



Chairman: David Vaught

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

Minutes – March 7, 2013 Meeting

Present in Chicago: David Vaught

Present in Springfield: Ed Bedore
Larry Ivory

Present via Telephone: Rick Morales

Absent: Bill Black

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

A motion was made to accept Member Morales' participation via telephone by Member Ivory and was seconded by Member Bedore. The motion was unanimously approved.

First on the agenda was the approval of the minutes from the February 7, 2013 Board meeting. Member Bedore 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 Printer Consolidation. In attendance was Will Walker with CMS to update the Board. The printer project is moving along quite rapidly and they are currently working with IDOT, State Police, Corrections and DNR. They have all been really helpful. Mr. Walker stated that they think that they should be done with the process later this year. There have been conversations with procurement and CPO Brown, about extending the contract. Right now we are looking at saving the State around \$15 million annually by the time it is all said and done and he is really happy with the process. Mr. Walker stated that in terms of recycling, a little band of people are starting to gain a lot of momentum, if you will. There have been a lot of agencies coming to him wanting to do a lot more things. For example, DHS came to him recently wanting them to do a statewide recycling initiative and they really want to push the program forward and work on going paperless. Mr. Walker stated that on digital imaging there are a lot of small agencies asking for help like the Department of Labor, State Police, who wants to ingest about 3 million documents so CMS is trying to finalize some of those deals. People are really interested in saving money and looking more at how they can save money. Mr. Walker stated that they are able to leverage the whole printer initiative in conjunction with this whole paperless process and using that technology and equipment to force people to go paperless. They are working closely with BCCS to get that rolled out. It is a long, lengthy process, but we are making progress and saving the State some money. The Department of Labor approached them recently and they want to go completely paperless. Mr. Walker stated that they are making progress on those fronts and would be happy to come back in the summer and update the Board on their progress and where they are at.

Member Bedore commented that the digital imaging is not only saving trees and paper, but it is also saving on space. Mr. Walker replied very much so. In fact ISP approached them stating that they have a lot of documents in their building and they want to eliminate all of that paper and get it on computers and free up space so they can have working bodies there which is a much better use of space. Member Bedore stated that it is one of the biggest advantages he sees. Mr. Walker replied absolutely and a big problem that they have run into was changing the document retention and working with the Secretary of State on how long documents need to be kept. Mr. Walker stated that this is a big process.

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Chairman Vaught asked about DHS and a press release a few weeks ago from Matt Hammoudeh and Doug Kasamis and others were involved in it. There was some sort of new contract with IBM. Are you coordinating with them on that? Mr. Walker replied that he gets the information and has talked with Mr. Kasamis periodically. They are working with the document management system called Content Manager through IBM. Mr. Walker stated that he has reported on that off and on throughout the past year about how many documents they are ingesting and what their plan is. It is really kind of a go forward program and then to eliminate all the paper on the back end. They are really not going to digital image anything on the back end, but are hoping to as retention records come up they just drop them off and then shred them. So it is all about going forward and putting forms and documents online so they don't have to print them and store them around the office. If you have ever been in a DHS office it is a paperwork nightmare. Mr. Walker stated that it was a great press release for the State and is saving a lot of money. Chairman Vaught stated that one of the things that struck him about the release was that they gave specific examples of workflow improvement of the workers and how much simpler it was to go find a file. It seems to him that is what Member Bedore's point is about the significant savings in office space. But there seems to be a potential for significant savings in just the efficiency of workflow in terms of productivity of the staff as well. Chairman Vaught stated that DHS has a lot of good capabilities and another good point that was made is that these smaller agencies may not have as much in capacity as DHS, but he is happy to hear that CMS is helping them out as well.

