



Chairman: David Vaught
Members: Ed Bedore, Ricardo Morales, Larry Ivory,
Bill Black

Minutes – June 12, 2013 Meeting

Present in Chicago: David Vaught

Present in Springfield: Ed Bedore
Bill Black

Present via Telephone: Larry Ivory

Absent: Rick Morales

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

Member Bedore made a motion for Member Ivory to participate via telephone and it was seconded by Chairman Vaught. The motion was unanimously approved.

First on the agenda was the approval of the minutes from the May 16, 2013 Board meeting. Member Bedore made a motion to accept the minutes as printed and was seconded by Chairman Vaught. 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 updated the Board on activities since the last Board meeting. As of the end of May DHS was moved out of a facility in Springfield commonly known as Hay Edwards. It is a 6,100 square foot leased facility. As mentioned to the Board in the past it was 10th most expensive CMS lease in State of Illinois. Its total annual cost is just under \$1.7 million dollars and on a per square foot cost basis it was the most expensive CMS lease in Springfield at \$27.87. The majority of those people were moved into DHS headquarters at the Harris Building. CMS did have to exercise an expansion opinion in that lease to take 18,000 additional sq. ft. at Harris, however, the total cost of that space was an additional \$371.00.00 a year. We eliminated \$1.33 million in cost by consolidating Hay Edwards into Harris. Member Bedore asked what the square footage cost was for the two facilities. Mr. Kanellopoulos replied the current total cost at Harris was \$20.65 per sq. ft. The total at Hay Edwards was \$27.86 prt sq. ft. Also, by the end of June CMS will have completely moved out of 32 W. Randolph Street in Chicago. As reported to the Board a couple of months ago CMS moved the OEIG out of that building and by the end of the month CMS will have moved out the HFS Child Support Unit, which has been there for a very long time. As reported before that is the 2nd most expensive CMS lease in the State of Illinois. The total cost of that lease is \$4.2 million dollars a year. Mr. Kanellopoulos stated that one of the leases on today's agenda, the DES/HFS lease that's on the agenda for the Board's approval is the center piece of this consolidation because 214 HFS staff that were at 32 W. Randolph Street are moving into the DES facility at 33 S. State. Member Bedore asked what the square footage cost was on Randolph. Mr. Kanellopoulos replied that he didn't have that amount, but would get it for the Board. Mr. Kanellopoulos stated that that was all of the updates and would be happy to answer any questions the Board might have.

Member Bedore stated that he would like to commend this Board on for their action on a lease for the half-way house that we rejected in August. Member Morales, Member Ivory, and Member Bedore voted to reject it and he is glad to see that has now come back to us with a reduction of \$244,000. I commend Larry and Rick for saving the State a quarter of a million dollars. Member Bedore commented that the lease on Randolph Street one of the arguments for having it there in such expensive property was because it was

close to the courthouse. Mr. Kanellopoulos replied affirmatively. Member Bedore stated that he will bring it up again later during the discussion of the leases.

Member Bedore asked if there was anything on the BOMA rates. Mr. Kanellopoulos replied that as was discussed last month the BOMA survey showed that they had a 308 sq. ft. per employee ratio in the buildings that they surveyed in Chicago. CMS looked over their portfolio and they are currently at 278 square foot per employee ratio. Member Bedore asked if BOMA included conference rooms. Mr. Kanellopoulos replied that this is overall. Member Bedore commented that CMS is 278 overall. Mr. Kanellopoulos replied affirmatively. Chairman Vaught asked if there was any historical numbers on this. Mr. Kanellopoulos replied that CMS does not have historical numbers ready to go, no. Chairman Vaught asked what that meant. Mr. Kanellopoulos replied it means he would have to talk with his staff to see if they have historical data then they would have to literally go through every lease to calculate that total. Chairman Vaught stated that the data has not been collected or reported to anyone. Mr. Kanellopoulos replied that they don't have a method of picking out a particular period of time and to find out what the overall square footage per employee was. They do not have that ability.

Chairman Vaught asked if this was all of the information there is on Lottery storage? Mr. Kanellopoulos replied that he provided to Director Carter that Lottery has a warehouse in Springfield and storage is part of the lease in Fairview Heights that was discussed last month. Chairman Vaught asked if we don't have any other information about size, cost, why they don't have one in Chicago, etc? Mr. Kanellopoulos replied that he can ask how they handle things in the Chicago area, but would have to get that for the Board. (11:03) Chairman Vaught stated that it still doesn't answer my question about the contract. He thought we had this degree of efficiencies and better marketing in this privatization of the Lottery, but then they're asking us to spend more money on storage space for lottery tickets. I don't understand what the contract provision is. It says they're shifting their cost back to CMS. Mr. Kanellopoulos replied that he is not privy to the contract that Lottery has. Chairman Vaught replied why would it be private as a public document? Mr. Kanellopoulos replied that he hasn't read it.

Member Bedore asked that at the next meeting can the Board have a report on this from either CMS or the Department of Revenue? Mr. Kanellopoulos replied that he will update you on how exactly they handle all their storage needs and why they provided some of the storage and why they are paying for it. Chairman Vaught stated that it is an interesting question of procurement. We have this major procurement that privatizes the Lottery and he didn't understand that they would be shifting costs to us. He thought that propose of that was the other way around and he's now curious about whether that contract shifts other cost's to us, and if it did why did that procurement carry out the policy that that he heard debated in the General Assembly and elsewhere that this was a shift of administrative responsibility in cost to a privatized lottery which is supposed to be done more efficiently, instead we here there shifting costs to the taxpayers. Chairman Vaught stated that he thinks the Board's staff should inquire more about this so they have a better understanding what happened in that overall procurement and not this one particular lease. Chairman Vaught stated that this it is one of the biggest privatization procurements the State has ever done.

Next on the agenda was the lease review for DES/DVA Lease #3658 at 407 N. Franklin Street in Danville. Mr. Kanellopoulos stated that lease 3658 was for Department of Employment Security (DES) in Danville. There is an existing lease in Danville for DES. There are also three Veterans Affairs employees in the same location. That runs to July 31, 2014. CMS did an RFI for other agencies in Danville that was awarded to the same lessor as in this lease. The lessor came to CMS and offered a reduction in rent from that current lease that expires July 31, 2014 if CMS would extend the current lease agreement. The other big advantage to the State of Illinois is that the current lease doesn't expire for just over a year and doesn't have a termination option. We would have to stay there until the end of July 2014. The extension CMS has posted would allow them to get out of the lease at anytime with 30 days' notice. Even though it is a five year deal it starts July 1, 2013 and it does give the State flexibility in its ongoing work to consolidate the new space more efficiently. The overall square footage in this building is not that great and part of that is that a large part of this facility is dedicated to people coming in looking for work, computer areas, training areas and not just employee work spaces. That's one of the reasons it's very high. In their opinion the ability to immediately reduce the rent starting July 1 and to get a 30-day anytime termination option, CMS thinks that it's in the State's best interest to execute this contract and CMS would ask for the Board's approval.

Member Bedore asked why there is a confidentially information notice? Mr. Kanellopoulos replied that CMS put in some information in the white paper that DES requested it would not be made public regarding this facility. Member Bedore asked what could that be. Member Bedore stated that he has never see this in the 10 years he has been here. Is there something secretive here? Mr. Kanellopoulos replied that are a couple of statements in the white paper that they requested not be made public. Member Bedore stated that we are not privy to that. Mr. Kanellopoulos replied that the Board is privy to that. CMS provided it to Director Carter, but then asked that there be no public discussion of that particular matter. Member Bedore replied that the Board Members did not receive it. Member Bedore said we were just talking about BOMA square footage overall square footage for employees 574 and personal space 439, isn't that a little out of range. Isn't our goal about 250 – this is almost double. Mr. Kanellopoulos replied that this isn't just office space there's a waiting area, training areas for people.... Member Bedore replied it says overall 574. I assume you took out the waiting area and everything else and you still have 439. Mr. Kanellopoulos replied that is the reason the Board should approve this lease. We get the rent reduction and a 30 day termination option, which we don't have now. Member Bedore asked if DES has been there since 1981? Mr. Kanellopoulos replied affirmatively.

Member Black stated that this facility is what the General Assembly started some years ago as a one stop center. It does training, brings people in, teaches them how to find employment postings on the computer, it does some GED work. In fact the public occupies more space than the State employees. Has that been ruled out? The public spaces, the training spaces, computer terminals where the public comes in and they teach them how to get up to speed on searching for jobs is called a work source center. Has that space been taken out of what you're showing here? Or are you showing total space? Mr. Kanellopoulos replied that there is personnel space that typically takes a lot of that space, he would have to go back to CMS to see how it was calculated because it is a large part but I assume that the personnel space is smaller than that. Member Black stated that is what he would think. After being in that facility several times I never noticed that staff has an abundance of office space, or private office space. The bulk of it on any given day that I've been in that it could be 75 to less than 100 members of the public seeking services. This area served has either the 2nd or 3rd highest unemployment rate in the State. It is a very busy office. I wish it wasn't, but it is. I'm just not sure what your square footage is showing whether it's just square footage per State employee or of what is available to the various resources that they can access in this office or whether it is total space. They have JPTA offices in there I can't even remember some of the various resources that are located in there. At one time it was what the State wanted to do and that was a one stop shop for literally every kind of resource that we had to find ways of putting people back to work. Mr. Kanellopoulos replied that he would have to go back to pull the file and speak to the leasing rep to see how that number was calculated and whether that number was wrong. Member Black stated that the office handles all of our Trade Re-Adjust Act seminars and training because we have had, unfortunately in that area, about 4 plants closing because they were moving the facilities either offshore or to another State so there is a lot of TRA and TAA programs that go on there as well.

