



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

Minutes – July 18, 2013 Meeting

Present in Chicago: David Vaught
Larry Ivory

Present in Springfield: Ed Bedore
Bill Black

Absent: Rick Morales

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

Member Ivory made a motion to have Member Bedore act as Chairman until Chairman Vaught arrived. The motion was seconded by Member Black. The motion was unanimously approved.

A motion was made to approve the minutes as presented by Member Black from the June 12, 2013 Board meeting and was seconded by Member Ivory. The motion was unanimously approved.

Next on the agenda was CMS Facilities. Director Carter stated that CMS Facilities was unable to attend this month because they are negotiating to lease property at the Dwight Correctional Facility. Director Carter stated that the Board can discuss the lottery ticket storage facilities because there is a representative from Lottery available to speak to that. Member Bedore stated he will turn the meeting back over to the Chairman since he has arrived. Chairman Vaught apologized for being late he was tied up on something he didn't expect. Chairman Vaught asked if there was anyone from CMS here to talk about these leases. Chairman Vaught commented that this meeting has been scheduled for almost a month and CMS is not here to present. Chairman Vaught asked Don Barnes, who is from CMS, if he had any word from the Department? Mr. Barnes replied that he is not prepared to discuss the leases. Chairman Vaught asked that Mr. Barnes to convey back the director or whoever is not here the Board's displeasure at the short notice about not coming to the meeting. The Board sets the meetings up weeks in advance and if there is a problem with it the Board would like to hear about it more than the day before. Please express the Board's displeasure to CMS for their actions. Chairman Vaught stated that none of the Board members are being paid and the people who are being paid are not here.

Member Bedore stated that they should be here to talk about the Danville leases where the taxpayers are losing a couple thousand dollars every month when it is put it off and there are some real legitimate questions to be asked about this lease. He understands that the owner has come down in price from \$11.41 to \$9.00 per square foot, but the old rate is still in effect because he has not dealt with this issue and the Board anticipated that CMS would have been here to discuss this.

Next on the agenda was Department of Lottery. In attendance was Daymon Ruttenberg, General Counsel for the Department of Lottery. Chairman Vaught stated that there is a lease that expands the amount of money that is being spent. The Board has generally been in the mode here of seeing leases come in from the Department that are using less space and less money. Here there is one from Revenue for the privatized Lottery and what we understand is that it is supposed to save money and make things more efficient and here Lottery is wanting to spend money to store lottery tickets. The Board was furnished with a copy of the contract, but the Chairman said he didn't see the schedule 2.2, which are the duties assumed by the prime contractor.

Mr. Ruttenberg replied that section 2.2 outlines the responsibilities of the Lottery and schedule 2.1 outlines the responsibilities for private manager. Chairman Vaught asked if this was supposed to increase your space to store lottery tickets because now this private manager doesn't want to do it. Mr. Ruttenberg replied that he believed that the lottery tickets are being stored at a facility owned by Scientific Games and the warehouse space that we are talking about is not for lottery tickets, but for lottery equipment, files and those types of things that a normal agency would store.

Chairman Vaught stated that this is for the lease in Fairview Heights. The Director had a small enforcement office there and because of the separation of the privatization versus what they were doing the Board was told that there needed to be a separate space, and somehow that separate space lead to more space and that was the Board's question. Chairman Vaught asked if someone from Revenue could summarize what schedule 2.1 is saying.

Mr. Ruttenberg replied that just for sake of clarity the Illinois Department of Lottery is now a separate entity from the Department of Revenue. Schedule 2.1 outlines the obligations and responsibilities of private manager North Star for the operation of the Lottery. Their primary role is marketing and advertising; the supplier agreement with G-tech/Scientific Games with instant tickets or online games on all the back end's IT infrastructure. The role of the Lottery relates to actually operating the Pick 3 and Pick 4 draws that you see and handling those draws, in addition they are responsible for all of the retailers who sell Lottery tickets. That's a very high view, but there is more detail in the schedules. Chairman Vaught asked if there was someone from Lottery in Springfield. No one from Lottery was present in Springfield.

Angie Oxley, Program Administrator for Administrative Services with the Department of Revenue, asked if she could give the Board a history on the warehouse. Ms. Oxley stated that before the private manager contract, the Department of Revenue, via the Department of Lottery, had tens of thousands of square feet in warehouse space at 201 W. Madison in Springfield, which as you probably know, all of CMS and Lottery have moved out of and have moved into other spaces because it was expensive space. When that warehouse was vacated, CMS found Department of Lottery some borrowed warehouse space that CMS has that Lottery uses here in Springfield. The idea behind the Fairview Heights lease was that there was a small amount of additional warehouse space that was in close proximity right behind the space that Lottery was going to be using. She thought it was 900 sq. ft. and it was decided that, because the huge warehouse here in Springfield that housed not only the tickets that they don't have to house anymore, but all their records and all of the extra equipment, their files, their HR files, and everything else that they stored. Since that location was no longer available that they would take at a much cheaper rate at the 900 sq. ft. that was in the back of the Fairview Heights lease because there was a door and it was connected and that would just add that little bit of space for warehouse storage. Although it looks to the Board by just looking at the Fairview Heights lease that they were adding space. In essence, the Department of Lottery reduced warehouse space by a lot. They had a huge facility in Springfield that is not in existence now. She is not sure if that helps with the question on why on there is warehouse space added to Fairview Heights, but it is not to store the tickets that the private manager is responsible for, at least to her knowledge. Chairman Vaught stated that was a very helpful answer. Do any other members have any questions about this?

Member Bedore asked for her to state your name and title for the record. Ms. Oxley replied that she is Angie Oxley and works for the Department of Revenue and is responsible for Property Management and has been a part of this lease and the separation of these two facilities since the Lottery separated from the Department of Revenue. Chairman Vaught stated that her reply did answer his question because the Board didn't hear that last month and appreciated her for coming and giving the Board more background on that. Chairman Vaught stated that unless Mr. Ruttenberg had something else to add about the context that the Board just heard about the consolidation in Springfield that the Board was unclear about as to who was responsible for what. That is why the Board requested the agreement to better understand that and wanted to better understand the schedules. Chairman Vaught asked how long are the schedules? Mr. Ruttenberg replied that this is about 90% of agreement. Chairman Vaught stated that is very helpful history with understanding what CMS didn't fully understand.

Next on the agenda was Item 5, the Statewide Policy on Subsidization of Contracts. Director Carter stated that after the Board's actions on the Department of Revenue concession agreement the last couple of

meetings there were some concerns voiced to staff about all encompassing policy to address this so agencies going forward have a place to stand from so they weren't continually back to the Board when they were engaging in agreements. What the Board has in their packets is a starting point. The last paragraph is the meat of it, which talks about appropriate goals and efforts to form an agreement that either shares in the profit or expects an annual fee. He knows some of the Board members that have read it so far have some concerns and want to make some changes so this is just a starting point to start the discussion.

Chairman Vaught asked if any Board members wanted to add further comments today. He takes, from what Director Carters stated, that the Board is not be ready to approve this because we have some changes we need to make.

Member Bedore commented that as we all know this started with the Department of Revenue. One thing he would probably recommend would be an exemption for DNR because with many of these State facilities we encourage families to go to our State parks, but if there isn't a facility to get a hamburger or a hot dog it would be a big inconvenience for a lot of people that visit our State parks. He would assume, and Director Carter and his staff can check this out, that many of our State parks the vendors don't make a lot of money doing this service. I would recommend that we seriously consider exempting the State parks from this policy. Chairman Vaught asked if his comments would extend into the Historic Preservation facilities as well because they have some of these historical attractions that seem like parks to some people. Member Bedore replied that it probably would. The staff should check out all the facilities that have a cafeteria, a food service, and just see where they are located and what type of income or revenue these various firms receive. We don't want to penalize the average citizen going to a State park as opposed to State employees being subsidized by the State. Chairman Vaught asked if this was going to be revised and brought back to the Board based on the comments that were received. Director Carter replied affirmatively.

Next on the agenda was the Rules and Review for the Executive Ethics Commission (EEC) on Exparte Communications. Director Carter stated that the first set of rules up for review is the EEC Rules for communications reporting as it applies to the Illinois Power Agency as well as a format for submitting potential conflicts of interest to the Procurement Policy Board (PPB) and the EEC. This was held over from the last meeting and the Board requested the EEC be available. Director Carter sent the Board the letter from the EEC turning down the Board's request. Director Carter said that the Executive Director felt it was important to work through the written format as prescribed. PPB staff went through the rules and the Director of the EEC agreed to make some changes. Director Carter also provided a draft letter, which he knows that the Board members have some concerns beyond not just the structure of the rules including how this is being implemented and there is still some confusion out there from different perspectives so there is a draft letter back to Director Fornoff as well as the rules for your review.