Member Ivory stated that he was just in an event in Washington D.C. and encountered a company that was doing some really incredible stuff when it came to printing. They had done some business with FedEx and other major companies and said that they had saved them somewhere close to about 40% in printing. I don't really understand it, but he may want to introduce CMS to the company to see if there were some savings that could be of value to the great State of Illinois. Is that something that we can reach out to each other and give you the contact? Mr. Walker replied that he would be happy to talk to them and is always trying to learn and make it more efficient. Mr. Walker stated that he knows that the Chicago Police Department, for example, turned a huge paper problem into a profit center so you are able to go online, look at documents through their website and they charge you for printed documents. So what used to be a huge cost center is now turned into a profit center for them and he thinks that at some point in time we need to evaluate that and how people get documents and how we charge for that information. So we could turn this into a revenue generator for the State of Illinois in terms of document management. Mr. Walker stated that it is the backing of this Board that has helped get this done and CMS appreciates that.

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. Mr. Kanellopoulos stated that yesterday the Governor gave his budget address and in that address he mentioned, among other efficiencies the State has gained in the past year, that lease costs have been reduced by over \$50 million and they have reduced the amount of square footage leased since the Governor came into office by over 2 million square feet and the exact figures he gave the Board last month he wants to put into perspective for the Board. Mr. Kanellopoulos stated that a year ago the Governor gave his budget address and in his speech and in the materials we were at \$43.6 million in cost reductions and 1.93 million square feet of space reduced. So in the past year CMS has been able to reduce costs by \$10.7 million, which has been done in a couple different ways. CMS has consolidated 23 leases and has also reduced the number of leases by rebidding leases and putting together a package of a couple of leases and putting them at one location. In the past year of the projects that are completed and the projects that are nearing completion will reduce the number of leases by 21. So the projects CMS has completed and the projects that are nearing completion that were in the budget address will reduce their lease portfolio by 44 leases and that is about 10% of their entire lease portfolio from the start of last year. Mr. Kanellopoulos stated that to what Mr. Walker was saying about reducing the amount of paper and files we use he has told the Board in the past about an initiative that was started with DHS where DHS was going to lease some warehouse space and move files that are currently housed in their local offices to these warehouses to make room for additional consolidations. A few weeks ago DHS moved out of an office that they have had for a very long time at 500 N. Pulaski and consolidated it into an office that is less than a mile away on Chicago Avenue. The only reason that was able to be done at all was because the files were eliminated from 500 N. Pulaski and they eliminated the files from Chicago Avenue and now only needed to put in people and desks. That consolidation alone has a total cost savings in the first year of \$606,000. So this is kind of the first step

and additional savings will be gained by rebidding leases that don't include big file rooms and additional consolidations, but they are trying to do away with paying office space rent rates to house file cabinets. CMS is trying to come up with a better solution for DHS and working with them to have a central file management system that can deliver files or scan materials over to offices when employees need them versus housing them permanently in these offices. Mr. Kanellopoulos stated that he would be happy to answer any questions the Board might have.

Chairman Vaught stated that the release that he mentioned to Mr. Walker also mentioned about having 100 offices. Is DHS thinking about having more offices? Mr. Kanellopoulos replied no. Chairman Vaught asked why they were using 100. Mr. Kanellopoulos replied that 100 would be a reduction of about 14 over where we are right now. Chairman Vaught asked if DHS has 114 DHS office as of today. Mr. Kanellopoulos replied affirmatively and to put that into a little bit of perspective, in September 2009 DHS had 162 offices statewide. So DHS has gone from 162 to 114 since September 2009 and CMS will continue to work with DHS to reduce office space and the number of offices. Chairman Vaught asked if anyone has moved into the ISAC building. Mr. Kanellopoulos replied no. The ISAC building is a five storey building and because of reductions in ISAC's programs there was an empty floor and a half at that facility. DHS has not moved anyone into that building, but CMS did close DCFS Skokie office and moved that to the 5th floor of the ISAC building. Then the 4th floor is about half vacant and he doesn't have an exact number, but CMS is moving HFS into that space. One of the big consolidations CMS is doing is eliminating the HFS lease at 32 W. Randolph. Initially they wanted to keep that whole operation together, but a later decision was made to split the Child Support Division and have a centrally located office in Chicago. So about 200 employees are going to go to 33 S. State into the DES leased headquarters and then a large number of them are going to go to the DCFS office at 62nd and Emerald in Chicago and then another big number of them are going to the ISAC building because they want a presence in central Cook county, northern Cook county and southern Cook county. Once CMS is done there then they will need to go through ISAC's space to see what additional space is available. Chairman Vaught asked how DHS is utilizing the Lincoln Development Center. Mr. Kanellopoulos replied that DHS is not utilizing the Lincoln Development Center. Chairman Vaught asked why they have not surplused it yet. Mr. Kanellopoulos replied that it is surplused to CMS, but they have turned it around and are utilizing it.