Member Bedore stated that Member Black knows this area quite well and wonders what area he represented when he was in the General Assembly. Member Black replied the same area, but when he was there the unemployment there was much lower. Member Bedore stated that the only problem he has is that it looks like there could be a miscalculation because when you take all this space out you still have 439 square feet per employee. That is almost double our standard. Mr. Kanellopoulos replied that he agrees, but he does not have the information here to correct that.

Chairman Vaught asked if there were any other questions or comments on this lease. Member Black stated that he didn't understand what the confidential information notice is about. Chairman Vaught replied that the extra sheet that the Board was given has the extra information. Member Bedore stated that is normally in the lease anyway. Member Bedore stated that there is nothing on this page that the Board has never gotten before. I don't know what the confidentially is about. This page 2 that you're referring to we get on every lease. Chairman Vaught stated that the Board doesn't have the Director of Employment Security here to answer that question. Member Black stated that he was asking is it confidential to the people who offer the lease? Is there something in here they're not suppose to know? Mr. Kanellopoulos replied that he can't talk about it. Member Black stated that it is really confidential. Member Bedore stated that this raises so many questions. If you go to your next lease page 2 in your leases it's the same thing as this lease. What is

so special about this? Chairman Vaught asked the Board if they would like Director Carter to follow up on that to try and get an answer from the Department? Member Bedore stated that he is not going to sign off on something that confidential information and Mr. Kanellopoulos can't talk about it. Chairman Vaught stated that he can't understand why they can't. It's before the Board and we see what it is. Are you saying you have questions about that? Member Bedore stated that no, everyone is saying that there is some confidential information here. Member Bedore asked what is the confidential information? Chairman Vaught asked Director Carter to comment on this confidential information in the PPB memo on page 1 so that the Board Members would know what the confidential information was. Director Carter replied the line that was asked to be confidential is bold and underlined on the confidential sheet which is also found on page 2 of the white paper, which DES asked CMS Property Management after the fact not to include the in white paper information and to let the Board know since it had already been distributed to let the Members know that the part was confidential. Chairman Vaught stated that the Board does have the confidential information.

Member Bedore commented to bear with him and asked to go to the next lease and go to page 2. What is different from this lease than the other lease? It says the same thing: current lease, proposed lease, programs then you go to the lease that is supposed to be confidential it's currently proposed, programs – what's different? Chairman Vaught asked the Board if they wanted to have further discussion on this or do they want to act on it? Member Black stated that the only thing that I see is different is that the first lease has an option that the second lease doesn't have. That option is almost giving constructive notice as to what the intention is with that Danville office and if that is the intent and that's why the constructive notice is in there you're going to get push back like you haven't seen in a long time because this is not an area that has a 2 ½% unemployment rate. It's an area that's been above the State average for the last 4 years and it just seems to me that you are giving constructive notice of intent to do something that I can't believe that anybody in DES or CMS or any other of the Alphabet agencies would even consider. If you plan to consolidate this with another office then you have got the problem of a high unemployment rate. How do you expect them to get to Champaign, Bloomington or wherever it's going to be? It's closer to put it in Indiana plus they would probably offer us a better lease rate anyway. Member Black stated that there is something here that I don't understand, it's a good lease, but the confidentiality that Member Bedore has said the only thing that I can see is an underlined sentence. In all the years I've spent in the General Assembly, the only thing it means to me is that we're going to give somebody constructive notice and we'll probably exercise that confidential statement in the next few months if not the next year and that just leaves me, since this is my home town and familiar with the office, he can't believe that it would be on a list that would be considered for closure. Chairman Vaught stated that on the other hand we have often here sought to have those kinds of clauses in leases whether they were actually exercised or not. They weren't making a judgment on whether or not they should be exercised or not, but have been advocating at the meetings that those kinds of clauses be in leases to give flexibility across the board. Member Black replied that he doesn't have a problem with any lease that lets any party get out with a reasonable period of notice it's just the fact that this particular opt-out seems to be treated in a total different way. Member Black stated that he has not been on the Board that long but he's not seen anything like this and when there is a red flag and one of things that he haven't lost is that he's not color blind. This isn't a yellow flag it's a red flag. Chairman Vaught stated that he understands his point.

Member Bedore stated that the Board has seen leases with 30 day termination clauses to get out of a lease and that he'll leave it up to my colleagues to put forth a motion because this needs a certificate of approval. Mr. Kanellopoulos replied affirmatively. Chairman Vaught stated that the Board has to act on this. Member Bedore stated that his problem is the 439 square feet per employee. He doesn't know how he can vote for a lease because something is wrong. Member Black asked what the time frame is for approving this? Should the Board do it now or next month with some additional information. If there is something that is extremely confidential I don't know if with the Open Meetings Act that the Board could go into a closed session. Director Carter stated that CMS would like to start the lease July 1st so the next meeting would work. Chairman Vaught stated that this is an extension because they're already there, correct. Mr. Kanellopoulos replied affirmatively. This lease is not expiring and it is not imperative from that standpoint that this lease be voted on at this meeting, we would only lose one month's savings which is a couple thousand dollars. Chairman Vaught stated that you're saying that this current lease doesn't expire? Mr. Kanellopoulos replied that the current lease doesn't expire until July 31, 2014. Chairman Vaught stated that they could delay this to next month and get their questions answered as some have suggested, correct? Mr. Kanellopoulos replied

yes, we can continue this until next month's meeting. Chairman Vaught stated that the effect would be CMS wouldn't get the \$25,000 a year savings. Mr. Kanellopoulos replied it could be delayed one month. Chairman Vaught stated that it will cost the taxpayers \$2,000 to delay one month. Member Black made a motion that this lease not be approved today and that we ask that we get some additional information for our July meeting. The lease is in effect and there is a savings that we could impact, but he would feel a lot more comfortable dealing with this if he had a lot more information. Member Bedore seconded the motion. With a vote of 3-1 the motion was adopted.

Next on the agenda was DHS/HFS lease #5843 at 33 S. State Street and 36 S. Wabash Ave. in Chicago. Mr. Kanellopoulos stated that this a Department of Employment Security and the Department of Healthcare and Family Services lease in Chicago. This is the headquarters for DES in Chicago and has been their headquarters for 9 years. When CMS looked to consolidate the lease at 32 W. Randolph and eliminate that lease from their portfolio there were 350 or so HFS employees that work at 32 W. Randolph. In discussions with HFS and DES, a decision was made that we would put 213 of those employees at 33 S. State. There are two addresses there 33 S. State and 36 S. Wabash it's the same building, same facility – just two different entrances. HFS will use the Wabash entrance and DES has always used the State Street entrance. In order to do that there had to be some improvements done. The main cost is to put security systems in both...for HFS this is a client service office. A lot of people come in and out of that office everyday all day. It's to segregate the DES and HFS spaces, but also to provide security in the HFS space that wasn't necessary for DES operations. It didn't make much sense to undertake this consolidation when the current DES lease expires January 20, 2014. A decision was made that they would look to extend the current agreement. This is part of a bigger overall transaction so 213 of the HFS employees are being moved next week to 33 S. State. The rest of the employees have been moved to 401 S. Clinton, which is DHS' and HFS' headquarters in Chicago and to 62nd and Emerald, which is a large DCFS facility in Chicago and also to the ISAC building in Deerfield. HFS made the decision to split up the Child Support unit into 3 pieces: a Northern Cook County location, a Southern Cook County Location, and a Central Cook County location located by the Daley Center. CMS did have to amend the lease at 62nd in Emerald, which this Board saw a few months ago. It was an additional \$562,000 to take additional space for HFS. Here this lease increases by \$458,000 in the first year that HFS is in there, but even with those two increases, overall the State saves \$3.2 million a year because HFS's lease at 32 W. Randolph is eliminate and he would request that the Board approves this lease. Chairman Vaught asked if any Board members had questions or comments on this one.

Member Bedore commented that as CMS has stated in the past that some of these employees need to be close to the courthouse. Mr. Kanellopoulos replied affirmatively. Member Bedore stated the old Brunswick Building across from the Cook County Circuit Court is available. Mr. Kanellopoulos replied yes and no. Member Bedore stated that he has talked to the person that is charge of the real estate and she's been very helpful and they talked about the entire 4th floor becoming available in a matter of months. It's not available today, but it will be available in the future. There's also going to be other floors available. The Cook County building is secure. There's the Cook County Sheriff's that you go through metal detectors, you can't get any more secure than that building and yet you're going to go to this other building and going to put in all kinds of security measures that are going to cost hundreds of thousands of dollars when you already have it in this building and it's across the street from the courthouse, which you have said in the past was the reason that had to be there. 33 S. State Street is not across the street from the courthouse, but the Cook County building is and you are going to spend hundreds of thousands for improvements that the County is going to do because there in a TIF District and they have to do these improvements that is going to be covered by the TIF and they also have to have an inter-governmental agreement, that was part of the arrangement, they have to have governmental entities in that building. It's a perfect match. You're going to be across from the courthouse, you have security already in place electronics, screening, and the Cook County Sheriff's he doesn't understand and why we're moving to a building that we have to pay \$25 or \$26 per square foot and you got a new item in there we're in that building already and now they have added there real estate escalator. It's not just the cost you see here we don't know what that cost is going to be in the future. Member Bedore stated that he doesn't follow this move at all. Here is a chance to rent from another governmental agency and you don't have to spend the expense for security and it's across the street from the courthouse. Can you explain that to me? Mr. Kanellopoulos replied one, like you said the space in the Cook County Building is not available right now. This transaction has been in the works for a long time.