Chairman Vaught asked Director Carter to tell the Board more about the procedure. Director Carter stated that procedurally the PPB staff supplied comment based on some of the Board member's concerns on specific wording in the rule. Chairman Vaught asked if that is comments to the EEC or to JCAR. Director Carter replied to the EEC. The PPB staff supplied comment on what they felt was a narrowly defined, section of the rules, specifically related to conflict of interests. The EEC has agreed to make the changes that we requested and additionally, if the PPB found areas that needed extra attention, they have agreed to delay second posting until those things were corrected as well. Chairman Vaught asked if Director Carter thinks that we are making reasonable progress to a consensus. Director Carter replied that he thinks from a staff stand point the rules are okay to proceed with. He believes the concern exists that regardless of the statute of rules implementation, this continues to be a struggle for State agencies. Chairman Vaught asked if there are there other Board member comments on this one.

Member Bedore stated that he believes that it is true we are making progress regarding the rule, but that wasn't our concern at the last meeting. He was concerned about how it's been implemented. Some agencies are doing it one way, other agencies are doing it another way. The Board asked that Director Fornoff be at this meeting. The Board gave him plenty of time and he wants to ask the Chairman, that according to his letter, in the meantime the Commission would like to very much explore ways that our organizations might cooperate to achieve our common goals and to maximize service to the public. The EEC's Chair will be contacting the PPB's Chairman to discuss further, thank you again for your first notice comments. Member

Bedore asked if Chairman Vaught has talked to the EEC's Chairman yet. Chairman Vaught replied yes, that he called him yesterday and he wanted to have a meeting, which they have not yet arranged. Chairman Vaught stated that he thinks he is a new Chair from what he understands and thinks he has been on the Commission for a couple of years. We have had contact and he does think that we need more than have the Chairs talking to each other. He doesn't think that it's a substitute for having discussion here at the open meeting of the Board. Member Bedore replied that neither does he. Member Bedore asked if this was going to just hang out there or do we wait for the Chairs to talk to the Chairs. Chairman Vaught replied that he is not anxious for this Board to wait on this matter. Member Bedore asked when will the Board discuss it? Chairman Vaught replied he thinks that the Board has not had a good relationship with the Executive Director and thinks if it has something to with the thing you're concerned about on how this translates into the agency. He thinks anything the Board can do to improve our relationship between the two Boards, their Chairs or the Executive Directors would be constructive. Member Bedore replied that would be, but he is asking where do we go from here? Do we just let this hang for another meeting? Chairman Vaught replied that he would love to hear if he has things that you he wants him to raise in this meeting that he is going to have with the Chair he'll be happy to do that. Or if you think it's some other follow up with other Board members he'll be happy to do that informally. Other than that he thinks that we should certainly have their representative come to our meeting from time to time, which apparently has been a problem based on letter we received from the Executive Director. Member Bedore replied that he didn't want to interfere with a Chair talking to a Chair. Chairman Vaught replied that he doesn't think he is interfering; you are just expressing your opinion. Director Carter stated that he will make continued requests to the Director of the Executive Ethics Commission to come and discuss implementation with the statute in the rules, but for today at least on the staff consideration he thinks the rules are okay to go forward with. Chairman Vaught asked if the Board wants to take action on this rule today. Member Bedore replied that he doesn't think that the Board should do anything until we understand how this is going to be implemented. It's one thing to have a rule, but if the EEC doesn't want to discuss the problems with the implementation then why should we bother to comment?

Member Ivory stated that after listening to staff it sounds like at this point some understanding from Director Carter that at this point in time he sees no reasons for us not to proceed and still continue to work on this. Is that a correct assumption? Director Carter replied that he was speaking to the structure of the rule itself, which is okay to go forward. There is obviously some concerns with the both the statute and the rules and how they are formulated to match statute, but how they are implemented in real time and thinks that is why Member Bedore wants the Director here to discuss those things, before we approve it. Either way the Board can hold it over and request again. Chairman Vaught asked if any Board members have an opinion on this rule. Member Bedore stated that he has nothing more to add. Chairman Vaught stated that unless the Board hears a motion to approve they will go on to the next rule. Member Ivory stated he thinks the Board should go ahead with what Member Bedore suggested and try to get something worked out with the Chairs and come back try to get this resolved so we can move forward.

Next on the agenda was the DOT – Public Private Agreements for the Illiana Expressway. Director Carter stated that Chief Procurement Officer Bill Grunloh is in attendance to speak to these proposed rules. Director Carter stated that these rules clean up changes to the Public Private Agreements to the Illiana Expressway Act 605 ILCS 130. It outlines sections in which the agreements will be conducted. The only concern the Board had was some of the rules didn't address the Act, but IDOT followed up concerning the sections, and they didn't feel that they needed to define everything because it would be listed in the contract. Based on that conclusion it will be ok.

CPO Grunloh thanked the Board for the opportunity to speak today about the proposed Rules for the Illiana. Also in attendance was Ellen Byron, Assistant Chief Counsel with IDOT, who works with me and mainly does most the work, but he gets all the credit for. CPO Grunloh stated that they are here today to talk about the Rules, as stated by Director Carter, to put details to the Illiana Expressway Act that gives a little structure for the State to allow going forward with a Public Private Partnership to develop, finance, construct, and manage the Illiana Expressway. He thinks that the Board is familiar with what the Illiana Expressway is so I won't get into all that. IDOT has been keeping the Board up to date on everything that's been happening on a month-to-month basis with that initiative and he would be happy to answer any questions the Board might have.

Member Ivory stated that he and CPO Grunloh have had some preliminary conversation on the whole rules and he believes that we talked about one of the things that he is most concerned with on the rules side is the impact it would have on the minority businesses competing on the first base and have some implications on that and based upon our conversation it was clear to him. For the sake of the rest of the Board, could you speak to that issue that we talked about in reference to the flexibility that it would be inclusive? CPO Grunloh replied that to summarize the conversation that he and Member Ivory had there is some concern about firms that have been involved in any way with any of the preliminary work leading up to this point for the Illiana Expressway and there have been several consultants, soil engineers and different people that have worked on getting us up to this point with some of the phase studies that they have been doing. CPO Grunloh stated that he communicated to Member Ivory that it was their intention to analyze the list of anyone who has had any involvement with the project to date to look at what kind of work they have been doing, whether from that work they have gained a competitive advantage on or any information that they could use that would give them advantage or the team that they associated themselves with advantage. If that type of advantage or that type of information has been something that they have gained from their previous experience they probably would have a conflict of interest and they would recognize that and would communicate that to them. They would allow for them to come by and talk to them about that possible conflict of interest and their exclusion for further work and they would be happy basically to give them a hearing or a meeting to discuss that, but if someone has received an advantage by previous work on the Illiana they would think it would not be right for them to participate in the Public Private Partnership (3P) team that we are ultimately going to select for the ongoing project. CPO Grunloh asked Member Ivory if that reflected their conversation? Member Ivory replied that it did, but the only point that he would make is that the reason you have some firms who may have had an insufficient role and may have gotten \$10,000 or whatever the amount is for insufficient and the rules as it was stated in the beginning would have excluded them from having any participation. He thinks that what CPO Grunloh has done in the rules allows some flexibility for people to identify a conflict of interest ahead of time so they won't be limiting, but it also allows them to make a case if they believe they didn't get competitive advantage. Member Ivory just wanted to make sure that the process was verified across the board to all firms not just African Americans and minorities, but all firms. He also thinks what they have done gives it a fair chance to give everyone the opportunity to compete. Where there is a conflict of interest it can be addressed and if they address it properly they can continue to participate, but if not then they will be barred from participating downstream and he thinks that is the issue.

CPO Grunloh stated that he thinks it is important that the Department and his office be very transparent in how we do that and how we identify who they determine has a conflict or who doesn't have a conflict so the industry and the public can weigh in on it if they feel it's appropriate.