Member Ivory commented that sustainability has three legs to it-one is economic impact, environmental justice and social equity. He stated that he has received a bunch of calls out of Springfield expressing real legitimate concerns in reference to the fact that there is only one African American company that owns real estate where the State leases and all three of his leases have expired and have moved on. It has obviously had a devastating impact upon that particular business and that particular company. Member Ivory is wondering that at some point in the future they get together and have some conversation because when he receives a lot of calls from the Chamber stating that this is unfortunate and wants to know how CMS arrives at who has been selected. He knows that they do everything they can to do it the right way, but it is a concern of his when people call and say that we have one African American who has real estate and who leases real estate to the State and that all three of his leases are void and do not exist anymore. It is an issue and concern of his and he is not asking for any special treatment, but CMS should take a look at the economic impact it has upon different businesses at the same time. Mr. Kanellopoulos replied that he would definitely like to have a conversation regarding that. He knows what situation Member Ivory is talking about and he can say that the goal of CMS has been to reduce the amount of money they spend on leases and will do that anyway they can by reducing the number of leases and by reducing the amount of space that employees are allotted in lease space. He can say that there have been cases where certain owners may have been impacted harshly based on all of the consolidations, rebids and renegotiations that have been done in Springfield over the past three years. Unfortunately, CMS looks to get the lowest price. He believes that there are landlords who cannot compete, but if you do some surveying today and pick out that certain landlords have lost any or all of their leases Mr. Kanellopoulos can easily show that they lost them based on price and nothing more. Member Ivory stated that he is looking at the economic impact and sustainability and the only thing that he would ask is that as we see things that adversely impacts a particular group of people that maybe when there are other opportunities come up that we go back and take a look at them and give them an opportunity to compete. He is not suggesting that we go back and do something special for someone, but he does think that we need to be considerate to the fact that it may have some economic impact and there may be things that we can do that would give them a better understanding on how they can

continue to compete for business with the State. Mr. Kanellopoulos replied that he understood. He also wanted to point out that that he forgot to mention one update to the Board. The current statewide contract for electricity expires December 31, 2014. A few years ago CMS signed a price lock that not only saved the State money on its supply of electricity, but also for the first time it required that 25% of the power be renewable energy and the mix was 20% national renewal energy and 5% was Illinois wind. That price lock expires May 31, 2013 and there are 19 months left in this contract. CMS just entered into a price lock for the final 19 months of the contract, which will do two things. One, the State will continue buying 25% renewable, but it will all be Illinois wind. Also because the market is low today over 19 months it will save \$4 million if you compare it to the current price lock we are under. CMS is very excited to be making a purchase of Illinois wind power and to also, in conjunction, save a considerable amount of money over our current prices for electricity. Chairman Vaught asked what the total was. Mr. Kanellopoulos replied \$50 million.