CMS has actually extended the current HFS lease at 32 W. Randolph several times and we have to move out by the end of this month as the building is being sold and one of the stipulations in the sale was that the building had to be vacated when transferred. This was our last extension so we needed to something months ago, but this has taken longer than what they initially expected. Two, the security upgrades aren't simply the fact that there is a metal detectors and security guard at the facility. This has more to do with card readers and internal security to segregate different offices and conference rooms from the public when they're in the space. Those are the security upgrades he's talking about. Mr. Kanellopoulos stated that he agrees that the county building is very secure, we moved the OEIG into the County Building and one thing they did like was there was 24/7 security and 24/7 access to that building, which they needed. Member Bedore asked if the building that we're talking about is it the old Carson Pirie Scott Building? Mr. Kanellopoulos replied affirmatively and it will soon be known as the Target Building. In this case this is the headquarters for DES and it suited them perfectly. However, because they had been there for a while, the CMS space standards have changed since this lease was done and it made sense in their minds to fully utilize this existing lease and extend it. Again, in their discussions with the County, because CMS has looked at other opportunities since we were very successful with the OEIG and working with them was going very well. It wasn't 100% clear to CMS when, if and what space would come available in the building. CMS is looking at other opportunities because he fully agrees with you that CMS has other leases in and around the Loop that we have discussed here many times that are coming up and that would be a great location they and are in contact with the County about that. He doesn't disagree with you there, but he thinks this transaction and re-doing this lease is in the best interest of the State because it's going to work perfectly for DES and HFS and it does allow us to terminate that lease on 32 W. Randolph, which has been discussed since he started at CMS. Member Bedore asked about the need to be across the street from the courthouse. Mr. Kanellopoulos replied that he didn't think that it was literally across the street because he's walked to both of these offices dozens of time for meetings. The Daley Center to 33 S. State is a pretty short walk. Member Bedore replied yes it is a 3-block walk compared to a half block walk. Mr. Kanellopoulos replied that the last time we did the HFS lease they actually had State's Attorneys and actually had court proceedings in their facility-those are long gone. They moved out a couple years ago so there was a reason for them to be literally adjacent to the Daily Center, which went away. That is another reason why this lease should go away because when the State's Attorney and the actual child support hearings went away this was a incredibility an inefficient space even with 351 employees. I don't have the figures, but that lease will have to go away. Member Bedore asked what the rate is for the Cook County Building, roughly? Mr. Kanellopoulos replied that he doesn't have the total cost for the OEIG, but can get them. Member Bedore stated that the OEIG had the better space and it was a pretty elaborate facility. Mr. Kanellopoulos replied that it is higher up and it's the 2nd highest floor, but if you walk through there its nicer than his space at the Thompson Center, but it's 1980's era drab office space. Member Bedore stated but as far as the building concerns goes it's the higher end of the building. Mr. Kanellopoulos replied yes, it is the 2nd highest floor versus you're discussing what would come open is the 4th floor. Member Bedore replied correct and they are talking about consolidating other units and opening up other floors. Mr. Kanellopoulos replied correct, but again with their discussions with them it is not available today. Member Bedore replied that he understands that.

Member Bedore asked why we did a lease in Chicago in April with Cacciatore. Why didn't we renew that lease at \$20 per square foot knowing that the Cook County Building was going to become available? Why are we attached to Mr. Victor Cacciatore? Mr. Kanellopoulos replied that they are not attached to any landlord. That lease was actually a very good deal for the State. That is at 527 S. Wells and there were 2 leases in that building. DES had a lease for some administrative people on a couple of floors, and then the 1st floor was a separate lease for a local office. At one point the previous director wanted to have a local office downtown. If you have ever been to that building people can't safely access it. There is Congress on one side and Wells on the other. That didn't work out very well, but we have these leases and one of these leases didn't have a early termination at least not for a few years. The lease you're talking about was the other lease, which was ending fairly soon. CMS closed the local office and that lease CMS could terminate the 1st floor. The administrative office didn't have an early termination option so we had to stay there I think until 2015. DES wanted to move their people to 33 S. State. They installed a VoIP system and they wanted everyone to be on the same computer and phone system and that wasn't going to happen at Wells, but we couldn't get out of the lease. DHS needed space to put people for their Medicaid redetermination program. They are hiring hundreds of people Statewide for this federally funded program that is supposed to look at Medicaid cases over several years and they needed space right away to put in caseworkers. This allowed

CMS to move the DES people out to put the DHS people into that space since DES preferred to be at 33 S. State. DHS needed space right away and we had to pay the lease anyway so we put DHS in. DHS said they could use the first floor by bringing in more case workers. CMS made that lease terminate on the same date as the upper floors. It was extended a short time, so they both ended at the same time. The total cost all in is approximately \$16.00. That's cheaper than the operational expenses at the Thompson Center. Member Bedore commented said that according to this it is \$19.70 per square foot. Mr. Kanellopoulos replied that might be with security and CMS' charge, but the rent plus utilities is \$16.00. Member Bedore replied that the rate at the end of the term is \$21.00. Mr. Kanellopoulos replied that he thinks it's with CMS' expense put in and with security.

Chairman Vaught asked for clarification that this is one of those leases that doesn't have a termination clause in it. Mr. Kanellopoulos replied that it didn't when it was done. Member Bedore asked what the termination is now. Mr. Kanellopoulos stated that the lease with Cacciatore doesn't have a termination option in it. Member Bedore stated that he is talking about the one that was just passed in April. Mr. Kanellopoulos replied that he would have to go back and check because he doesn't have the April material in front of him. Chairman Vaught stated that Mr. Kanellopoulos hasn't answered his question yet. CMS expanded a lease to add the 1st floor is that what you're saying? Mr. Kanellopoulos replied no, the 1st floor was a separate lease and the 2nd and 3rd floor were a separate lease. There were two separate leases in that building. Chairman Vaught stated the new lease on the 1st floor doesn't have a termination clause? Mr. Kanellopoulos replied he did not know and would have to get back to the Board. Member Bedore said he thinks that lease runs until 2016. It still goes back to his basic question, which is why did we do this lease with no termination and not consider Cook County. Mr. Kanellopoulos replied because the 2nd and 3rd floor was a lease CMS couldn't get out of. Member Bedore said so we compounded by giving more space with no termination clause. Mr. Kanellopoulos replied no, I don't know if the 1st floor has a termination clause, but the... Member Bedore said normally anything with Victor there is no termination clause. We know that from Blue Island. Mr. Kanellopoulos replied that the issue here was that CMS was trying to help DES move the people over to State owned space, but doing something with the space that we were obligated to pay for the next several years and this opportunity with DHS came up so we did the transaction. Member Bedore replied so we reward this owner because he fought and got a no termination clause the first time. Mr. Kanellopoulos replied that we are not rewarding anyone. Chairman Vaught asked if there were any other questions or comments on this lease that's before us to today? Member Black clarified that at 33 S. State there is no termination option on that lease, correct? Mr. Kanellopoulos replied affirmatively, which is a 60 month lease. Member Black commented that if he is reading these figures right it is a multi-million dollar lease. Mr. Kanellopoulos replied that it CMS' largest and most expensive. Member Black stated that he was in the wrong business and clarified that it is \$33 million with an escalator clause. Mr. Kanellopoulos replied affirmatively. Member Black asked what the last year of this lease would cost? Member Bedore said it is \$65 million. Mr. Kanellopoulos replied that if this lease goes for the entire 10 years it would. Member Black stated that he knew that building sat empty for a while what could we have purchased the building for at some point? Mr. Kanellopoulos replied that he doesn't know. Member Black stated that it is a lot of money. Member Black asked if this was a landmark building or Sullivan design. Member Bedore replied yes. Member Black said that there is something about this that doesn't make sense to him. How many offices is CMS going to consolidate into the new Target Building? Mr. Kanellopoulos replied that DES is already in there, which has been their headquarters for the last 9 years. They have 697 employees and are going to add 213 HFS employees so there will be almost 900 employees there. Member Black asked if Target occupies 2 floors? Mr. Kanellopoulos replied he didn't know, but has seen the 1st floor but doesn't know if they have the 2nd floor. Mr. Kanellopoulos stated that this lease more efficiently uses the existing space and is the fastest and most efficient way to eliminate the 32 W. Randolph lease and the end of the day moving into the most expensive lease allows us to terminate the 2nd most expensive lease. Member Black responded that then this becomes the most expensive lease. Mr. Kanellopoulos replied affirmatively. Member Black stated that there are some things here that I don't understand. You start throwing out \$65 million dollar figures and I could lease you most of Danville and maybe even a third of Decatur and a small piece of Bloomington-Normal, but I don't speak for those other cities. Member Bedore stated that at \$65 million CDB could build a building for a lot less than \$65 million and this \$65 million has no place to go but up because you put the new real estate escalator clause in. Why? The State is paying the highest rates ever and there is no termination options. I thought the Chairman and this Board said many times... Chairman Vaught said that's not correct. This is a 5 year lease so the \$65 million number is a 10 year number. Member

