy Board he believes that those concerns have been addressed with the union that fullscale privatization in regards to the operations of their inmate commissaries is not the Agency's intent. Member Ivory wanted to know who is responsible for setting the goals in terms of BEP or in terms of BEP participation. Director Weems replied that they work together. Ultimately CMS will make the final determination, but they work with the agencies. Mr. Gleckler stated that they met with members of the BEP Counsel on Monday regarding this procurement and will be working closely with them moving forward. No further questions or comments or made.

Next on the agenda was an Update on the Vehicle Procurement and Usage Study. Director Carter stated that Member Bedore requested this follow-up information from CMS as well as all the State Universities on operating cost associated with vehicles in excess of 150,000 miles. As you can see from the data provided most of them are around the same range to maintain those high mileage vehicles. When you are looking at the data he wanted to provide that Northern Illinois University had a major repair that skewed their number from the year that they provided, but without that repair their cost is at or below some of the other average costs to maintain those high mileage vehicles. Chairman Vaught stated that CMS has a substantial number of vehicles here and wanted to know if Mr. Walker could talk about that. Will Walker with CMS replied he is glad the Chairman pointed that out. Mr. Walker stated that all he can tell the Board right now is that it is a considerable sum of money, but the plan is to shift those dollars into purchasing newer cars. They really don't want to spend the money on the aging fleet. Ideally they want to take that money and start buying

newer cars and that is the overall plan to update the fleet over the next seven years. Chairman Vaught stated that the Board has learned a lot in the past few Board meetings which was that the University policies are all slightly different and tend to not have as much of this problem. For that reason they do have policies that deal with a regular procurement and find it interesting that there is such a difference there historically. Mr. Walker replied that he is right and he thinks that the problem with the State fleet has been horribly mismanaged and nobody has paid any attention to it and no one cared. All that needed to be done is to better manage the dollars and develop a plan to replace all of those vehicles and have policies in place to prevent that from happening again and it is clearly the path that they are on.

Member Black commented that he followed a new Ford Focus on the way in this morning with a U plate and years ago he asked why these cars cannot be identified with a decal with a State seal and Corrections or DHS or whatever agency that car is assigned to. Well I was told that it would cost millions and millions of dollars. Member Black stated that we do a lousy job of identifying State cars. Sometime when I went home late at night and was passed by a U plate van and I am going 75 and the van leaves me in the dust and all I can see was it was a U plate - I would love to know what department it was. We just don't mark our cars and I have never understood that. There are U plates all over the place in his home town and should they be there or somewhere else. It would not cost that much nowadays to just put something on the back a small State seal or Corrections or CMS. Mr. Walker replied that they could easily do that. There would be a cost, but it wouldn't be millions of dollars. That is only going to identify the agency that car is assigned to, but if you have the plate number he could look up what agency has that car and who drives the car and where it is at. It takes a lot of work with the current system that is in place. Their tracking methods and software are outdated so they are in the process of procuring software to help better manage the fleet and where it is at. One of the things that they are also looking at is GPS, however, GPS is not going to solve anything and it is expensive to utilize so we just have to do a much better job of managing the fleet and talking to people. They are talking to people, but it is going to be a long slow process to understand how people use vehicles, where they take the vehicles, what the rules are in place, how to manage it and where it goes. The first thing is to get the old fleet updated and then get a system that can manage the data. Member Black wanted to publicly complement one director, which is Director Miller of Natural Resources. They had a meeting scheduled at Kickapoo State Park about year and a half ago and he came over in a Dodge that was about a 10 year old piece of junk with no entourage, no driver hoping that the Dodge would get back to Springfield. I thought now that is the kind of Director he liked because he wouldn't want to drive that rust bucket, but he thought it was phenomenal that he took the worst car out of the motor pool. Not everybody abuses State cars and some use them very wisely and he was really impressed that Director Miller did that. Mr. Walker stated that they desperately want to save money because their budgets are getting cut just like everyone else. CMS is actually able to upgrade cars without accruing any more costs to the State because they are shifting dollars so money is being used more wisely. No further questions or comments were made.

Next on the agenda was Legislation. Director Carter stated that there have been a number of shell bills, but there are two bills in particular he wanted to share with the Board. HB1195 Representative Crespo introduced this bill that provides a preference for an Illinois qualified bidder, which is defined as a bidder that has at least 95% of employees that reside in Illinois. Director Carter stated that he thinks it is good and some of the original concerns he has heard is if there are no caps set on any sort of disparity in the bidders and could become a financial concern from one bidder to the next if we are picking Illinois vendors bidding much higher than an out of State vendor so that may be something to think about. Next was HB1207 introduced by Representative Mary Flowers and what it does is defines procurement. He would tell the Board that this much more narrowly defines procurement than other institutions may do so. Chairman Vaught asked if it was a real bill or a shell. Director Carter replied it is a real bill. In relation to the National Institution of Governmental Purchasing one big component that is left off are some components of contract management. If there is a need out there to define the word procurement maybe he should get together with Representative Flowers and work on a better more refined definition. No other comments or questions were made.

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

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