Member Bedore asked in regard to DHS leases we are at 114. Didn't the Governor last year in his budget address, talk about DHS having 100. Mr. Kanellopoulos replied that he is not aware of the Governor ever stating that DHS would have 100 offices statewide. If he is missing something he apologizes but he does not remember a number like that. Chairman Vaught stated that there were some numbers being thrown around at one point about their Human Capital Development Division, which he believes was over 100 and going under 100 but he is not sure if that is what he is referring to or not. Mr. Kanellopoulos stated that when he says that they have 114 leases Statewide the vast majority of those are Human Capital Development (HCD) on one side and Department of Rehabilitated Services (DORS) on the other. He will get a breakdown for the Board of how many of them are HCD and how many of them are DORS. Member Bedore asked how many of those offices are considered small and if he could get a breakdown of how many employees are in each location. Mr. Kanellopoulos replied that he could easily give the Board a map with locations, but the number of employees might take some time, but he would provide the Board with a map. Chairman Vaught asked if he could also include the case load for those offices. Mr. Kanellopoulos replied that he will work with DHS and hopefully put that together before the next PPB meeting. No further questions or comments were made.

Next on the agenda was the Lease Review for Illinois State Police lease 5765 at 8151 183rd in Tinley Park. Mr. Kanellopoulos states that the proposed lease starts next week and goes for five years. This facility originally only housed ISP. Today it also houses many Illinois Gaming Board (IGB) employees. There are 43 ISP employees and 19 IGB employees and it comes out to 266 square feet per employee. The current contract reduces the rent slightly from what we were paying before. The current rent rate is \$22.41 and that will go down to \$19.50, which is roughly what CMS was paying on this lease back in the 2nd or 3rd year of the lease back in 2002-2003. This lease is the result of CMS conducting three RFI's and at the end this ended up being the best, cheapest solution for this lease and he is asking for the Board's approval on this lease today.

Member Bedore stated that he realizes the space per employee looks good, but when you went out for the RFI you probably based it on the number of budgeted employees, is that correct? Mr. Kanellopoulos replied normally CMS does not. Normally they take a look at actual employees and also try to work with the agency to see how many of the budgeted employees are truly going to be actual employees. But CMS always starts with the actual employees when they create their documents. Member Bedore stated that the number of employees from the old lease is down 20 some percent. When CMS originally did this lease the actual employees were 52 and 31 and now you have 43 and 19. To me that is a large reduction in employees, but the same square footage. You did this lease in 2002 and at that time it was 52 and 31. Today it is 43 and 19 so you obviously have the same amount of square footage, but 20% less employees. How can you account for that? Col. Todd Kilby, with the ISP, replied that he was not in his position in 2002 for the number of people that we are talking about, but the one thing that is relevant here as to this space is the nature of work that is done by the Illinois State Police. The largest division there is the Medicaid Fraud Control Bureau and that work requires, due to the medical records and evidentiary requirements, a secure storage space separate from other evidence due to the HIPAA records so over a period of 10 years that has increased and that takes up a good amount of space and much more so than it did 12 years ago. Member Bedore stated that it was one of his questions he asked Mr. Walker. Your program says evidence storage. Is this an office that we are paying twenty some dollars for storage? There are 20 some less percent employees

and yet the same square footage. How can you justify that? Also, in the original lease in 2002 there was a build-out and it was made to suit the State Police and the Gaming Board. There was probably hundreds of thousands spent on the build-out. There was no amortization so it was built into the cost of the square footage. Out in Tinley Park we wouldn't be paying \$22 a square foot. The reason we are paying that is because we are paying off the build-out and for you to say that there is a reduction; well there should be a drastic reduction in the price per square foot. This is just like Blue Island where they had a build-out and then continued that same rate or went down \$.50 and said that it was a great deal. This is the same situation so don't give us that it is a reduction. It is a reduction because amortization is finished. It should be down to \$15-\$16 a square foot. Mr. Kanellopoulos replied that the original lease was a 10 year lease and even if we assume a half of million in build-out costs that only comes out to \$3 a square foot at the end of the day. So the original price for the last year of the lease was \$21.97 you would be talking about \$18.97. Member Bedore stated that it also started out at \$18.75. Mr. Kanellopoulos replied that it was also 12 years ago so he would say that CMS is very close. He also wanted to stress that this lease is the result of three solicitations and he knows that the Board was unhappy with the first solicitation and thought that the geographic boundaries were too small so CMS increased those boundaries for the subsequent ones and at the end this was the best lease that could be negotiated. Member Bedore stated that it was based on a square footage for a larger personnel figure compared to what was actually there. It was based on the budgeted number of 84 and not the actual number 64. Member Bedore stated that he also has an issue with the storage. Col. Kilby stated earlier that they have a lot of storage for the Medicaid Fraud program including evidence storage. Do we want storage for medical records at \$22 a square foot? Col. Kilby replied that what he was trying to say earlier was when he says evidence he is not saying what you would typically associate with a police operation i.e. guns, drugs and that type of thing. Member Bedore replied he knows it is paper. Col. Kilby stated that it is paper, but it is required by HIPAA and they are working documents that the agency has to have access to, but it has to be in a secure storage area separate from a normal evidence storage area. Member Bedore replied that he knows it needs to be available to the agents, but he is sure that records that are 12 years old are not referred to all of the time. They could be located in a different storage or could be microfilmed instead of having tons of paper. We have just heard how everyone is trying to go paperless and yet the State Police is not. Col. Kilby replied that they are trying to. Member Bedore stated that the State is paying \$22 a square foot to keep paper. Col. Kilby replied he understood. Member Bedore stated that he wanted to hear from Mr. Walker on this.