Bedore replied that he understands, but his point is the Board has talked and discussed this many times about no termination. Chairman Vaught said he is not disputing this, but there is a 5 year termination in affect here. Mr. Kanellopoulos stated that this is DES' headquarters and it is not going away. HFS Child Support is not going away. Member Bedore said that it might go away if you had a cheaper rate at the Cook County Building. Mr. Kanellopoulos replied not for 900 people. Member Bedore said maybe for the 213 or the 350. Mr. Kanellopoulos replied that it is not definite that the space is becoming available. Chairman Vaught stated that we have been hearing a lot about \$65 million, but I add up a 10 year number with saving \$42 million. Where did I get that? Mr. Kanellopoulos replied by terminating that 32 W. Randolph lease. Chairman Vaught stated that it makes a big change in this whole transaction if this transaction isn't necessary because they have to go out of that building to save that \$4.2 million a year he's sure that there is some increased cost in this lease I estimate them at \$13 million, but he didn't count the property escalator clause. Do you have an estimate of how much that property escalation clause could cost us that Member Bedore is asking about? Mr. Kanellopoulos replied that he doesn't, but does know that the property taxes have increased quite a bit in the last couple of years and his guess is that they won't escalate a lot from the current base that CMS has because they have escalated quite a bit. Chairman Vaught asked if the 10-year savings is \$42 million from the people that are moving into this space giving us the under 300 sq ft per person at DES and close to 200 sq ft per person at HFS. If that saves us \$42 million over 10 years and we can see in the documents here that the cost of this lease goes up \$13 million over that 10 year period we still have a net savings over 10 years of \$29 million less whatever this property escalator is, correct? Mr. Kanellopoulos replied that he thinks so. Chairman Vaught said that's 10 years and we're in this for sure for 5 years because there is not termination clause. Mr. Kanellopoulos replied affirmatively. Chairman Vaught said that your argument has been that because of the central role of DES and HFS and the functions that are located are not in the likelihood that they would need to move to a cheaper space. If we moved DES headquarters to Danville we could get it for \$9 per square foot right? Some employees would have to move from Chicago to Danville, but what you're saying is that's not likely to happen. Chairman Vaught said he is just making a point and Mr. Kanellopoulos' argument is that if this office being a central headquarters in Chicago is not likely to move anywhere. Even if it saves us money, right? Mr. Kanellopoulos replied that this is a core facility for the State at this time and that location and that this transaction is in the best interest of the State. Chairman Vaught replied he understands that, but the absence of a termination clause means that someone decided over the next 5 years to move this Danville, or the South suburbs or somewhere else within the State, because this is a core function for the State, that's what we're losing with that lack of termination clause, but you're saying that's still not likely? Mr. Kanellopoulos replied that he is saying that it is not likely. Chairman Vaught replied that he thinks he understands most of it and it is a big complicated transaction. Chairman Vaught asked if there are any others questions about this?

Member Bedore asked what percent of the building do we occupy? Mr. Kanellopoulos replied 62%. Member Bedore commented that moving more people in we can't get a better deal except by increasing the rate every year of the lease, plus charging for the first time for gas, for escalation of the property tax, and going up with the rate. Mr. Kanellopoulos replied that CMS had a survey done of recent transactions in the Loop and around the Loop for leases of this size and this is a good deal. At rates that we currently being negotiated this is a good deal. Member Black asked if there were any other bidders. Mr. Kanellopoulos replied that this didn't go out to bid. The determination was made since what drove this was moving out of the lease at 32 W. Randolph and moving into this lease that is expiring January 20, 2014 CMS determined then that the cost of the move, plus the cost of improvements that need to be done to accommodate both agencies restacking within their space and providing the security and everything else that it didn't make sense to potentially have to do that twice. The decision was made to move forward to try to negotiate the best deal on a new 5 year lease with a current landlord and that's the lease that is before the Board for your approval. Member Black stated that what confused him was that under "bidders" it's says "number of responding bidders" zero. He just assumed that CMS went out for bids and just didn't get any bids so you didn't bid this at all then? Mr. Kanellopoulos replied that is correct. Member Black stated that he noticed that CMS is going to take up an additional 248 thousand square foot in your lease agreement or did I read that wrong? Mr. Kanellopoulos replied that is what they take now. The lease is staying the same size and we are restacking within the space to put the additional 213 people in and are not taking any additional square footage. Member Black asked if he has any idea of what the remaining square footage might be in this building? Mr. Kanellopoulos replied that they have 62% of the building. Member Black asked how long was this building vacant? Mr. Kanellopoulos replied that Target has only opened up in the last couple years.

He believes they were looking for an anchor retail tenant and that took a long time to negotiate. Member Black said that Member Bedore brings up a interesting question when a building that has been relatively underutilized then you take up 62% of the square footage it seems like we might have been in a strong position to dictate more favorable terms, and maybe you did that and maybe you think this is the more favorable cost per square foot. Mr. Kanellopoulos replied that after doing the survey CMS looked at other opportunities and CMS determined that this was the best way to go. Also, I think that building is almost filled now and the Loop overall, other than for example the AT&T Building has restructured their operation so a large chunk of space has opened up. Those kinds of things are happening. Mr. Kanellopoulos stated the vacant spaces that had been available for years are slowly filling up and this is a large lease and there are not many people that can bid on housing DES headquarters. Member Black stated that he has not kept up with it like he should have, but during the recession Crane Chicago Business often had articles about the glut of unused office space in the Loop area and he didn't remember the dollar amount, but the bargains were certainly available. There has been an uptick and he understands that, but maybe he just reads too much into those articles and it was a kind of a good market for someone seeking to rent or lease as opposed to the go-go 90's or the early 2000's, but if you're saying this is the best you think you can do then I know there is a lot of empty office space in downtown Chicago area and it may be filling up a lot faster then he realizes. Mr. Kanellopoulos replied that there is, but there isn't this amount of space all together. For example, he remembers reading stories about there being 600,000 square feet of available office space in downtown Springfield. When you add it all up that probably is true, but you're not going to find 200,000 square feet in too many places. That's the issue of moving this entire headquarters into a new space and the stories that you heard about the available space is absolutely true, but it's not all in one area, it's not adjacent, space they are just pockets everywhere in the Loop, less than there was during the recession. Member Black replied that there is nothing in Springfield that will meet your space requirements? Mr. Kanellopoulos replied to move this entire operation to Springfield? Member Black replied yes, and it's not that he is biased, but for some years, this is the State Capitol, and a lot of agencies have been taken out of here over the past last several years and it would be nice in downtown Springfield to have several hundred employees in any of their buildings, but I don't know if any of this kind of space is available? Mr. Kanellopoulos replied in one building, probably not.

Member Bedore believes that Chairman Vaught's analysis really doesn't hold much water, because what he's comparing is a very, very, very bad lease at 32 W. Randolph, which the State should have never gotten into. He is comparing something that was horrible, and sure, you're going to save money after coming off a lease that should have never been entered into. Member Bedore stated that he voted against that lease many years ago and he thinks he was right and your argument that we're saving money, sure we're saving money because we were in a bad lease. Chairman Vaught replied that he agrees with him that it was a bad lease and thinks there are still some left in that category. Chairman Vaught's stated that his favorite is IHDA up on Michigan Avenue, which he thinks it is the most expensive lease in the State, and IHDA went off on its own and entered into that and they have this gold plated lease up there that has a property escalator clause much worse than this one for sure. Chairman Vaught said that he thinks we have the same situation in some of our facilities in Springfield where we were in bad leases, but for sure his comparison is to a bad lease and we don't have an argument about that. Member Bedore started that when Chairman Vaught was saying there are savings he was comparing it to a horrible lease. Chairman Vaught replied that we have been doing that. The Board has found a lot of horrible leases and the Board helped to get rid of a lot of them around the State, but compared to what the taxpayers where paying last year they have all saved money for the taxpayers and we should keep doing that. Member Bedore stated that he feels a 5 year lease with no cancelation clause with a real estate escalator with throwing in the price of natural gas and then increasing our rate and not bidding it, he doesn't know if he could sign off on a 30 million dollar no bid lease. Chairman Vaught replied that's what the Board has to ultimately decide. Chairman Vaught asked if other Board members want to comment or are we going to decide what we are going to do and vote?

Member Ivory stated that he wanted to make a quick comment. He has been listening very carefully to the conversation in terms of this lease that we are dealing with right now and he has listened very closely to Member Bedore in terms of his tenacity and his understanding of these leases, but he has also listened very closely to Mr. Kanellopoulos in terms of the current situation in the eyes of the lease and the availability and all known factors that we have here. We can talk about this a little longer if we might, but he thinks that we should put it to a vote and either vote it down or vote for it and keep moving. Chairman Vaught asked

for any other comments or ideas about how we're going to move on this. Chairman Vaught stated that this requires a Certificate of No Objection so the Board has to vote to object or not object. Director Carter replied that historically our approval would be a Certificate of No Objection or in the past we have also voted to object if the Board felt it was not in the best interest of the State. Chairman Vaught replied that if the Board does not approve this Certificate of No Objection then CMS can't proceed on this lease, correct. Director Carter replied affirmatively. Member Ivory said that before the Board votes on this he knows this is an issue that we have been discussing, but is there something in reference to this particular lease that I'm curious about that you think that would make this lease palatable to you in your prospective in terms of the escalation clause and all of the of the factors. He is just curious to know what Member Bedore thought would be appropriate in a situation like this? Member Bedore replied that what bothers him is a \$30 or \$35 million lease without being put out to bid with a escalator clause and a increase in the rate. He thinks that in deference to Mr. Kanellopoulos he would have hoped CMS would, going into this building, have negotiated something a little better. Member Ivory asked if the Board rejects this, what happens then at that point. Can Mr. Kanellopoulos go back to the current lease holder and tell him it was rejected and here's what they want. Member Ivory asked what will happen from that point of view if the Board votes against it. Chairman Vaught stated that the Board has done that before on some leases and sent them back for further negotiation. There is a history of that and one of the ways the Board has been effective, but he thinks that we should ask Mr. Kanellopoulos to respond in terms of what the practical consequences are for these other moves and so far? Mr. Kanellopoulos replied that the practical consequences are that CMS has a move scheduled all of next week to move the HFS staff into this building. The key issue is how the landlord will receive this lease not being approved and how well that move will go. Mr. Kanellopoulos said he doesn't know the answer to that. Member Ivory said that if were taking 62% of the leased space he doesn't think that he's going to kick them out. It seems like we're in position to do a little negotiating and from what he's hearing from our Members is that we appreciate the work that you've done and he's sure that you can send me all the pros and cons and he respects that Mr. Kanellopoulos, but he doesn't know if we lose anything just based on your comment if the Board votes this thing down you can only do so much and you still think there is an opportunity, but you have to give something else in order for our people to be comfortable about this and these are one or two things that they need if you do this you may have a deal. It's all about negotiation at the end of the day and it's about trying to get the best for the taxpayers and for the State of Illinois. Member Ivory said he is trying to find common ground and value in both sides of this equation and he thinks it's a very important decision, but I think that we ought not to act prematurely here. Member Bedore said that he really has a problem with the statement he just made. You said the scheduled move. You have everything lined up to be moved next week. Mr. Kanellopoulos replied affirmatively. Member Bedore said you it was just assumed that this Board would approve it? Mr. Kanellopoulos no, the lease at 32 W. Randolph expires June 30th and we couldn't get another extension. The building is being sold so were moving...Member Bedore said that they are not going to kick you out. Mr. Kanellopoulos replied that he didn't say they were. Member Bedore asked that CMS has the movers and everything lined up for next week? Mr. Kanellopoulos replied of course. Chairman Vaught said that isn't it true that the permanent lease that we are talking about extending also is not expiring. Even if we don't approve this new lease today can't you still do the move into a space that has an existing lease? Mr. Kanellopoulos replied affirmatively. Chairman Vaught stated that he doesn't think that CMS is trying to hold the Board's feet to the fire is correct given that reality. Mr. Kanellopoulos replied that he didn't say that he was holding the Board's feet to the fire. Chairman Vaught replied that it was implied by one of our Members, but he doesn't want to over state it. Member Bedore replied that he is correct. Chairman Vaught said that the Board might have flexibility by what Member Ivory suggested here. If the Board really wants to send this back it may put CMS in a tougher situation in some ways, but it doesn't mean people will be on the streets or you don't have some flexibility left, right? Mr. Kanellopoulos replied affirmatively. Member Bedore made a motion to accept this lease with no objection, but noting that the Board was not happy with the idea of no bid. He understands that CMS is in a very bad situation and he doesn't want to compound a bad situation and the bad situation he is referring to is at 32 W. Randolph, which he voted against. Member Ivory seconded the motion. Member Black wanted to make a couple of remarks. If the move is taking place in the second or third week in June then he would have been more comfortable if this had come before the Board in May or maybe in April. If it had a termination agreement he would be more comfortable. CMS doesn't have a termination agreement and he doesn't know why he would want one. It's very hard to predict, but the area that you're in in Chicago is a very dynamic place and changes rapidly with demand, supply, recession, and he wishes we had a termination agreement and I wish this could have been with us a month or two ago and he thinks that gives