Member Bedore said Section 6.930 on your conflict of interest and all the other provisions here. Do they follow along with SB51? CPO Grunloh replied affirmatively. Everything that's in the law now, as far as communications, and how we gather that there are some innovative procurement methods in the Public Private Partnership and they have already had an RFI and they went out and we published that publically to try to gain some information from the industry about what the appetite of what the industry was for this type of project, but we are closely following the existing statute and the changes that were specifically brought on by SB51. Member Bedore asked if he could explain some more about this innovative procurement? CPO Grunloh replied that he thinks this is the first test for Illinois, although it has been all over the country right now. As to the Public Private Partnership, there are many projects that have gone well and some that have not gone so well, but for the biggest part for the lack of Federal funding for key note projects like this and a lack of State funding this is an innovative way to let those projects happen with a private partnering with the State and basically putting together a team for the final design and the construction, operation, and maintenance for a project like this and with the concession involved there are a lot of different aspects, but those were all outlined in the original Illiana Act and he doesn't think anyone is unfamiliar with those, but we are trying to put together the nuts and bolts about how they are going to do that. It's been a little challenging, but he thinks they have met the goal. Member Bedore asked that as far as federal funding, is the federal funding somewhere lined up? CPO Grunloh replied that he thinks there has been some recognizance by the Department that they have to look ahead into the multi-year programs and find out how they're going to set aside money to do that. At this point those dollar figures haven't been determined.

There is a concessionaire element to this where somebody may potentially be collecting the toll and they have some estimates of what kinds of tolls it may generate and how much that's going to contribute to the overall costs and the person who is going to do this has to make some kind of profit. He thinks the realization is that there is going to be some additional State funding needed to make it work because it's an undeveloped area at this point. At some point in the future when the corridor is fully developed and there is a lot of traffic there should be a quite a bit of toll realized. There is a little question about how much toll will be upfront. A lot of those discussions are ongoing by the Department. Those are more policy decisions by the Department more than a procurement issue for him, but he knows those kind of conversations are going on now. There will be some federal funding and some State funding to go along with this. Member Bedore asked if the Indiana portion will be a tollway also. CPO Grunloh replied affirmatively. It is thought that the project should be treated as a whole to the largest degree that it can. They don't want to have different procurement methods, don't have different kinds of roadways, and don't have different kind of tolls for more than the other. It is basically being designed by the Federal Highway Administration to Interstate Standards. He is not sure if the determination has been made that it would be an Interstate Highway at this point, but we are definitely building to those standards to meet federal requirements with hopes that probably someday it will be a designated as an Interstate Highway. It is 47 miles, approximately 25% of that is in Indiana, 75% in Illinois. They would like to see some consistency across the board on how we do this. Member Bedore asked if this will be done under the Illinois Tollway Authority. CPO Grunloh replied that he really can't answer that. There has been some conversation about that. It is at this point I think it is being described as totally open road tolling. It will be a toll road, it will be open tolling and he doesn't think that there is a plan to have a toll booth were people put money in. He thinks it will be an IPASS, totally IPASS, and that seems to be a trend nationwide where they are going more towards the open road. Member Bedore stated that it almost sounds like it will be on their Illinois Tollway. Ms. Byron stated that she believes that the Act puts it in under the Department. However, the electric toll collections system has to be consistent with the Tollway system. At this time she doesn't think there is a different decision of legislative change that would put the project under the Tollway. Member Bedore asked if IDOT would have the responsibility for maintenance and snow plowing and everything. CPO Grunloh replied that has yet to be determined, but he thinks the idea on Public Private Partnership (P3) is that for a period of time the concessionaire and the P3 partner that we are going to be dealing with will collect the toll, will maintain the highway, will operate the highway, and will operate the tolls. They will do all of that. At some point it will be passed back to the State of Illinois.

Member Black said that he didn't hear everything that counsel said. The Illinois Tollway has had a very colorful history, which we are all aware of. Things look a little better here lately. As a downstater he is not sure if he wants the Illinois Tollway Authority to start creeping downstate. When he first heard of this he assumed this would be administered solely by IDOT. If he heard her correctly, is this going to be modeled after the Tollway or are they in fact going to be responsible for the maintenance, collections, etc. etc. CPO Grunloh replied that consistent with the Act it will be done under IDOT. He thinks there are references to the Tollway, but they are going to have a consistent way. They are not going to have an IPASS system that won't work with Illinois Tollway. However they are doing it they are collecting the tolls and the motoring public are coming through. They won't know if they are on an IDOT road that's being operated by a concessionaire with IDOT or if they are on an Illinois toll road. From their perceptive it will be seamless, but it will be operated by and procured through the IDOT. IDOT might not be plowing snow, for example for the first several years, but they agree all that work will be happening, will be through an agreement with IDOT not with the Tollway. Member Black asked CPO Grunloh to clarify something. Will the transponder that someone uses everyday on the Tollway, will that same transponder work on Illiana or will we have two separate systems, because if the transponder works on the Tollway then it will automatically work on the Illiana, then the Tollway may accrue revenue that it wasn't your intention that they accrue, unless there is a software system set up. It doesn't seem like that would work very well if the one system would also work on the Illiana. Ms. Byron replied that they are not the same system, but they are compatible. In the same way right now the Indiana Tollway is compatible with the IPASS, but those revenues when you're using IPASS on the Indiana toll road would go to Indiana. Ms. Byron stated that even nationwide a lot of the transponders are compatible, but where the money goes is allocated to the location of the toll. CPO Grunloh stated that IT solutions have been solved for doing that. If you were going across the Illiana then it is going to know that money goes to one spot. If you go to an Illinois toll road or to an Indiana toll road it goes to another spot. Member Black asked if IDOT is going to affirm that once the tolls are sufficient

enough to pay off the Illiana Expressway that then the tolls will be dropped. Member Black stated that he heard that somewhere at sometime, but can't remember who said that it might have been up north. CPO Grunloh replied that it wasn't him and he would not have any knowledge of that. Member Black said that we're not making any affirmations that if the tolls generate enough money over a decade or decade and a half to pay all of the associated costs then the toll was to be dropped. CPO Grunloh replied that he would certainly not make that conclusion. CPO Grunloh replied that he doesn't believe, he was not involved and Member Black was probably when the Act was passed, but he has not heard that comment before from IDOT. Member Black stated that he believes it was a perceptual issue more than reality. Member Black stated that when he came over here it was a dirt road and Abraham Lincoln was still here too. Member Black asked on Section 80 Property Acquisition, this always created some problems if you're going to be fully transparent. If you go into a lot of coffee shops in Will and Kankakee County the one thing you're going to see here is John Doe got an advance notice of the map and he bought 250 acres under a land trust. His nephew Larry Doe found out where a major interchange would be and he has 250 acres under option. Property acquisitions simply says by the power granted to it by the Highway Code eminent domain. What are we able to do to make sure that people are satisfied that nobody was able to purchase thousands of acres and will turn a tidy little profit when that day comes to pass. CPO Grunloh replied the Illiana has a website up that talks about all the public meetings that have already been held with property owners. He thinks that overall, you're always going to have someone that doesn't want to sell, but I think overall there is pretty positive movement in property acquisition. To answer how they could keep a private farmer that is not in the proposed corridor of property that is going to be acquired by the State from selling to a developer to buy to try and buy up a bunch of ground at an interchange. He wouldn't have any idea how the State would keep an individual farmer from selling ground to a developer outside that corridor. He can say inside that corridor he doesn't think those types of things are happening. Member Black stated that he would think that there might be some language, that's pretty vague language in property acquisition. Member Black stated that his mentor was the late Senator Harry Woodyard and Harry always told him never stand in the road of a willing seller and a willing buyer, because you're going to get run over. At the same time two sentences on property acquisition will rely on this and this partially eminent domain doesn't seem like and he is not sure how specific we can be, but to him it sounds like it is wide open. Ms. Byron replied that she would say that the project right now is in the environmental review stage so there is no land acquisition at this time. They are in the pre-planning stages and she is not a land acquisition attorney at IDOT, but it would be her understanding that any property that is needed for the right of way would be negotiated with any of the property owners. If they can't come to a reasonable agreement then it would go to possible condemnation through those legal channels that are in the Eminent Domain Act. Member Black asked if all of the environmental impact studies been completed? Ms. Byron replied no. They are currently in the Tier II phase. Member Black stated that he has some interesting experiences with a reservoir that would have been built in Vermillion County, which was denied because of the existence of a blue breasted darter, which I've spent 35 years trying to find, that and the Indiana blind bat. We had to move a bridge and he thought all bats were blind, but evidently the ones out in Indiana that were nesting here were more blind than Illinois and had to move the township bridge that was an \$80,000 cost. He said that he has great empathy for you when you do the environmental impact study, but that hasn't been completed yet? Ms. Byron replied that it is a tiered study, Tier I is complete and is available at the Illiana corridor website. They are currently undertaking Tier II. CPO Grunloh stated that a rough schedule for the Tier II, and don't hold me to this, but they are hopeful to have a record of decision by the end of the calendar year and then at that point they can start acquiring properties from his understanding. Member Black stated that he lost his battle some years ago and thought that this expressway should come a little further south, but he lost that as he has lost most of those things but we are making progress on our single slab roads. He thinks his is the only county that has some left.