Mr. Walker stated that he has had conversations with ISP and they have deep concerns about security of those files and how to access them. What they are trying to do is put them into a paperless system. It takes time, but they are actually working hard to get that done. Mr. Walker stated that in their defense ISP has been pretty pro-active about what they currently have in their system. They have a long way to go, but are moving down that path. ISP realizes that this is not a productive use of the space and wants to do more. Member Bedore commented that seeing the way that employees are being reduced and the storage keeps getting increased he cannot see why we would do a 10 year lease. Member Bedore stated that after everyone has commented on this he is going to make a motion to reduce this to a five year lease with no five year renewal option because there will be some resolution to storage and they might not need this much space. Mr. Kanellopoulos commented that this is the lease that is in front of the Board today with a five year lease and five year option and we can leave after three years. This lease starts Tuesday. It is the timing of this that makes this urgent. He will say that any option to renew this lease will come before this Board and if he is still here in five years and ISP doesn't need this space they will not renew the lease. He fears that trying to get the paperwork changed at this late date threatens the start of the lease next week and would request that the Board accept this lease with CMS' assurance that they will not continue this lease even past three years if ISP does not need the space.

Chairman Vaught stated that he knows everyone has been perplexed from time-to-time about these build-outs where agencies have specialized needs of the build-out that are designed to address those needs. Then when it comes to time to renew the leases we have this question on how much the rent should drop or if we don't renew the lease are we faced with losing the benefit of the build-out that was done for a specific purpose. The agencies who have this rather permanent need with specialized requirements we should be looking at State-owned space. He is curious about State-owned space and what the alternatives are to this other than rebidding this. Did CMS look more broadly around this area besides Tinley Park? Mr. Kanellopoulos replied they did and based on discussions the Board had the last time this lease came up the