you the basis for my vote. With a vote of 2-1 and Member Bedore voting “present”, which means the motion fails. Member Bedore made a motion to have the vote reconsidered. The Board didn’t have any objections to the reconsidered roll call Director Carter did the roll call with all members voting “yes”. With a vote of 4-0 the motion to reconsider the motion passed. A new motion was made on the underline motion that is being reconsidered. With a vote 3-1 and Member Black voting “no” the motion passes. With no other questions or comments Chairman Vaught asked to move to item 7 on the agenda.

Item 7 on the agenda was CDB Single Prime Request for NIU and Triton College. In attendance was Ron Wright, Construction Administrator with the Capital Development Board. Mr. Wright stated that they have 2 requests on single prime construction projects. Also in attendance were Dan Bielski, Senior Project Manager on the Northern Illinois Stevens project and Bruce Locke, Senior Project Manager for the Triton College project. Mr. Wright stated that he was going to start with the renovation expansion of the Stevens Building. This is a renovation and expansion of the Stevens Building for a single prime method at Northern Illinois University. The project cost is \$27.4 million and our construction budget is \$22.8 million. The scope of work is the demolition of the building’s north wing of 27,200 square feet and an interior renovation of 20,000 square feet. After demolition it will add classrooms, laboratories and offices for the Department of Anthropology. This addition will also include a black box theater, a supporting shop and a new 330 seat lecture hall. The remaining existing facility space will have a complete interior and exterior rehab. The new building with the additions when done will be approximately 109,000 total square feet. The designer of record supporting our CDB project is PSA Dewberry out of Elgin. This project is fully funded with construction funds. This project does have the support of Northern Illinois University facility department, the pending fair employment and practice goals have yet been established because we bring these projects to you as reasonably as early as we can to the Board for review with 50% of design and we hope to bid this in November. This is a low sealed bid project methodology that lists the protected subs and is a waiver to the 5 multiple prime bidding methods that are the standard in the State of Illinois. Chairman Vaught asked if Mr. Wright would explain more on that last point he made. Mr. Wright replied that the primary delivery method in the State of Illinois and the Capital Development Board is multiple prime bidding. We are one of 3 states that still do it for projects over a quarter million dollars in value at the final cost estimate before bidding for each trade, which then breaks out plumbing, electrical, vent, heating, and general work. Those are each independent company’s not bound to each other and the coordination of aspects in the field schedule adherence and liabilities have been problematic, but it’s what we do over 95% of the time. One of the alternative delivery methods the State Legislature have allowed us to use is single prime with protected subs. Again, a sealed low bid method. CDB arranges anywhere from 4 to 8 bidders on their projects when they open sealed bids with their CPO review. Then in each of those bid documents they ask those normally protected mechanical/electrical contractors to call out their name and their price, so bid shopping is over on that day and they affirm it within a week through their contract session. We make sure that the contractors are being treated fairly, but once that is done and they are in the field, the change order environment is much stronger for the Capital Development Board to keep the change orders at a local rate to put on schedule to avoid claims is what we have testified through the last 7 years through in different pilot programs. CDB currently has over 13 single prime projects with this Board’s approval. Some are done, 5 are in active construction and 2 more already have the Board’s authority and this is one of the 2 CDB is requesting for permission. Chairman Vaught asked if they are requesting the alternate method. The Board has done these before, but doesn’t know if they have done it before with all of our members. Chairman Vaught asked if there are any questions from the Board. Member Black asked on a \$27 million total project cost there’s nothing that I see in the packet they would indicate what the percent of DBE or minority employment would be? Mr. Wright replied that on this project they have Jessie Martinez in the office, and I can call him to confirm it, but it hasn’t been set yet. He’s projecting 25% goals, 20% minority and 5% female in the construction division regardless of the delivery method; they set the goals for them to meet and enforce them, but what they are looking at is 25% total. Member Black said that it is not only their intent to set that goal, but to do everything that you can to meet that goal. Mr. Wright replied affirmatively and in the other single primes they have always met them.

Member Ivory asked where this particular project was located because he knows when we throw out 20% and 5% that’s relative to, as you and he knows, to the area in which the project is being done. He wants to make sure he understands where is this project being done. He is surprised in certain locations that CDB is giving this a 20% and a 5% goal. Mr. Wright replied that it is in DeKalb County at Northern Illinois

University. Sometimes the goals like at GSU are much higher as compared to the State Police facility in Metro East which is somewhat lower. It does go up and down depending on the geographic areas. Member Ivory commented there still has been a lot of conversation within the minority community about single prime contracting and the impact it has on minority goals and he has had a number of conversations with Jim Underwood, you and everyone else on your staff about this subject matter and it has been stated that single prime does not help or hurt minority participation across the board in this documentation and he trusts that he will be talking to Jessie, who handles your compliance, and sit down to make sure that we are not missing something that could have negative impact upon improving capacity and that issue resides with myself because the numbers that they have looked at based upon the disparity studies and based upon the Capitol Development Board information we still see a very low participation, in terms of building capacity and that's a big problem. Member Ivory said he will probably be voting with you on this, but he does want to make sure that we're not missing something, and that if something comes up or some numbers come up that you think would be meaningful don't hesitate to reach out and have discussion on it. Mr. Wright replied absolutely and as Jessie sets that for the multiple single design build they will absolutely do that. They will enforce and support the Fair Employment Practices (FEP) goals when they are set for us it's a separate division that CDB did on propose so Jessie Martinez runs that aspect for us and we will do that.

Member Bedore asked how was the designer chosen. Mr. Wright replied that they do a Qualifications Based Selection (QBS) that is set by law. The Higher Ed community has their own law that does the QBS selections. Then a number of Universities bring that to the Capital Development Board and then it's affirmed and the Universities follow pretty regularly that they have a number of interview firms then they select it. If you would like to know more about the selection on this firm I'll be happy to follow up. Member Bedore replied he was curious how the process works. Does the Capital Development Board do the initial contracting or is it Higher Ed. Mr. Wright replied that it is a mixed bag. The boards and agencies they initiate it and run, the universities initiate it and CDB usually has a member sitting on the selection committee and then they bring it to the Capital Development Board for approval. Then in the community colleges through their Board they have been strongly encouraging them to do QBS selections as local units of government and then they bring it to our Board as well. That is the three ways that he is aware of work. Mr. Bedore asked what about engineering. He didn't see any engineers listed. Mr. Wright replied that the prime designer is who we have the contract with, which is PS Dewberry and they bring a full complement. Each project has its structural electrical engineers. Some architectural firms are full service and have it in house, others partner up but he can certainly provide the breakout that makes up their full team. Member Bedore stated that he was just curious about the process. Mr. Wright replied that when they apply through the QBS Act they fill out what's called a 255 form, which lists the different disciplines-architectural, structural, electrical, plumbing, asbestos, environmental, etc. That comes in as a package when it comes to the universities or when it comes to CDB for the Board and agencies and that is traditionally how you evaluate. Member Bedore asked if CDB has someone sitting in with Higher Ed. Mr. Wright replied that they are usually invited and someone did sit in as part of team selection. Member Bedore said not that we had any trouble with the universities in the past, but I would strongly urge that the Capital Development Board to really participate in how this selection is made. Mr. Wright replied that he believes that is certainly their Board's prerogative and especially working with the community colleges to encourage them as we just had our Board meeting here yesterday and several had utilized the QBS process in the full captivity.