Member Bedore said that it was stated that this is under IDOT right now. CPO Grunloh replied affirmatively. Member Bedore stated that the State statute states that this is IDOT? Ms. Byron replied affirmatively. It's in the Highway Code. Member Bedore said that they hedged a little by saying it may come under Illinois Tollway Authority. Ms. Byron replied that she didn't mean to say that. She meant that there is a provision within the Act about the capability of the electric toll system. Member Bedore replied that he understands that. In order for it to come under the Illinois Tollway Authority it would have to have a change in the State statute, is that correct? Ms. Byron replied she would think so, yes. CPO Grunloh states that the statute now says that it's under the Construction Act of the IDOT and would think that any change

in that would require legislation. Member Bedore stated that they talked about independent audits and hiring an outside company. Does the Auditor General have the authority to look at this also? CPO Grunloh replied that he thinks that he would. It is a State contract and he would think that he would have the authority to look at any part of it he would like to. Ms Byron stated that she believes so. The independent audits are under Section 75 of the Act that requires the contractor to.... Member Bedore said that's an outside contract, I was asking for the Auditor General. Ms. Byron replied that she thinks that all auditors will because there will be federal auditors as well that will be looking at this project. Member Bedore said that he didn't know if the Auditor General was still allowed in IDOT. CPO Grunloh replied that he is welcomed with open arms every year.

Chairman Vaught asked if the purpose of these rules was to narrow or broaden the concept of this project? Ms. Byron replied that she thinks that the purpose is to clarify that there is a process set forth in the Act as to what the procurement process would be, which is called a competitive request for proposal process (RFP). In order to give some clarification to vendors that would be interested in the project they wanted to make sure that they could set forth how IDOT would undertake this method of procurement. There will be a sufficient amount of detail that will be in the RFP and it could be hundreds of pages, if not thousands, and be a very detailed RFP. Chairman Vaught asked that other than the RFP, does the rule do anything to contemplate or encourage private financing? Ms. Byron replied she thinks that is part of the intent of the Act that the concessionaire will consist of that financing which is going to be a big part of that. Chairman Vaught asked how does this rule affect alternative schemes for providing revenue such as using rail corridors revenues within the transportation corridor as a source of revenue to pay for the construction and operation of the road portion. CPO Grunloh replied that the rules do allow for alternative concepts. He thinks that they must propose what is being asked for, but if they have an alternative to what is being asked for it will be considered. It still has to be within the construction parameters of IDOT and federal highway, but on a financing piece he thinks they are wide open to listen to any ideas. Chairman Vaught stated that he is concerned about that very point. Section 6.925 (a)(3). It doesn't say alternative concepts. It says alternative technical concepts and he is concerned that the use of the word technical is limiting and not broadening in terms to being open to different alternative concepts for financing or use of the corridor. Chairman Vaught asked if they could comment on the use of the word "technical" in the regulation. Ms. Byron replied that alternative technical concepts is a term used in engineering and would be, for example, performance based specs that would indicate the highway has to have a certain life cycle that the concessionaire, within their proposal, would come up with what they felt would satisfy their performance specs without having to follow the Department's standard specs. She thinks in the same way and maybe it is not articulated in these rules that the financing piece is wide open as to what methods, and thinks that is within the Act, as to how the concessionaire can approach the financing piece from their end. Chairman Vaught asked where the rule makes clear that the financing is not technical engineering. Ms. Byron replied that she guesses for the alternative technical concepts she would say that is a common use in engineering. IDOT does not have that authority for design-builds because this is our first foray to P3. As far as the financing side is that something you think the rules would need to clarify? Chairman Vaught replied affirmatively he thinks so because he is concerned that people may read this and think that they narrowed out alternative financing schemes, they narrowed rail corridors, they narrowed out revenues from broadband corridors or other communication uses. Those are all potential revenue sources that would keep the tolls down and make this project more feasible, but if the rule appears to say that you are not open to that and just opened up to technical engineering about how to put the concrete on the ground. That is his concern and he thinks IDOT summarized it pretty well in your question. CPO Grunloh stated that he agrees with the Chairman, but thinks that the intent was that they added the option for alternative technical concepts because they are more concerned about the financing piece as well, but ultimately the product that we are going to end up with are really concerned about than following our technical specs and building a road that's going to be there for a long time to come. IDOT probably addressed the technical concepts and maybe in their minds by just addressing the technical they left the rest of it wide open, but you are reading it a different way which is an interesting point.

Chairman Vaught stated that you know the old thought that they love to criticize IDOT for being the "Department of Roads" and not IDOT. He thinks that we have to be careful about what those perceptions are, but he thinks that you understand his point. There is another question he has on Section 6.930 (b) he doesn't completely understand this sentence and it seems a little confusing. The Department will make

available specific procedures applicable to proposal and selection team members. The Department will make that available, why is it not putting it in the rule? Why is that being reserved for some later “making available” by the department? Ms. Byron replied that she thinks that maybe they have already considered a different word rather than “procedure”. She thinks what is contemplated is that any selection team member or anyone participating in this procurement would be made aware of what the conflict of interest requirements are, what the State Officials and Employees Ethics Act would require and they would be signing an agreement so that, in order so we could enforce if there was any kind of breach in that conflict of interest statement. Chairman Vaught stated that IDOT is essentially saying this is more about conflict of interest than making sure the members of the team have these broader concerns about financing that may go beyond the normal expertise or practice of the Department that uses taxpayer’s funds and federal funds and not private financing. He is a little more concerned about who’s on the team that has expertise in that concept and IDOT seems to be saying that is not their intent here at all, that your intent is to worry about conflict of interest. Ms. Byron replied that she thinks that the way this was drafted was because they don’t know who those selection team members would be, but to be assured that they would be aware of relevant conflict and ethical requirements. Chairman Vaught replied that his question is broader on how they are going to share with the public that you got good, confident, qualified financial people who can accommodate forms of private financing that make this more efficient for the taxpayers. That is what he is trying to get at and it seems to him that IDOT is not trying to get at that at all. Ms. Byron replied that not in that section, but the Act allows the Department to have Illiana advisors and they are under contract with some financial advisors with experience in this type of procurement and these projects. Chairman Vaught stated that IDOT is saying that it is in the consulting section of the Act? Ms. Byron replied that it is in Section 20 of the Act and its sub-section (d) and states that: the Department shall return the services of advisor or advisors with sufficient experience in the development of financing construction management or operation of public assets to assist participation of the request for proposals. CPO Grunloh stated that contract was awarded earlier this year and they do have an advisor on board and that advisor does have elements of consulting engineer, consultants of finance, and also a legal team. There were three elements that are a part of that advisor team. Chairman Vaught stated that he is trying to see if the regulation ties that, as in the statute. He didn’t see much regulation on that a little bit in the specs, but does the regulation tie that to who the members of the selection team are going to be that are involved in the procurement process in evaluating proposals in making recommendations to be hired or are they just going to be an advisor for the Department and the department picks up two or three highway engineers to make this selection? CPO Grunloh replied that he doesn’t think that many procurement rules probably specify who is going to be picked for a selection committee because they vary so much, but of course the Department is going to have a great deal of interest in it and my office is going to have a great interest in the selection committee and who the members are and what kind of expertise they bring. They do know that there is an important element in financing, as you have expressed, there also is an important element in the legal part of the team and construction part of the team, and the consultants. They need a vast array of knowledge on the selection committees to analyze the concessionaire part of it. They may want to have somebody there that is on the committee that has knowledge about concessionaire contracts. CPO Grunloh stated that he understands the Chairman’s point, but just doesn’t know if it is something that they would lay out in the types of members or the expertise of the selection committee members in rule. Chairman Vaught replied that he thinks that they understand his question. He is just trying to echo a little bit of Member Black’s concern about how the public perceives these things. When there is something new going on, sometimes they want some reassurance that bad things are not happening. CPO Grunloh replied that the people deserve that reassurance.

Member Ivory asked who makes the decision about the selection committee. He didn’t read that and thinks it is critical in terms of making sure that the field is level? Is that the selection committee that we already have in the QBS process or are there four or five selection committees? He is not sure if he understands what is going on in reference to that. Or will it be a new selection committee for every aspect of this thing? Ms. Byron replied she thinks that at the time the rules were drafted it was very preliminary as to what direction the procurement would take and it is still very preliminary. They didn’t write a very descriptive section on the selection committee. It won’t be through QBS because QBS is a separate Act that sets forth that the selection committees are separate. To answer Chairman Vaught’s concerns, it would be contemplated that there would be experts with expertise and experience in these types of procurements and

selection that would be practicing. At the time these Rules were contemplated she thinks it was still unknown as to whether Illinois would be undertaking a joint procurement with Indiana or whether there were going to be two separate procurements. Some of those questions are still being hammered out, but in advance of doing this procurement they had to get the rules together. Any recommendation the Board has IDOT would be happy comply. CPO Grunloh stated that the selection committee would be formed and approved concurrently by the Department and his office.