Board wanted CMS to look farther out and Director Carter and Will Blount visited this office. CMS did do a broad search of State-owned space, but none of those facilities had space that could be used to house this function. Mr. Kanellopoulos stated that CMS did talk with ISP and had long conversations, but in the end this was the best solution. Chairman Vaught stated that this is not a 100% utilized building so does that mean we don't have the option to purchase this building in the proposed lease. Mr. Kanellopoulos replied that a purchase option is required when the State occupies 100% of the building and here we only occupy about one third. Chairman Vaught replied that it is required when you do that it doesn't mean you couldn't include some sort of purchase option. Mr. Kanellopoulos replied correct, but one, he doesn't believe CMS would purchase a building with private tenants and two, if CMS would make a list of buildings they were going to purchase, this building would not come anywhere near the top of the list. Chairman Vaught replied that he understands with ISP is number one or near number one budgetary request has to do with the Joliet lab which isn't that far from this. Is there some possibility that these two functions could be incorporated into that at the point they ever receive their capital request. Mr. Kanellopoulos replied he is not sure. He is not sure what the plan for the Joliet space is, what it will look like or what space it will include and how many people could work out of that location other than the current lab. Chairman Vaught asked then why is there a three year limit on a cancellation and then a 180 days' notice. Isn't it more normal to have the ability to cancel at anytime with 120 or less days notice? Mr. Kanellopoulos replied that CMS prefers to have a cancellation at anytime with a 90 or 120 days. In this case when CMS negotiated this lease the landlord, due to their financing, couldn't do that. CMS does talk to the agencies about their needs and ISP and the Gaming Board's need is not going to disappear in three years. Chairman Vaught asked if he knew how much new capital they were going to put into this. Mr. Kanellopoulos replied no he is just saying there are usually two situations. One is where they are putting in new capital and the other is where it is tied up in financing or a mortgage and has nothing to do with improvements to the building. But they do need to show the bank some sort of fixed term on a lease for other purposes. So it is important to the landlord to get a fixed term. Chairman Vaught commented that he doesn't think that the head count is going to be a permanent situation for ISP. Their headcount is very depressed and realistically it cannot remain so. They got for the first time in many years, a cadet class last year that is turning that around slowly and the Governor just yesterday proposed three cadet classes for the current year. I understand it is not approved yet, but he sees that trend turning by necessity. Member Bedore commented that if ISP is going to be hiring more people for this office they won't be able to put them in there because of all of this paper. We were just told that after 12 years it has been accumulating. Chairman Vaught replied that some of that paper is evidence and they don't have a choice what form it is in, it is what it is. Member Bedore stated that they don't have to have things there that are 12 years old. Also, regarding the lessor going out and having to get a loan or bank approval, all he is going to do for us is paint and replace some carpeting. One month's rent will take care of that. Mr. Kanellopoulos wanted to point out to the Board that the State is three months behind in rent on all of their leases and are four months behind in rent on 250 out of 400 bigger leases. So a lot of landlords don't have one month's on hand rent to do these improvements. Member Bedore replied that this man has 10 years and is getting over \$3 million in State money, please don't insult my intelligence. Mr. Kanellopoulos replied that he believes there may have been an ownership change and does not think it is the same owner. Member Bedore replied that it is not the fault of the State of Illinois or this Board. Chairman Vaught asked the Board what they wanted to do because they need to take action and there is a motion already made by Member Bedore to shorten the lease. Member Bedore stated that he would rescind his earlier motion, but will make a motion that in our file no matter who is sitting at this Board in three years this lease should be reviewed and seriously looked at. Chairman Vaught asked if this motion was to have this lease put on the Board's calendar to review in three years. Member Bedore replied affirmatively. Member Ivory seconded his motion. With a 4-0 vote the motion was approved. A motion was made to not object to the lease by Member Ivory and was seconded by Member Morales. With a vote of 3-1 the motion was approved with Member Bedore voting no.

Next on the agenda was the Rules Review for IDOT. Director Carter stated that at the last meeting the Board heard these rules and there were some follow-up questions the Board wanted to have answered. Chairman Vaught asked that they be answered prior to the Board meeting. CPO Bill Grunloh provided answers to those questions in the form of a memo which was sent to the Board. CPO Grunloh is present to answer any additional questions the Board might have. Chairman Vaught asked CPO Grunloh to introduce his response to the Board. CPO Grunloh apologized for not being able to attend the last Board meeting. The questions that were raised at the meeting he addressed in a letter that was sent to Director Carter. Chairman

Vaught stated that the letter was very helpful. No questions or comments were made. A motion to accept the IDOT procurement rules as presented was made by Member Bedore and was seconded by Member Morales. With a vote of 4-0 the motion was approved.