Member Ivory stated that he has had several meetings with colleges on this QBS process, especially with engineers, and the community colleges. We may agree on this or we may not agree on it, but the community colleges have done just a god-awful job, in terms of, looking at the research that the Procurement Policy Board did in reference to how this selection is made we saw instances of the same firm elected again and again with no QBS process being used whatsoever and that was probably 95% of all the junior colleges. When you have a conversation with the Board, I hope that since you know these numbers like I know these numbers, that these Colleges have not done a good job and quite frankly he's in central Illinois and he knows PS Dewberry and they haven't done a great job at minority participation in this area and he hopes that the firm can win a lot of business in that process when there's no selection process. Member Ivory's last point is that he knows that there is someone sitting there, but his problem has been with the university is that you can sit there, but don't have any input. If the university decides to do it it's a done deal. Am I correct in that or am I misstating the responsibility or the authority that CDB has? Mr. Wright replied to answer the first question he must defer to his superiors on the differences between Higher Ed and the

community colleges overall. He knows the CDB board recently, on the record, is strongly encouraging and complementing those people that are reaching out to do honest QBS and they are encouraging everybody to do that. In regards to the Higher Ed university aspects we have three.... Member Ivory interrupted to make sure he is clear on this and knows that we are encouraging them, but can you make sure that we have some ideal about, it's one thing to encourage people, but it is another when people being encouraged and now do something different and that the encouragement is having a impact. I would like to know if the encouragement is getting results, that it helps them to use the QBS process. That would be important to me and important to the Board.

Member Bedore stated that he strongly agrees with Member Ivory. He doesn't understand that the Capital Development Board encourages people, what do you mean you encourage people? You tell people you set down policy and this is the way it will be. You don't have to encourage somebody you have the power to say yes or no. Mr. Wright replied that he will need to respectfully defer to his superiors as the community colleges are a local unit of government. CDB doesn't control that. He would be happy to try and answer that, but that's not what he is prepared offer today. Member Bedore replied that the point is that they need your approval, isn't that correct? If they need your approval to spend this money then you have a big encouragement stick. Mr. Wright replied that he would be happy to take that back to his superiors and prepare to answer that as soon as possible. Chairman Vaught asked if this is something that you want to raise with the Executive Director or CDB, because it seems this is a larger issue. Member Bedore replied that Member Ivory has raised this issue in the past and rightfully so we've had reports with the community colleges that they're doing a terrible job. He feels that we should talk to them and they should be setting some policy that not just encourages, but demands. Chairman Vaught asked if the Board wants Director Carter to talk to them about coming before the Board as an agenda item or do we just need to make some staff contact? Member Bedore replied anyway this Board wants to do it. Chairman Vaught stated that he thinks it is a big enough issue we should put it on the agenda.

Director Carter stated that legislation had been introduced that would give CDB a little more ability, when it comes to community colleges. It didn't pass this time, but there is a hearing at the end of the month that they are going to discuss this with the Community College Board President and get back to it. To get back to your question that Mr. Wright was going to defer on the QBS Act is a completely separate Act from the Procurement Code and in a lot of ways CDB's hands are tied when it comes to this. Director Carter stated that he is not disputing this point that they can do more to encourage it, but it may take some legislation that didn't pass this last time. The issue is up here and will have them back to talk about it, but it is completely separate from the Procurement Code so in a lot of ways there is not a lot they can do. Member Bedore asked if the Capital Development Board have to pass on their recommendation. Director Carter replied that he would double check, but he doesn't think that they do. Chairman Vaught stated that he would like to see this on the agenda and we are at the right time to be talking about longer term legislative needs for the next session and if this is one of them he thinks that the Board should take it up and have a discussion with the Capital Development Board because it is procurement as well as a Capital issue. Chairman Vaught asked if there was any other question on this because we do need to act on this today. Member Bedore made a motion to approve the request for Single Prime and was seconded by Member Ivory. With a vote of 4-0 the motion passed.

Next was the Single Prime Request for Triton College. Mr. Wright stated that the other project here today is a waiver request for Triton College building renovation. The budget project costs \$16.9 million and the construction budget is \$16.5 million. CDB is close to getting ready to bid this, but will not put this project out on the streets without the Board's permission. CDB hopes to have this out in July after we receive your approval. The scope of this award is the renovation of a 2-story Technology Building into a new Health and Science Building for Triton College for a total of 71,230 sq ft. It includes MEP upgrades in ventilations, plumbing, electrical, along with energy efficient systems. The upgrades to the exterior, new windows, roofing and insulation. The program additions are extensive classrooms, labs, nursing teaching, chemistry teaching, demonstration, anatomy, physiological, surgical technicians, nuclear medicine and stenography, classrooms and offices, and one addition, the cadaver labs. This is a big deal in the community colleges because not many have a fully functioning cadaver lab as well as the coordination with the universities in the science world. The designer of record is FGM Architects out of Oak Brook. This project is fully funded and we do have a user request from the VP of Facilities of the single prime, John Lambert. In this one we

have set goals because we're getting close to the bidding aspect of final documents of 25%, which is 20% minority 5% female. Regardless of the delivery method those are the goals that are set for this job as we are closer to 100% design winding down.

Member Black stated that is one of things that he thinks community colleges do. He is not talking about the single prime delivery method, but changing this technology building into what you see in the agenda this is what community colleges do so well. They react quickly, but look at the programs that they're going to include, nursing, chemistry, surgical, etc. these are the hot employment areas. Community colleges get into that quickly. They seem to adapt more quickly to try to meet emerging trends in employment and he thinks, the method notwithstanding, this is vital to the people who attend Triton in that area and at the appropriate time I would make a motion that we concur with this request for the single prime delivery method for Triton College. Member Bedore seconded the motion. With a vote of 4-0 the motion passed.

Next on the agenda was the Department of Revenue on Cafeteria Services. Director Carter stated there were a couple of items to note before we get started. Revenue provided the information to the Board. The last time we talked about a sales figure of \$450,000 that's actually more the sales value per year. Over the 10 year contract you could be looking at \$4.5 million or so in sales. We have a 20 month figure from Revenue from April 2011 thru November 2012 and the sales value from those 20 months was \$658,439 and the net income reported by MCL was a loss of \$17,178 over that same time period. Also, included in the material is a letter from MCL themselves stating that their positive goal would be that in the future hopefully this opens back up to other parties so they can began making a profit again. Director Carter stated the figures show even before the Willard Ice building was closed to outside personnel there was still quite a few months in there where they were losing money. The figures are old but staff did find some figures on utility costs from 2008 and while they are old we took a rough division of the square footage of the cafeteria space, which he knows it's not great allocation because of coolers and stuff like that. It is probably \$33,000 to \$34,000 a year in utilities subsidation based on 2008 figures. Director Carter stated that Department of Revenue is available to answer questions the Board might have.

Angie Oxley, Program Administrator for Administrative Services with the Department of Revenue, thanked the Board for letting her come back and answer any additional questions the Board might have. Member Bedore stated that all of the people who live in the Springfield area know MCL. It is a very good product and they have a very good reputation. MCL purchased land on Wabash where they built a brick building; they furnished it with freezers and stoves and everything and built a parking lot. I don't know what the cost was but I'm sure it was not cheap. I know that MCL has to amortize that building and the parking lot and its equipment. In addition, MCL has to pay property taxes, pay their electric, gas, water, fire insurance, pay for the plowing of their parking lot, and pay for the maintenance of their building. Yet paying all these expenses MCL on Wabash makes a profit. Let's look at the operation of the Willard Ice Building, MCL doesn't have any amortization, which could be in the \$10's of thousand of dollar annually. They don't pay any property taxes, the State picks up the electrical, gas, the State maintains the building, the State does snow removal, and in addition to that the State gives to MCL, for maintenance and operations, approximately \$14,000 a year. Over the last 8 years the State has given, in this operation, \$280,000 and with all that and looking at their overall income of \$650,000 MCL states that they have not made one Abraham Lincoln penny. They have not paid a penny to the State of Illinois and they state that there losing money with this operation after being subsudized for utilities, property taxes everything and they state they are losing money. Is MCL totally incompetent? I don't believe so. Is MCL sharing some cost from their operation on Wabash and switching it over to Jefferson. I don't believe that. I don't believe MCL wouldn't commit a fraud like that. Is MCL being ordered to charge below market prices for their product in order to get State employees to come into the cafeteria? Are they being told to reduce their price? If so then we are subsidizing State employees for their lunch. MCL is giving nothing to the State. In fact we are subsidizing them over millions of dollars. The only answer to this is to let the workers continue to bring their own lunch and sit in the cafeteria and have their vending machines or they can go out to the local restaurants like 95% percent of the other State employees have to do. I can't comprehend how we let this company into our building and totally subsidize them and they don't share any of their profits. Why they are not paying rent or why they are not doing a lot of other things is beyond me. The argument is that we keep our employees in and they do work at the table, but that is not what we are about here. We're looking at \$280,000 in subsidies. Thousands of dollars for electricity and gas and maintenance and we get nothing in return. I don't

see how the taxpayers of the State of Illinois can't subsidize MCL and then have the nerve to say they don't make money unless you open the doors up to more employees and more people in off the street. We know that is not going to happen. We know the Department of Revenue and they shouldn't be opening the doors to other people. They have very secure materials that are kept in that building and with all that has been going on recently that's never going to happen. If that is the case then this will continue to operate at a loss and we will continue to subsidize MCL and the State employees in that building. I don't know how anybody can look at this and say this is a good deal for the State of Illinois because it isn't. The dollars don't add up at all. It makes no sense to have an operator operating at a cafeteria and we completely subsidize it and we get nothing in return.