Member Bedore asked if they could give the Board an example. Has a financial advisor been selected? CPO Grunloh replied affirmatively. Member Bedore asked who was on that committee so the Board would have some comfort of what your committee make-up will be. Ms. Byron replied that the advisory contract that they have for the Illiana advisors are made up of engineers, legal staff, finance and administration, the CPO office oversees that entire process. There were a variety of people involved in that particular procurement, but the advisors we have now on the Indiana side in addition to Indiana IDOT, they have the Indiana Finance Authority and they have extensive experience. If this were to be a joint procurement their Indiana Finance Authority actually has a considerable amount of experience in the financing piece and it could be contemplated that they would have members on the selection committee, but they are not there yet as far as the procurement. It is still a ways away from getting to the RFQ, where we put out a request for qualifications and go forth with a request for proposals. Member Bedore said that they don't perceive that they would have a financial advisor in the State of Indiana? Ms. Byron replied that they both would. CPO Grunloh stated that they do at this point. Indiana does have a project advisor team just like Illinois does to advise them. It just turns out that they have a different financial advisor than we have, which he thinks is great because they are bouncing ideas off each other. Member Bedore stated that in that area that's true, but what about when you get into engineering? CPO Grunloh replied that when they get into the selection committee for the RFP, Indiana may want to have someone on the selection committee, but I don't think that we would get into a position where we have competing members. We certainly have people that that are knowledgeable in all facets of the procurement and Indiana will have a say so in this, they have approximately 25% of this within their State. There is a great interest on our part and we have good advisors, besides some of the professional people in IDOT, we have great advisors that we have hired through this last RFP to assist us with all this going forward.

Member Ivory stated that he has a real concern that looking at the past of IDOT and how these selection committee processes have worked or have not worked. He is a little concerned that it sounds like the CPO is making a decision about who is going to be in the selection process and that concerns him even though he might have a great deal of confidence in him, but he wants to make sure how they determine that, because that selection team is critical to creating some degree of clarity across the board. What he sees happening across the United States because he has worked in those other areas that there is not a lot of diversity and he doesn't see minorities getting prime contracting opportunities even though they may be qualified. What sensitivity does IDOT put into this piece that allows us from the minority community to have some degree of comfort that we are not going to end up with a group of people who lack any sensitivity towards this selection process. CPO Grunloh replied that he can tell you as part of the RFP there is a section of language about the DBE participation and small business participation and the other things that you have mentioned. The only thing that he would add is that they are talking about this selection team for this RFP and selecting a more than likely a global company. The interest that they have seen so far, for example, is the largest contractor in Italy. They have had Spain, Spanish people involved that have a lot of experience in P3 that are doing projects currently in the United States. This is going to be a big, global, more than likely, a partner that we are going to be working with on the project and there will be requirements in the RFP that they provide some diversity in the contract to the extent possible that they are going to want to hire as many Illinois or Indiana people as they possibility can. They're not going to come in and bring a bunch of people with them they are going to be hiring local people. He thinks it will be a great opportunity for everyone in the area to be a part of this. Chairman Vaught asked if there are any other questions. This is one where he thinks that IDOT is asking us for a certificate of no objection, right? CPO Grunloh replied affirmatively. Member Bedore asked if there were there some minor changes from the Boards comments they might want to incorporate in the rules. Chairman Vaught stated that he would be happy if they found a way to improve the rule in any way, but he thinks rather here what IDOT's response is to that instead of his. CPO Grunloh asked if there was anything that he wanted to see changed?

Chairman Vaught replied that he thinks he referred to two different sections when he was being specific. CPO Grunloh replied that one was about the selection committee. Did we satisfy you on that one on the way the rules stand or not. Chairman Vaught replied that he thought the sentence was a little unclear and doesn't think that he did and believes it could be a lot clearer. Then the other one he is looking for was on the financing. CPO Grunloh replied that he believes those are both changes that IDOT could definitely consider and probably work something in. He is not sure what the timing is with JCAR and doubts you would want to see those changes again, but he is not sure if it is possible to work through this without a Board meeting to get a letter of no objection, but we certainly want to address your language and address both of those concerns. Chairman Vaught asked if it has been done in the past where they do a certificate of no objection, but put some conditions in the motion. That would enable the Board to act today without slowing down the schedule and then IDOT could just keep the Board informed and furnish the Board with how they incorporated the Board's suggestions. Is the Board open to that?

Member Bedore stated that he is fine with that, but has one more question. Is there anything in these rules that is inconsistent or different from the Procurement Code? CPO Grunloh replied no, he doesn't believe that there is. Ms. Byron replied that there is nothing that is inconsistent there, but there are some differences in methods that are set forth in the Procurement Code and the methods in the Illiana Act are set forth as different procurement processes with the request for qualifications and the request for proposals. She stated that it is not incompatible with the Procurement Code, but it is set forth in the Act. CPO Grunloh replied that it is safe to say that between the Act and the Code IDOT is not acting outside those at all. If it is not covered in the Code there is a little something different that is called out in the Act. Member Bedore asked that if the Board goes forward with waiting for some revision when will this come before JCAR. CPO Grunloh replied that he believes that it will be on JCAR's August agenda. Matt Rice with JCAR replied that he would have to double check that, but it might be pushed to September. Member Bedore asked if JCAR will accept the Board's no objection with some caveat. CPO Grunloh stated that if the Board is willing to issue a statement of no objection or agree to do that IDOT will work with staff to meet the Board's requirement and then if the Board is not satisfied then don't give them the certificate, but if we can work through this in the next week IDOT will do whatever the Board would like.

Chairman Vaught stated that he thinks that it is a reasonable suggestion to authorize a letter of no objection upon the receipt of these acceptable changes or revisions. Member Black stated that he wishes there was a way and is not sure how many parcels IDOT will have to buy, but the thing that has always bothered him is that sometimes after a project is done one of the newspapers will come up after the fact and say that 500 acres were owned by the mayor of this or the commissioner of that and I wish we could publish some of those in advance and I know that may be impossible for your acquisitions because you could have hundreds of parcels. CPO Grunloh replied that actually there are closer to thousands of parcel in a 47-mile corridor that is a couple thousand feet wide. He will say that there is a very comprehensive website out there that gives detailed minutes, sign-in sheets from every public hearing and every meeting that they have had. The identity of the corridor is there, it shows where it is at and someone could go to a plat book and find out who is owning ground now and who will ultimately end up with it 10 years from now, but that information is out there. The list might exist, but he is not sure if it would do them any good. You can be assured that as this thing moves forward there are going to be some developers who move in and offer some good prices to these people. Member Black stated that another question he has is on Section 110 on the reversion of property. He wants to make sure that he is not misunderstanding that. If you buy a purchase or have options on thousands of acres and for some reason it never comes to fruition as he understands it that then the property remains with the Department and he would think that the affirmation reservoir that he went through 35 years ago. The State bought about 15,000 acres to build a reservoir, which was never built, and the property owner asked why he didn't have right of first refusal. Why can't I buy it back? They would have liked to have had that property back on the tax rolls than thousands of acres owned by the State of Illinois and most of those acres are probably woodlands or something. If this is never built and IDOT has purchased several thousand of acres that you hold the title to all of the property. CPO Grunloh replied that he can just speak from a 30,000 foot level that he doesn't think IDOT is flush with enough money that they are going to acquire all of this property if the road is not built to hang on to it. He knows that there are methods for property to be returned to the owner and he knows that when he was Chief of Staff he dealt with a lot of issues where there was a project that was built and the required right of way didn't need all of that ground so that ground went back in some cases to the original owner if they wanted it back. He thinks

that there is a procedure on how that is done, but if the road were to be built and IDOT acquired a bunch of land he would think they would be interested in trying to recoup that money. That would be money they could build roads with. Member Black stated that this fear comes from the railroad because they had reverter clauses from 150 years ago and as the railroads started to consolidate and/or abandon a lot of rural lines farmers would say they want their land back and they would haul away the ballast and plant it. Then all of a sudden the railroad said that they would sell it back to them. Most of that got worked out, but he would like to see some protection for those land owners to at least have the right of first refusal. Ms. Byron replied that it is not set forth in the Act explicitly, but if the right of way was not needed by the Department for any reason she is not sure if there is a right of first refusal or not. She would have to consult with her colleagues. CPO Grunloh stated that during the process of acquisition they are paid a reasonable amount for it, which is determined by an appraisal and would be treated the same way on the other end. He can't say that all of this will go back, but he does know that some of the dealings he has had with it in his old job was that if someone sold it they generally had the right to get it back first. If they didn't want it then it would be put back out for an auction and he believes those kind of things are included in the land bill. Member Black stated that he knows that there were a lot of unhappy land owners in Vermillion County who would have liked to buy back the family farm back and DNR who inherited most of that land said that they are going to make that the burial ground for the blind bat or something. CPO Grunloh replied that DNR has more of an interest to make a park out of it, but IDOT doesn't have an interest like that, we would rather have our money back and build roads with it. Ms. Byron stated that they would invite the Board to call their office of their Chief Counsel at IDOT and they can sit down and talk to the right people to see what the process would be and if there is the right of first refusal built into the agreements when they acquired the property or not. CPO Grunloh stated that he is sure that there is a Departmental order that lays out how that goes and if the Board would like he could get all of the Board members a copy of that. Member Black said that he would feel a lot better that if people in Iroquois and Kankakee County felt like they have some protection because there was always skepticism. CPO Grunloh replied that they will get that information and get it to Director Carter for the Board to have.