Next on the agenda was the University Pouring Rights. Director Carter stated the he has worked on this with legal counsel as well as Mike Bass at the University of Illinois to do a draft policy and they have come up with this in a way of procedure. The University was not able to be here today because it is the same day as their trustee meeting but they would be available next meeting to discuss this. After working on it, Board counsel looked at it and provided the comments in red. Director Carter stated that he shared counsel's comments with the University and they seemed to be encouraged by what Mr. Turner had to add to it. Director Carter stated that he would take back any Board comments or questions and would have something more formal next meeting. Member Bedore replied that he read this and has no idea what it says. Does it address the issue about the University purchasing, for example, orange juice and tying that in to the pay-to-play? They go out and give Pepsi the pouring rights and I have no objection to that, but then they also purchase under that same contract, purchase juice and things for their cafeterias. They freeze out the small vendors. For an example, at either Southern or Northern you had to buy \$50,000 worth of advertising in their local sports newspaper. A small vendor cannot afford those things. Pepsi or Coke could. It is very clear to him that there are two areas. One is the pouring rights and yes, you can sell that to Coke or Pepsi and they get all the vending machines on campus, at football and basketball games. When a University turns around and starts buying something under that same contract where they have to contribute that is pay-to-play. Either you change the statute or we stop this procedure and what is really bothering me is that the U of I has slipped through two contracts and continuing what they are doing. This is wrong and it is telling the Board that they don't care. Member Bedore asked that the Board's legal counsel talk about this and either we change the statute or change the policy. The University just put through two contracts in the last month. They are dragging their feet and then ramming through contracts, which have a 10 year duration so when everything is said and done it is going to be locked in for 9-10 years and we will just worry about it then. Chairman Vaught stated that he also finds this a bit confusing himself. From the last discussion was whether we need to have a policy statement on this that clarified what the statute means and believes that his comments are addressing that. Or does the Board need to begin a discussion that if that wasn't going to work then recommend a change in the statute. We didn't want to make a drastic action until it was fully understood and that is what was lead the Board to draft this document for discussion purposes. Chairman Vaught stated that we have this very general rule on pay-to-play that is broad and is intended to prohibit it. Then this pouring rights contract seems to be in the nature of a bit of an exception to the general rule and was concerned that we have a situation if the exception gets too broad then it swallows up the meaning of the rule and he believes that Member Bedore is saying a similar thing. This is used in a broader way. It defeats the intent of the statute. I think that is where the Board is and it is going to be the question on how the Board wants to handle it. Chairman Vaught stated that he believes the Board should have the opportunity to make any suggestions to the language of this policy before the next meeting and if they don't think the policy is going to be sufficient then the Board should turn that into a recommendation for a statutory change. He does recall that Member Black is very skeptical on doing that because he remembers the debates on the floor of the House. Member Bedore stated that he fully agrees on what was just said, but has one additional comment. This was started in October 2012 and during that time we came up with a policy that we would put on hold, but in the meantime the University goes ahead and does the contracts. I don't know how they can justify that. Chairman Vaught stated that the University plans to attend next month and the Board will have to have some further discussion on this. Director Carter explained that the contract was put through by Southern Illinois University and they only put it through because the Board held their motion and did not take effect until January 31, 2013 so any outstanding business could be cleared up. Member Bedore replied that it was the Board's fault that the motion should have said that nothing goes through while it is currently being discussed. Director Carter stated that they were just working on what the Board said. Member Bedore replied that the Board said that they were going to come up with a policy and rather wait for the Board to do that and they drag their feet. This is not the first Board meeting they are missing. So they drag and drag and get through all of their contracts and then come up with a policy so it won't affect them for another 10 years.

Member Ivory commented that he recalls that the Board had some robust conversation on the subject and he expressed his concerns in reference to moving forward and having a contract and somehow it was the will

of the Board to move forward. He thought it ended with the fact that legal counsel on both sides were going to come back and come up with something that would be reasonable and have some form of agreement and bring it back to the Board, but he knew that he had legitimate concern about moving forward contract without having some agreement. It was what the Board decided to do and now here is where we are at.