Member Ivory commented that there is not a lot to be said based on Member Bedore comments. He would be curious to find out what Revenue's response is based on Member Bedore's comments. Member Black stated that he had a question that he asked last time and he doesn't see it in any of the documents, but is this a bargainable issue? Ms. Oxley replied that Revenue's Labor Director would tell you that it's possible that the union employees could file a grievance and that we could lose. She thinks she described last time they lost in arbitration and now we currently provide bottled water to the Department of Revenue in certain areas. It's not specifically mentioned in a MOU or union contract that Department of Revenue must have a cafeteria, but it has been a benefit since the building opened in 1984 and it's been part of the facility's usefulness. Member Black asked that it is not part of the current contract nor has it ever been. Ms. Oxley replied that it is not written specifically that there should be a cafeteria in the Department of Revenue. Member Black stated that he would like the record to reflect that Willard Ice was from Danville, Illinois and a fine gentleman he was, and it just shows what a remarkable community we have to bring people like Willard Ice to Springfield. Ms. Oxley replied that it is their headquarters for the record. Chairman Vaught asked if Director Carter had anything else to add. Director Carter stated that last time the Board voted to put it under official review and under that review we worked with Department of Revenue to try to formulate all of the information based on comments from last time. Going forward our review period would be over it would just be a case of if there's a policy concern that the Board wants to take favor or against these services at the Willard Ice Building and he would provide that policy to the Chief Procurement Officer as a finalization of our review. Chairman Vaught asked what the Board's pleasure was on this one. Member Bedore stated that he didn't know what type of motion the Board needs, but he cannot see how we are subsidizing this operation. It is not fair to the other State employees. Obviously, MCL has been told not to charge what they charge at the Wabash store operation because if they charge what they are charging on Wabash they would make money. Their venue has been told to be reduced. There is no other explanation for this. You can't give them free property taxes, free gas, free electricity, water and plus free maintenance then give them \$14,000 or \$15,000 a year and then come back and say we lost \$17,000. Member Bedore doesn't think this Board or anyone in this room would ever believe that. MCL is in business to make money. They don't get any of that benefit on Wabash and they're showing a profit. The Department of Revenue is really insulting our intelligence. There is no way in the world this operation cannot continue without MCL guaranteeing a certain amount back to the State of Illinois and MCL paying for their own electricity, gas, and water. Why should the taxpayers of the State of Illinois subsidize the employees of the Department of Revenue? Member Bedore stated that he doesn't know what kind of motion you need Mr. Chairman, but he is all for terminating this operation just as it was terminated with IDOT. At the time IDOT was isolated years ago when they built that building and they thought they needed a cafeteria. They put in a cafeteria and it was run by outside people, but less and less State employees buy their lunch, they bring their lunch. They said they couldn't make money even with their subsidies so they pulled out and this is what is going to happen here. Ms. Oxley stated that since the last Board meeting both the State Police, who has lost their cafeteria and the Department of Transportation contacted her with interest in what was going on with this contract, because although both of those contracts have been canceled, both of those agencies have deemed it to be a inefficient process for them not to have the cafeteria in their building and they are both interested in re-bidding to bring back the cafeterias in both of those facilities as well. They have had the opportunity to have the cafeteria, to find it not to be profitable, now they are back to the point as a management operation they will be asking to re-do their cafeteria program. Member Bedore replied that he would only comment on the one he is very aware of for the State Police. The State paid for the electricity and gas and all of the utilities. It was also found out that the vendor there was doing his baking for his other 2 restaurants using our property and using our electricity. If they ever do go out to bid there will have to be a different bid put on the street, which on the first one there was never any bid, but that was given to this

vendor who then abused it by baking all his rolls and breads on our property using our utilities. If the State Police is thinking about doing that they better come forward and it better be put out for bid. Ms. Oxley replied that it would go out to bid. Member Bedore stated that it didn't go out to bid the first time. Ms. Oxley replied that she understands, but they were asking for was a copy of their bid so they could use the same type of solicitation. Since she is here on Director Hamer's behalf and this something that is important and vital, in his opinion, to the operation to the Department of Revenue how would they re-think this or re-do this that would pass the approval of the Board because it is a closed facility and since it was a facility that was set up intentionally to have a cafeteria and for it a community environment and to have employees come and have lunch together and use the facility in order to have more efficient operations. What is it that they can do that would change your minds because in the grand scheme she is not suggesting that it isn't money that is the taxpayer's money, but if our \$38 billion dollar operation of collecting revenue is more efficient and effective and could work faster and people can be right there in the building and get right back to work we could argue that we can get more benefit then what we're spending in the \$10,000 or \$14,000 a year in costs. She realizes that we have utilities, but we're going to have the utilities as a whole for that space anyway. There could be a little higher cost, which we can't identify specifically because of the way it's metered for gas and electric. They don't have a way to know how that is for the cafeteria.

Member Ivory stated that he had a suggestion since we are dealing with open market. The vendor should price his food directly to the market to make a profit no different than any contractor who does a bid. It would make sense for the business owner to take a look at his pricing structure and say at what point in time if I am to build some profit in here or at least have a breakeven point. Member Ivory stated that he is all for the right environment in terms of where people can be more productive and more efficient, but in terms of what Member Bedore said it doesn't make sense to support this under these current conditions. The only solution that makes sense to him in this scenario is for the vendor to price itself to the market and put whatever they need in food cost in pricing to cover pricing that would save the business just like every other business does. Ms. Oxley replied that she doesn't believe that MCL has changed their pricing that much as she has eaten at both facilities and the pricing that they have set we expected them to set their pricing reasonably and not be exactly the same maybe as their Wabash store because they were getting free rent and free utilities and things like that and it should be that their prices reflect the cost accordingly, but she wishes she could have the Wabash Street numbers, because in talking to Bruce who is the Regional Manager and is responsible for both facilities, there are economies of scale with revenue and sales and cost that are associated so the Wabash store revenues are 3 to 4 or even 5 times higher then what we have in the facility at Willard Ice. There is a breakfast menu and a lunch menu and they close at 2:00. At the Wabash facilities they serve 3 meals a day so their profit margin and their ability to cover those large amounts of costs are going to be higher. They have found in the survey that they have done at the Department of Revenue raising prices at MCL would have not helped bring in more business it would hurt them. Ms. Oxley stated that she has been going out to lunch on the days that she could get out for lunch. For a while she thought their pricing was a little high but she has come to realize that it was pretty normal. Going to McDonald's or across to Hazel & Porters they are pretty reasonable for the lunch menu that they provide, but she is not sure if they set their serving sizes according to what they believe is the market at the Department of Revenue. They have worked hard to keep their cost and pricing in such a way at that employees would eat there. She also thinks there are a lot of employees who took it for granted and now that we've been closed for 30 days they have gotten a significant amount of emails asking when it's going to open again. Member Ivory asked if she understands from the Board's position that with all the subsidies they are getting and the business is still not making a profit then it does not make good business sense. Ms. Oxley replied that what Bruce said in his statement, that she assumed the Board received, is that they have positive cash flow to the company. They have negative net income because they have some administrative and general costs that they charge to this facility just like they would to any other facility. From a cash flow perspective it's a benefit to the company and it's a benefit to the State as well. We are getting sales tax revenue from all those people that are eating at the cafeteria. Member Bedore stated that it just goes back to the point that they are under charging just to attract customers to this facility. In other words the taxpayers of the State of Illinois are subsidizing employees of the Department of Revenue. Ms. Oxley replied that she doesn't think that there under charging for the facility with the expenses that they have and the food cost. Member Bedore stated that if there not under charging how are they not making money? Ms. Oxley replied that it is sales value that is a given fact of any business-sales value has an impact. Member Bedore said that maybe because they offer too much of a variety. Ms. Oxley replied that could be an option and that is one reason why they liked

it. Member Bedore stated that the State is subsidizing them and your fellow employees at the Willard Ice Building. It's a subsidy that the taxpayers are picking up a benefit for you and your fellow employees. We are giving all the utilities, maintenance, and we're giving them the facility, maintenance money and what do we get back. We get a statement saying that they lose \$17,000 dollars. It's great to have a cafeteria in every State building, but we don't and shouldn't. Ms. Oxley replied that not every State building was built to have a cafeteria. Some of the rented facilities don't even have a cafeteria. Member Bedore stated that you still have your cafeteria, you can still bring your lunch, and buy your soda, bottled water out the machines. If worse comes to worse you could buy a vending machine that dispenses soup. There are a lot of ways of doing this. It's not working the way it is now. We are subsidizing you and your fellow employees. There is no disputing that. We are paying gas, electric, water, maintenance and we're giving them the space no charge. The city is losing property tax money. So we pick up a few dollars sale tax, but we are losing and the city is losing property tax if they were in some other facility. Member Bedore stated that he could never vote for this operation unless there are some really compelling issues that the Board has not heard. Chairman Vaught said that Director Carter has suggested a policy draft to the CPO based on what the Board has learned about this. Member Bedore stated that he didn't want to speak for the whole Board, but he can never vote to keep this in operation.

Member Ivory stated that even if the Board votes against this it doesn't preclude perhaps finding other vendors or Revenue having someone to take a look at how you can create the right type of environment with cost structure and all the other pieces together and come back at a time where it does not cost the State the amount of money that it's costing and come up with a creative way of doing something. I think that there is always an opportunity because if it is something that's important to the agency to create greater efficiency they are never against that, but they are against the fact that it costs the State money and we're subsidizing the employees that represents the Internal Revenue. He would hope that you could be creative enough that you could sit down with some people with some background in restaurants and come up with an alternative plan, and come back and say this is the solution to our problem, we still can get it done, but this is what we're going to have to do to get it done. I don't think we have shut the door in reference to having the ability to having something there, but the door will be shut for now if we vote on this today. I can't vote for this, I have to vote against it, but wouldn't be opposed and I come from investment background I know numbers and everything thing else, I surely think there is a way of coming up with something creative, but I don't think we can do it today.

Member Black stated that he would be more than happy to continue the Board's objection to the contract that was to have started on May 2, 2013. He knows that when the Speaker's Chief of Staff ruled that they could no longer eat our meals at our desk on the House floor, which they had done for years, they had to adjust. Member Black my motion is that we continue to object or deny the contract for food services at the Willard Ice Building. Member Bedore seconded the motion. Member Bedore commented that he is not saying that in the future they could go out to bid and you figure out what the cost is and how much are we subsidizing for gas, water, electricity and cut out the actual cash subsidy that we're giving and there might be some sharing of the profit with the State. That could happen in the future, but the way it is absolutely not. Chairman Vaught stated that there is a motion on the floor that is very similar to the motion that we passed last month, I just want to say, by the way of explanation I'm not going to vote for it again, mainly because the Director has some discussion on how he wants to create productivity from his employees in his facility and we may disagree with the conclusion that he came to, but I don't think this is a violation of the Procurement Code as such, so I'm just going to explain my vote and vote no. The motions carries with a vote of 3 to 1 and the Board appreciates the Department of Revenue furnishing information and working with us on this.