Chairman Vaught asked if Member Black started his comment with a motion. Member Black replied that he would move to approve a certificate of no objection. He thinks the Board has heard that they are going to continue to work with the Board to fine tune this, but at this time he thinks the motion would be to file a certificate of no objection. The motion was seconded by Member Bedore. Member Ivory commented that he thought it was discussed that the Board would go ahead and agree, but would wait until after some of the changes that the Chairman requested were done. Shouldn't that be in the motion? Member Black stated that he would be willing to withdraw his motion if Member Ivory would want to make a substitute motion. He has no objection to that. Member Ivory made a motion to go ahead with the letter, but make sure before the Board signs off on the letter that the requested changes be made that the Chairman suggested. Once that is done then the Board will officially sign off at that point. The motion was seconded by Member Black. With a 4-0 vote the motion was unanimously approved.

Member Bedore stated that there was one question he had, but didn't want to mess up the motion. It was mentioned that developers might be coming in and offering these owners large sums of money. CPO Grunloh replied that he misspoke that the Department will be doing the acquisition for the property. Member Bedore replied that he knows, but you were implying that some developers would come in and buy the land before the State buys it. CPO Grunloh replied that again, when he said that he meant the property that is outside the corridor. Member Bedore stated that it would be assumed that these property owners will have an idea that the property values are going to go up. CPO Grunloh replied absolutely. Ms. Byron stated that she wanted to clarify that it is a preferred corridor because they still are in the pre-planning stage, but there are federal requirements in order to have some of those parcels eligible for federal reimbursement. Member Bedore stated that he just misinterpreted what CPO Grunloh was saying.

Next on the agenda is the Capital Development Board – Qualifications Based Selections (QBS) Discussion. Director Carter stated that at Board member's request the PPB asked the Capital Development Board (CDB) to the meeting to talk about their part in the process with Qualification Based Selections (QBS) when it comes to the universities and junior colleges. In attendance for the Capital Development Board were Gilbert Villegas, Chief of Staff and Mike Wilson, Deputy Director of Operations. Mr. Villegas stated that CDB strives to offer opportunity for diverse and new design firms during the qualifications based

selection process. CDB began tracking the trends and the selection in greater detail with A/E selections beginning in 2011. CDB wanted to monitor closely how well it was meeting its initiative to invite opportunities to MB and FB design firms being selected as prime A/E's. CDB has been successful finding opportunities not only to MB and FB firms, but also providing opportunities to large number of preapproved A/E qualified firms with CDB. Currently there are 786 A/E's prequalified, which include 66 MBE and 54 FBE. In the period between February 2009 and June 2013 CDB has conducted selection of A/E projects totaling 304 projects. Large projects being the Chicago Veterans Home with an advertised total project budget of \$65.5 million, by far the CDB projects are under a million dollars in total project budget. Of the 304 projects 174 different firms were selected by CDB. Although some firms were selected more than once during the 4 ½ year period none were selected by CDB on more than five projects and in fact only 6 firms were selected each for five different projects. 80 firms were selected once, the remaining 88 firms were selected between 2-4 times, and the overwhelming majority was selected between 2-3 times. During the 4 ½ year period 60 project selections were awarded to MB/FB firms as the prime A/E, which equates to about 19.7% of the total 304 selections that CDB conducted. Of those 60 selections 32 were MBE and 28 were FBE. Of the MBE selections 10 projects were awarded to African American, 14 projects to Asian and 8 to Hispanic firms. Although the majority of MB design firms awarded projects are located within the Cook and surrounding counties, CDB selected FB firms from Champaign, Montgomery, St. Clair, and Williamson Counties and FME firms from Peoria and Sangamon Counties. CDB feels that they have done a good job in utilizing many different firms that were providing design services in selection of MB/FB firms for nearly 20% of the project selections, which shows the commitment that CDB has in providing opportunities for diversity to MBE firms. Mr. Villegas also wanted to add that CDB implemented approved changes from JCAR in order to address the concerns on the needs of minority women owned A/E firms. The new rule does the following: codifies that CDB will consider minority participation making QBS selections; codifies that CDB will place goals with a projects on basic service fee of \$75,000; strives for information needed to be submitted for good faith efforts submission; explains what CDB will consider what making a good faith effort with determination as well as an internal policy change where they have added a member of our Fair Employment Practice to the QBS selection committee.

Member Bedore asked if there is any provision in here for any extra points for Illinois firms. Mr. Wilson replied that in the selection criteria one of the criteria that they are allowed to use is the proximity of the A/E firm to a project. In general yes, but it is not specifically spelled out as an Illinois firm. Member Bedore stated that there was a situation where I believe it was Southern picked a firm from St. Louis, MO rather than an Illinois firm and I was just wondering if there was provision or should there be provisions just like there are for minority firms. Mr. Villegas replied that there was some legislation that was just passed this last session that spoke to that, where firms from Illinois would get a certain preference, but he is not sure if that legislation passed the Senate. Mr. Wilson also added that part of the requirements to do business, at least with CDB, you have to maintain an Illinois office whether you are a construction office or an A/E firm. Member Bedore stated that this was a project for the University in Edwardsville. What authority do you have over the university branches and how does this relate to their junior colleges across the State. Mr. Villegas replied that as it relates to the universities and community colleges, when those entities make selections they will come to CDB for concurrence. Member Bedore stated that they will come to you after the fact, right? Mr. Villegas replied for State funded projects. Member Bedore said they come to you after the fact? Mr. Villegas replied that sometimes depending on the funding source. If SIU-Edwardsville had a project they were funding without State dollars they would make the selection. If it would be State funded then they would have a seat on the selection committee and it would come to CDB for concurrence if it was State funded. Member Bedore wanted him to explain how they picked a firm in Missouri who also happened to be a graduate of Edwardsville and bypassed an Illinois firm from Kankakee and Chicago. Mr. Villegas replied to speak specifically to that he would have to find out what the project is to determine whether it was SIUE funded opposed to State funded. He would be more than happy to look into it for him. Member Bedore asked if they do projects where there is dual funding. Mr. Wilson replied with Community Colleges yes. Almost all of those projects are at least 25% locally or funded by a Community College, but they also do that with the universities. The U of I at Chicago is doing a Chemical Science Building that has dual funding and then they are also doing a building on the U of I at Champaign-Urbana campus that has dual funding. Member Bedore asked what building it was in Champaign. Mr. Wilson replied he would have to get back to the Board on that. They have three or four buildings going on right there and he doesn't want to say the wrong one. Member Bedore asked how it works with the community colleges. We have heard in