Todd Turner, the Procurement Policy Board's Legal Counsel, stated that what they have here is what was presented by the Universities and the redlining you see are the changes that he made in trying to draft a policy that somehow distinguishes between pouring rights and pay-to-play. It is difficult to do that, but he thinks that this policy is getting close. However, from the beginning he thinks that there needs to be a statutory change, which would be his recommendation. He knows that Member Black is against this, but he is concerned that even if we come up with this policy or come up with a rule that it could be challenged saying that it is contrary to the statute and he doesn't know a way around that. Mr. Turner stated that he would be happy to proceed however the Board wants to proceed. Chairman Vaught stated that what he is hearing from the Board is that we should have a statutory draft made and have a discussion on the policy versus the statute. Member Bedore stated that the next meeting would be in April and the Board will more likely not have an agreement at that meeting then we will be into May and that is too late to change until the following year. Chairman Vaught replied he is not sure how to change the calendar. Member Bedore replied that in the meantime come up with a policy and then work on the statute. Mr. Turner stated that Member Bedore's suggestion might be a good one to try to finish up a policy to be in place while working on the statute because that is going to take some time and some real thought. His suggestion would be for the Board to focus on the policy. That will help and then when it comes time when the Board decides to have a statutory change the policy document would be helpful in any proposed legislation. Chairman Vaught stated that he believes that is the direction the Board is heading in, but thinks that this draft needs more work and would suggest other members who have concerns suggest language to Director Carter. 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. In attendance for the Department of Corrections was Chief Financial Officer Bryan Gleckler. Mr. Gleckler stated that since the last meeting they have put together a draft solicitation and have been working with CMS on what the structure of that solicitation is going to look like and have collected all of the information from the facilities so they have a comprehensive commissary product list and quantities outlined in the draft solicitation that is in the final stages of review. Mr. Gleckler stated that the solicitation should go out on the street next week once they get the final review and put the finishing touches on the draft. Member Ivory asked if there was a BEP goal attached to that. Mr. Gleckler replied affirmatively. Member Ivory asked who is responsible for setting the BEP goals on this. Roger Nondorf, Chief Administrative Officer with CMS, replied that Paul Cerpa's group is involved in approving recommended goals and finalizing what the goals should be. Member Ivory stated that he just wanted to make sure that was the case that the BEP Council would have some input in terms of the goals and would just simply hope that we are setting reasonable goals and not low-balling goals. Have the goals already been set at this point? Mr. Nondorf replied he believes they were set at 15%. Mr. Gleckler corrected him saying that it is 11%. Mr. Nondorf stated that he will clarify that and get back to him on that. Member Ivory replied that 11% is an extremely low goal. Member Ivory stated that the reason he made that comment is that there has been a lot of interest on this subject matter from Representative Ken Dunkin and others in reference to commissary and how low the goals have been in the past and so there is some concern from the legislative side in terms of where those goals are at and he just wants to make sure that those goals are reasonable and what the methodology is for setting those goals.

Member Bedore commented that in regards to the Vendor Payment Programs he doesn't know why CMS has not sat down with the State's Treasurer. That is the office that puts out money. You are looking to get additional people in this program...banks, financial people, who has the business hammer? Not the State Comptroller, but the State Treasurer because he invests the money and says where the State's deposits go. You should be talking to the State Treasurer in addition to the Comptroller and he would like to see a report on where you are going with this payment program. It is good to work it out with the Comptroller because she has the bills, but the person who has the hammer and the arm twisting is the State Treasurer. Member Bedore stated that if CMS is really looking for some muscle to get bankers to participate the Treasurer is the person not the Comptroller. Mr. Nondorf replied that he understands his suggestion to meet with the State

Treasurer in efforts to find more funding sources and thinks that it is a viable suggestion and he will carry that back to CMS Director Weems.

Next on the agenda was Legislation. Director Carter stated that there are no specific bills to report on this month. If there is anything the Board would like him to track or follow he would be happy to do so.

The next scheduled meeting for the Procurement Policy Board is set for April 11, 2013 pending Board confirmation.

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