Next on the agenda was the Update on the Department of Corrections Commissary Procurement. Director Carter stated that the Board wanted to hear monthly updates on the progress of this procurement until it has reached its satisfaction. In attendance was Mike Knauer, Agency Procurement Officer with the Department of Corrections. Mr. Knauer stated that currently Agency staff is working with some CPO staff. There is a draft IFB that they are reviewing right now. The previous procurement had 26 separate commissaries list, one for each facility, which we are now paring down to one master list, which has taken some extra time. It's their goal to have this ready for posting to the Bulletin probably within the first or second week in July.

Chairman Vaught asked if there were any questions on the update on the commissaries. Chairman Vaught thanked Mr. Knauer for updating the Board and asked for another update next month.

Next on the agenda was the Rules Review for the EEC Rules Regarding Exparte Communication. Director Carter stated that these are just updates that go along in accordance with the changes that were made in Senate Bill 2958 in the previous session. There are three main groupings: communications reporting as it relates to procurement, communications reporting as it relates to the Illinois Power Agency, as well as a more prescribed format for the Board to supply the Executive Ethics Commission with our recommendation to void a contract due to potential conflicts of interest, which now goes to the EEC rather than the CPO. The staff reviewed this and everything lines up with the statute and our recommendation is that it is being approved as is. Chairman Vaught asked if the Board is required to take action on this. Director Carter stated historically the Board has given a no objection on this or they have listed their objection. Chairman Vaught asked if any Board Members had any questions or comments before proceeding.

Member Bedore asked for one clarification. What does this do to provide clarification to the various purchasing people throughout the State? Some say, oh I can't talk to you I have to report it and other people talk. What does this do? Is there going to be any kind of training or informing the purchasing agencies throughout the State, what there is, because from one agency to the next it's inconsistent. Director Carter replied that he thinks that the EEC's canned answer has been this information will continue to be supplied through each agency's Ethics Officer and it will be his or her responsibility to supply that to agency staff and answer questions. Member Bedore stated that you don't know how many times people have come up to me and said that they have tried to talk to somebody and this agency says, oh sure we can talk then another agency says, oh I can't talk to you. There doesn't seem to be any consistency across the board with the various departments. Director Carter replied that is correct. There have been numerous interpretations both of the statute and the rules. Member Bedore asked how this will clarify it, or will it? You can put out these things, but what do we do to communicate it down the purchasing agents. What do they do or the CPO do? Director Carter replied again he has been told that it is the responsibility of the agency's Ethics Officer to do that and going back to the previous question these rules better define what's put into statute to make the changes that were already there. Member Bedore asked who talks to the Ethics Officers? Director Carter replied the Executive Ethics Commission. Member Bedore stated that tells him a lot why there is no communication. Where is the Ethics Commission in all of this? Director Carter asked if he was referring to why they have promulgated rules? Member Bedore asked how they communicate all this down to the Ethics Officers. Is there some training by the Commission? Director Carter replied that there is an annual conference and he would assume there is some additional training, but he didn't want to get into how they operate. Member Bedore stated that they would really like to hear from them. They are asking the Board to sign onto these rules, and yet we don't know how these rules are sent out to the people that it affects. Director Carter replied that is a fair question and he will ask them to be present at the next meeting. Chairman Vaught asked if the Board has to act at this meeting on these rules or can they wait until they hear that discussion from them? Chairman Vaught asked if it is the Board's pleasure to continue this until the Ethics Commission is here to have this discussion with the Board. Member Bedore asked when they have to be approved. Director Carter replied that the first notice expires June 24th, but there is still time before second notice period. No further questions or comments were made.

Next on the agenda was the Update on Statewide Emergency Purchases. Director Carter stated that this is a further update on Statewide emergency purchases. The numbers are in front of the Board in their packet and CPO Matt Brown is available to make a few comments, and answer any questions on it. As you can see from the numbers as predicted by Member Bedore we have surpassed previous levels of emergency purchases both in the amount of transactions and the dollar amount. Member Bedore stated that we still have a month to go. Chairman Vaught stated that it seems to him that this is a growing problem and would like to suggest that we have the Board's Counsel suggest some possible amendments to the statute to deal with this. Member Bedore has pointed out in prior meetings that he believes the intent of SB 51 was not to have more emergency procurements, but to have less emergency procurements. The Procurement Code Section 20-30 deals in this emergency procurement and requires a hearing and notices that must be filed with the PPB that are there now and then always talk about Legislative Audit Commission reports that's all in section A, B, C of 20-30. In the past there were problems in real estate procurements' clearly the statute gave this Board some review authority that was binding and perhaps the Board should think about whether

that would apply. Chairman Vaught stated that is what he is suggesting that we ask our Counsel between now and the next time we need to be contemplating legislation. Without a draft it's hard to know exactly what you might do. Member Bedore replied that was an excellent idea. Chairman Vaught asked if there are any other comments on emergency procurements. Member Bedore replied that it was all said when it was stated that we are now at a record level. Chairman Vaught stated that it was clearly not the intent as you pointed out. There were pretty intensive hearings on SB 51 and there was extensive negotiation and it was a very important piece of legislation and this is an area where it seems to be that the intent has not been realized. No further questions or comments were made.

Next on the agenda was Legislation. Chairman Vaught asked Director Carter to tell the Board more about SB1687. Director Carter stated that B1687 did not pass this session. The larger percentage of this bill was actually a pension cost sharing bill with the universities both the larger universities and the community colleges, but added to this bill were a significant amount of additional exemptions for the universities in the Illinois Procurement Code. Additionally, it changed the small purchase thresholds for just the universities and took it out of the Board's ability to raise those through our standards. It is something that he wanted the Board to be aware of and would imagine that it will be seen down the road as we move forward with more pension talks. Member Ivory asked when there is a piece of legislation that the Board has a clear opinion on and believes is not good legislation or good policy. He believes that there is a lot more, but he is not sure if there are any restrictions in reference to it but he was down in session for seven days straight, but sometimes there are pieces of legislation that are bad that the Board may not support. Is there anything that the Board can do to get more people engaged so something doesn't get slipped through that the Board thinks can be agreed upon 100%. There will be legislation that not all of the Board will agreed on, but the things that they agree on it would be well served in the Board's interest to have the ability to outreach other people who share the Board's common belief about this piece of legislation so they we can effectedly help make sure that the State is doing things that are positive. Member Ivory asked if it made sense to any of the Board members besides him. Member Black replied that it makes sense to him, but in my initial conversation with Director Carter and others he never really understood this, but are members of this Board strictly prohibited from anything that could be considered as lobbying for or against legislation? Director Carter replied no. Member Black stated that some of the nuances of the bill the Board is talking about he thinks it is very bad legislation and he doesn't know whether the Board needs to follow Director Carter's lead where the Board can sign off on a letter or memo if all of us come down here as individuals we may say some different things to some different people that could be misinterpreted. He is not comfortable with coming down here without some direction from Director Carter of what the Board should be talking about in any piece of legislation. The universities, and community colleges sign on to the concept of picking up the employers contribution, but then there were things added that they had not agreed to and some of those things he doesn't think any member of this Board would agree to and has been reluctant to express without some direction from our Executive Director. Chairman Vaught stated that it strikes him because this is the second time the Board has seen the universities comes up with a bill, they were in that omnibus bill recently as well, seeking exemptions as well that I think members of the Board didn't agree with. Although that was negotiated a little more and the Board found some of it acceptable, but this is one that is unilateral and this is one of those last minute things that gets a little dangerous. Chairman Vaught stated that he likes the suggestion and perhaps our Executive Director should drop a letter expressing their concerns about this bill and perhaps have it adopted by the Board at the next meeting or review by the Board if that's what other Board members want to do and then that would be the basis of us all acting in a more consensus mode than an individual mode. Member Bedore stated that they don't seem to have a real good handle on how to deal with legislative things that come up. Everyone has different ideas, but everyone should have a consensus and should talk to our representatives that put us on this Board and let them know that there is a problem and let it be expressed.

Member Ivory stated that the problem is when you are in session and you've got 4 or 5 days left a lot of things happen and sometimes that legislation if you're not talking to people that you know, this is in here we want you to beware of that legislators as smart as they are don't have time to read every piece of legislation and sometimes it is based on what lobbyist that they hear and were not lobbying we are simply expressing a hidden policy that we think make that policy. How do we best help support the things we fundamentally agree upon getting the best results?

Chairman Vaught stated that the Board should talk about this more next meeting. It didn't pass, but it was on a final passing stage on a concurrence motion. Director Carter replied that it could possibly come up on the 19th. Chairman Vaught asked the Board if they wanted Director to circulate something before the 19th for the Board to review and comment on. Member Black replied that he thinks that it would be advantageous if Director Carter could get that worked up in time. He has always found that in a special session they would need to communicate primarily with the directors of legislative research staff who can get this out and their analysis and thinks that Member Ivory's observation is probably more accurate than what anybody would to admit. Many of our legislators don't read every bill. Some he has ran across never read one, but they do tend to pay good attention to their legislative staff analysis. If you could get to their legislative staff people and say here is why the Procurement Policy Board is opposed to some of these issues and the problems it would create then I think we will be more effective with getting it out. In sessions in late May and in special sessions most legislators rely heavy on their legislative staff and Illinois allows partisan staff so there is nothing wrong with doing that and it's very clear in the law. Member Black said he would urge to get something in email and get back to Director Carter. Anything the Board does at this point is better than doing nothing.

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

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