the past and have seen the numbers in the past where you have very little cooperation with the community colleges regarding minority participation and things of that nature. Since you are a part of the funding, in most cases, what leverage do you have over that selection? Mr. Villegas replied that he first wanted to thank the PPB for doing that report. CDB had an inclination that there were some issues, but really didn't know how bad they were until you see them on paper. As it relates to what CDB has done, they have encouraged the community colleges to conduct QBS selections to the point there they have had their director and their Chairman of their Board actually go and meet with the community college presidents to discuss that CDB would like to have QBS processes in place when selecting architects and engineers. Member Bedore interrupted and asked if they have funding involved in most of those projects, correct? Mr. Wilson replied that he would say some of the projects, but there are quite a few projects that community colleges do on their own that have no State funding. Member Bedore asked that with larger projects you are most likely involved. Mr. Wilson replied that if they were passed through this capital bill or another capital bill then yes. Member Bedore stated that it disturbs him on the language when you said that you will encourage them to do better. Member Bedore stated that he is having a hard time comprehending being a budget man how you can encourage somebody other than saying "we are not going to fund this". The Board has talked about this so many times for months about how there is a lack of minority participation and a lack of many things and their selection process leaves a lot to be desired and yet you sit there and say that they will encourage them to cooperate. You don't have to encourage anybody. Mr. Villegas replied that when the community colleges are doing their selection based on the Local QBS Act there is a sentence in there that states that the firm can be selected based on a past favorable relationship. Unless the Local QBS Act is changed all they can do is encourage firms that they are concerned with the fact that there is not enough minority participation in the QBS process that they are conducting and don't have the results that he believes the PPB, as well as CDB, would like to see. If a community college is following the law all they can do is ask them to be a little bit more sensitive to the communities where the projects are taking place. Member Bedore asked if CDB has proposed any changes in the statute to the General Assembly. Mr. Villegas replied that as we speak SB2363 is a piece of legislation that Senator Martinez introduced this past General Assembly and just last month there were hearings with the community colleges as well as CDB and PPB to discuss this issue. He would say that the piece of legislation that was introduced passed out of Executive Committee 15-0, but faced heavy opposition by the community colleges arguing that it was interfering with their local authority. At CDB they have not taken that position because there is legislation that has already been introduced and are just advising or answering questions from the Senator.

Chairman Vaught stated that he just looked that up in the PPB legislative report and as of April it was on third reading in the Senate. Mr. Villegas replied that it was on third reading and moved back to second and then it was tabled and is going to be introduced in the veto session while Senator Martinez conducted hearings in the summer which happened last month. Mr. Wilson said that will be third reading in the first house. Member Bedore stated that he understands this past relationship, but where do you find it. For example you are at 50% - 75% and you can't exert any pressure on the community colleges saying "I am sorry this is a firm you have been doing business with for the last 50 years and you are not opening up to anyone else". Why do you continue funding it? Wouldn't it be very simple and how fast that would change if you said our 75% cost of this project isn't going to be approved unless you change. He would think as the Chairman knows being a former budget director, that is a very big club. If someone was to say "ok if you want us to contribute 75% and you the local community college through your property taxes is going to put in 25%, but you are going to select this firm that you have had a cozy relationship with for the last 50 years. We don't agree with that and don't know how you can use the words "we are going to encourage". Member Bedore stated that he thinks they should use the words "we will stop the project". Mr. Villegas replied that CDB, based on the Local QBS Act is being a heard to by the local community colleges. If they are following that Act all CDB can do is encourage. Member Bedore stated that they are following the Act that says that they may continue to have a relationship. Mr. Villegas replied that based on the study that PPB did they use that one sentence almost exclusively. Mr. Wilson added that it says that you have to do the QBS selection unless you have a satisfactory relationship. Then also the last several months and the last several Board meetings they have had the community colleges bring to them their selections for bigger projects and have definitely see an uptick in community colleges doing a QBS process and selecting a firm, but we won't get to the point of having the QBS process the way that Member Bedore wants it and CDB wants it until that statute is changed that says that all community colleges will go through a QBS process similar to

CDB's. Member Bedore stated that it is not the way he wants it. He thinks it should be the way we all want it.

Chairman Vaught added that Member Bedore's point is a good one. There is a great deal of executive authority and the budget office might know this to control the timing and release of funds. The capital has re-appropriated over and over and over again if you are familiar with the release process. He thinks it is worth some further follow-up and he is not sure if you have talked with anyone from the Office of Management and Budget (OMB). He doesn't see a reason you couldn't alert OMB that this particular project is proceeding with a procurement process that the Board finds a little questionable and they should know about it before releasing the funds. That would trigger at least a possible decision point, which is what Member Bedore is talking about because sometimes when these releases come through the budget office from CDB they say here it is, it is ready to go. It is assumed that everything is ok. If everything is ok in statutory compliance then opposed to meeting minority targets and so forth. That is a different question. Chairman Vaught stated that they had gone through it on some of these of local projects with CDB to make sure that goals were set. There were some projects that there was not even a process to set goals on minority contracts and that was enforced through the budgetary process.

Member Ivory wanted to make a few comments. Anytime you limit competition you cost the taxpayer money and obviously that is what is happening. It is bad policy when you don't have any competition. Mr. Villegas replied 304 projects they selected 176 different firms. He doesn't think the problem lies with them. Member Ivory wanted to finish his point. The Board knows that they are doing the best job they can and he is trying to help make their case in terms of this issue. One, when they do that it destroys competition. It is not just minorities that can't get into the opportunity its everyone that can't get in because someone has the cozy relationship. He thinks that is just bad policy. The Board has an obligation, in his opinion, to set good policy to help save the taxpayers money. If we can do it to the budget like it says we can use that until we get this legislation passed, but he believes that a much better job needs to be done to making sure that when legislation like this hits the street we have to do a much better job to getting to all organizations that share our opinion and make sure that they can weigh in on the subject matter. He thinks that might be a weakness in a strategy, but would say to CDB that you have done a good job and can do no more than what you are doing. Member Ivory stated that he wished that CDB just continue to reach out to the people who share the same goals in terms of passing this piece of legislation with Senator Martinez, who he knows is doing a great job and he commends her in her leadership in the hearing and wishes he had the chance to testify, but was not available. Mr. Villegas stated that they would be more than happy to come back and discuss this.

Next on the agenda was Statewide Emergency Purchases. Director Carter stated that the Board could find two items in their meeting packets one is the summary for the fiscal end 2013 and Chief Procurement Officer Matt Brown is here to answer any questions. Also there is an excerpt from the Department of Transportation's audit performed by the Auditor General where he speaks to emergencies that maybe shouldn't have been emergencies and representatives from IDOT are here to speak to that. CPO Matt Brown stated that he knows that this is an ongoing interest of the Procurement Policy Board to follow the trends, in particular the growth and increase of emergency procurements the State has entered into. From a trending standpoint he thinks that they are still at an ebb and flow scenario where of any particular reporting period it could be up or down in emergency counts. At this point there is no clear indication why the timing of some of these emergencies are occurring, when it is occurring. CPO Brown stated that they do have some facts to report to the Board that in many instances that many of the contracts are being executed while after the expiration of contracts that have expired for those goods or services. They have been asking the State agency partners why that is. In some cases the agency has determined while they regularly need those goods or services they either have a supply of those goods or services and maintain them for a period of time and the hope is that a competitive selection will continue to proceed alleviating the need for an emergency, but ultimately that competitive selection doesn't occur and so when the agency runs so low or needs that good or service they need a contract from an emergency standpoint. In other cases, they have agencies who have determined that between trying to coordinate with the Department of Central Management Services (CMS) where originally master contracts have existed. Those master contracts are no longer being sought and the agency has been trying to establish from CMS authority to engage in that contract or to try to do something from an emergency standpoint in an interim capacity because CMS still intends to pursue but may not have completed a master contract solicitation. In summary of that, it remains

to be two things: one a timing issue; there is a requirement of every State agency to maintain a contract inventory dealing with the contracts that are on the books, when those contracts expire and conduct regular meetings in most cases weekly update meetings with their agency counter-parts about what their future needs are. They are not seeing an appropriate evaluation of time here. Secondly, there is a cultural issue. It was very easy in the last fiscal year, FY13 and the previous fiscal year, for agencies to find timeliness to be important at the end of the fiscal year. Both the Procurement Policy Board and the CPO's Office has reflected on how well agencies were able to close their fiscal year issues and maintain an appropriately evacuation of contracts and various degrees of business as the fiscal year closes. Outside of that fiscal year they see much more inability to transition from an expiring contract to a new contract. That is problematic and he is not really sure why. There is a different perspective there. Every year they use a graph issued to State agencies. In this particular fiscal year we are even going to issue that graph one month earlier, so near the end of August this fiscal year they are going to be establishing timelines that not only speak to how do we get contracts effectively for the next fiscal year, but what does the contracting cycle look like. When you have an expiring contract what will they do to fulfill obtaining a new contract. They issue all of the triggers and all of the stakeholders who are involved in each decision making process whether that is a sole source or whether that is an IFB, RFP even to the point of reflecting on how and who is involved in emergency contracting. The CPO's office will intend to put that forward to agency decision makers. They are struggling with the cultural side of this. CPO Brown stated that one of the things that he needs to recognize, at least in the General Services portfolio, is that it is way too easy to establish an emergency contract at the point where they are without essential resources and are faced with the consequences of doing without or the consequences of using an exceptional procurement process. Most of the time the agencies have been able to convince him that the State will suffer more in the absence of the goods or service than they will suffer in using the exceptional process, but that is a philosophy that allows an exception to become a rule and are working really hard to overcome that. He would be willing to recognize in the numbers that the Board relies on and are looking at right now that they are not trending it the other way they are still increasing and still have the potential to have more emergencies going forward than we have historically. From the General Services portfolio's perspective that is a priority for them to try and correct.

Member Bedore commented that as it was stated in the beginning of the year that CMS would set a record of emergency purchase orders. CMS has made it and this administration is now on record as breaking the record for the most emergency orders in the history of the State of Illinois. The last full year of the previous administration the Governor that now sits out in Colorado was \$32 million compared to this year, which is at \$135,750,000. It is an increase of 322%. Member Bedore stated that he can't comprehend how inadequate these departments and CMS are. It is hard to believe these numbers and now the universities are catching up too. They have now jumped up to \$12 million. He thinks that this administration doesn't care. Member Bedore stated that he cannot comprehend this. Now we have the Auditor General look at IDOT. He is not trying to pick on IDOT, but this is an example of what is happening across the State with State agencies. It states that the Department's inability to procure contracts in a timely manner thus creating the emergency situation. In other words, they let the contracts expire because they don't care and then after it expires and they realize that they have to have paper, eggs, and milk for the Veteran's Home in Quincy. Then they have to do an emergency to get the products. What is wrong here? Do the agencies not care? Are they complacent? Even with medical and all of that taken out it is still \$135 million compared to that last year of Blagojevich, which was \$32 million. There is something wrong here. Every year it is increasing. The year before it was \$101 million and now we are at \$135 and he is beginning to believe that no one cares in this administration. Member Bedore thinks this administration needs to wake up. We just heard from CPO Brown that it is going to get worse.

CPO Brown wanted to add how the marketplace is responding to the State's use of emergencies. Generally he would characterize that is the marketplace becomes very frustrated at the use of emergencies and doesn't respond well. Competition is lessened to varying degrees when the emergency contracts are used so heavily. The General Services portfolio receives protests from vendors that say that they are watching the trend of the State's business and they have not been able to bid on this product because of the perpetuation of emergency contracts. That is problematic, but alternatively they are also seeing the marketplace respond in an unfavorable way to the use of emergencies by changing their business models so that they can, rather than compete, put them in a position to prevail in emergency contracting and that is a very lousy business model for the State to look into because it comes at cost to stage staff, resources, goods and services in a

way where the State may on short notice trigger a perpetuation of a relationship. They have counseled vendors that while they appreciate their ability to service the State in whatever way they might approach them it would be wise for them not to begin practices that are exploitive of the situation and that they are mindful of that and will let me know if they hit that point, but be aware not to presume that they should be doing something to vantage their position in the marketplace as a result of the emergency status. The CPO's office is engaging with the marketplace at this point on these practices.

Member Ivory stated that the Board has been going over emergency contracts for a while and he has been listening carefully to try and figure out what is happening. Unfortunately, it is getting worse and he is not sure if there is a game plan or strategy to resolve this. Even with emergency contracts, as most of us know, there are some real downsides to that with no competition and no minority goals. In his opinion, they need to sit down and try and fix this problem or come up with a solution to it because the numbers are out of line and we need to find a way to fix it.

Member Bedore stated that the Board has talked about this the past six months and it was predicted and it came true. He doesn't see any resolution to this. The CPO just stated that in the coming months it is going to get worse and the biggest offender is CMS. We are getting more and more instead of less and less. Does anyone care? It is appalling. Should the Board pass some type of resolution condemning this practice or should the Board be looking at some kind of legislation where it is more difficult to get an emergency. He doesn't mean the true emergencies like a water main break. That is not what we are talking about. We are talking about buying eggs, milk and janitorial services. Member Bedore stated that he is so frustrated with this administration that he is not sure what to do.

Chairman Vaught stated that the Board can keep this on the agenda and from the staff a proposed legislative draft is on the agenda today. The question is what to put in that legislative draft. The Board shouldn't do this to be frustrated, but to do this and persevere. Member Bedore replied that then the Board can have it on the agenda for another 6-8 months. Chairman Vaught replied that he is right and the Board is not getting a lot of response and the Board needs to be more specific in requesting to have some specific people come in from CMS or elsewhere. Perhaps CPO Brown or others can help with who those might be. The Board can ask the Director who was here a few months ago and didn't give satisfying answers from then he sent Roger Nondorf and still didn't get satisfying answers from him either. The Board can ask those people or different people to come back, but they can also think more about what this legislation might help the Board do. Sometimes introducing legislation is a way to get a response when you don't get one any other way. Sometimes it works and sometimes it doesn't, but if the Board supports that and all four caucuses are represented here. Chairman Vaught stated that when the monitor malfunctioned he and Member Ivory talked about how they believe that this is not because of SB51. Member Bedore stated that was 4 ½ years ago that can't be an excuse anymore. The first year that SB51 went into effect emergencies did jump up to \$120 million then they did come down after the kinks were worked out and now we are at \$135 million. We are going the wrong way and it is going to get worse. Member Bedore wanted to know what are we doing? Is it just on the agenda for him to get frustrated?

Member Ivory stated that he knows that the Board has been talking about this subject for a long time, but he thinks it is important to take time and listen to both sides and try to figure out what was going on to give some advice on how to correct the problem, but he thinks when the Board continues to see the numbers going up they have to at some point in time try to figure out how to fix the problem because it has a negative impact on State government and everyone. He thinks it is important for the Board to at least continue and take whatever steps they can to help correct the problem. He likes to hear both sides before coming to a conclusion of what is wrong and what is right. He knows that it is frustrating for everyone, but the Board needs to continue to bring it up on the agenda and see if the Board can move something forward to reducing emergency contracts.

Next on the agenda was CMS Veterans Business Program. Director Carter stated that these are proposed rules by CMS to bring consistency with Section 45-57 to the Illinois Procurement Code. The proposed rule making addresses how the Department will administer the veterans procurement preference established in the Code. The veterans preference establishes a 3% State contracting goal for veteran-owned and service-disabled veteran- owned businesses. One of the main concerns that the PPB staff has is, unless it was read

incorrectly, it appears that it applies a goal to all procurements and as of June 25, 2013 there were only 28 certified veteran-owned and services-disabled veteran-owned businesses and with that it could create a potential delay to obtain a waiver or exemption on every procurement. Chairman Vaught asked if there was someone from CMS here to speak to this rule. Someone in the audience stated that the people who would speak to this program are not present today. Director Carter stated that Ellen Daley sent confirmation that someone would be here to provide information on this. Member Ivory stated that he was asked to be a part of the task force to help set the veterans minority goal a number years ago, but they established a 3% goal and it was a real strong push of Veterans Affairs and everyone else to get more people registered and there was an aggressive attempt that was going to be made and there lies the problem and there lies a challenge that some of those organizations have not been able to get more people certified. Chairman Vaught asked if a certificate of no objection is required here. Director Carter replied that JCAR looks at the Board's response before proceeding. Director Carter asked Matt Rice if it is going to be on JCAR's August agenda. Margaret VanDijk, with the CPO's Office, replied that 1st notice hasn't expired yet. It will expire July 25, 2013. Director Carter asked if it could be back at the next meeting. Ms. VanDijk replied she believed so. Chairman Vaught stated that there is nothing more that can be done today on this.

Next on the agenda was Legislation. Director Carter stated that he has proposed four items based on a Board member request. The first section deals with Section 20-30 that deals with emergency purchases. This was the one he was the most cloudy on to insert the Board into the process. He elected to give them the ability to hold a hearing on any emergency and have people provide testimony to the Board. He is not sure if that is the direction the Board wants to go, but that was his first thought on that. Section 20-50 deals with a resolution that was made on pouring rights and he knows that the Board members wanted to have that in statute and that mimics the same language. Section 40-5 is an attempt to bring in leases for agencies that may or may not currently employ the help of CMS in their leasing portfolio. He is not talking about constitutional agencies, but agencies along the lines of Housing Development Authority or unique agencies that could first go to CMS to see what exists in the lease portfolio. Section 40-20 (e) is a proposed change that would allow the Board to have no objection authority on all leases regardless of the threshold. All of these four items were requested by Board members. Chairman Vaught asked if there were any questions on these or how to refine these drafts.

Member Black wanted to comment on the absence of CMS for the Veterans Business Program rules and finds it offensive and an insult to every man and woman who have ever served in the armed services to be here and go over these rules procurement or otherwise. He doesn't care what excuse they have. Chairman Vaught stated that he is another veteran that is also upset like you Member Black.

The next scheduled meeting for the Procurement Policy Board is set for August 8, 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.