



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

Minutes – September 5, 2013 Meeting

Present in Chicago: David Vaught

Present in Springfield: Ed Bedore
Bill Black
Larry Ivory

Absent: Rick Morales

The Board started the meeting by confirming attendance at 10:03 a.m.

A motion was made to approve the minutes from the August 8, 2013 Board meeting as presented by Member Bedore. Member Black stated that on page 16 there is a figure about halfway down the page that says familiar with the Veterans Administration Medical Center that the one in Danville has about 14,000 employees, but they only have 1,400. Member Bedore stated that he restates his motion as amended. The motion was seconded by Member Ivory. The motion was unanimously approved.

Chairman Vaught stated that due to a time conflict we are going to agenda Item V, Rules Review for IDOT on Contract Procurements. In attendance was Chief Procurement Officer, Bill Grunloh. CPO Grunloh stated that this is something that should have been taken care of when they did their eBid rules several months ago. This is just cleaning up about 5-6 additional items that were part of SB2958, which was the Procurement Omnibus Bill. The only thing that was changed was that they added a clause to say that the Minimum Daily Wage Act or the Davis Bacon Act, which makes it consistent with federal law. Member Bedore made a recommendation that the Board approve the rules as presented and was seconded by Member Black. The motion was unanimously approved.

Next on the agenda was CMS Facilities. In attendance was Nick Kanellopoulos, Deputy Director for Property Management at CMS. Mr. Kanellopoulos stated that he really doesn't have any updates for the Board if they wanted him to move on to the electric charges on lease #6373 in Springfield. Mr. Kanellopoulos stated that at the last meeting it was brought up that the \$5.90 per square footage for electrical that was high. CMS took a look at it and it was a mistake. CMS did correct the mistake and sent the corrected white paper to the Board yesterday. The actual anticipated cost for the electricity for the first year of the lease is \$2.97 per square foot. Chairman Vaught asked if this was the DES lease. Mr. Kanellopoulos replied that it was the DHS lease in Springfield Harris I. The math error was pretty simple, the building has one meter and the charges on that meter are allocated 50/50 to what they call the Harris I lease and the Harris II lease. So the Harris I lease is basically half the size of Harris II and it really threw the numbers off because it should be 1/3 and 2/3. So this is the corrected number. Mr. Kanellopoulos stated that it is all billed to DHS so no one saw it necessary to do the math and when the person put the white paper together it lead to the error. Chairman Vaught asked if it was billed to DHS by CMS or directly by the utilities. Mr. Kanellopoulos replied that the utilities directly bill CMS and then CMS pays and bills DHS. No further questions or comments were made.

Next on the agenda was the Plan of Action on Leasing in Danville. Mr. Kanellopoulos knows that the Board took a tour of various facilities in Danville. He is prepared to answer any questions or asked if the Board wanted to wait until the lease review on lease 3173 to discuss that. Chairman Vaught stated that he would rather wait until the lease review to do that if the Board doesn't mind. The Board agreed.

M:130905

Next on the agenda was the clarification on 30 ILCS 500/40-20(e). Mr. Kanellopoulos stated that last month the Board brought up the amendment at Harris I and there was a discussion regarding whether this provision of the Procurement Code applies to amended leases before the Board. At the time he gave his opinion that he believed that it does not. He has looked at it more closely and is pretty sure that it does not and wasn't sure if the Board has any questions or comments on that. Chairman Vaught stated that he thought that it was stated that the General Counsel at CMS had the opinion that this did not apply. Mr. Kanellopoulos replied yes, and it was his opinion. Chairman Vaught stated that he is clearly wrong and if you are going to come in here and misinterpret the statute that he thinks they will have to talk to the General Assembly about amending them. The definition of contract clearly says that it includes amendments in the Procurement Code. Mr. Kanellopoulos replied affirmatively. Chairman Vaught stated then why does this not apply if the definition clearly says in plain language that it includes amendments. Mr. Kanellopoulos replied saying that he didn't say that it was not a contract what he is saying is that Subsection (e) does not apply to amendments. Chairman Vaught stated that there is no exception in Subsection (e) for amendments. It uses the word "any". Now tell me a judge would say that "any" includes exceptions. Mr. Kanellopoulos replied that the heading of this provision in Section 40-20...Chairman Vaught interjected stating that he is not talking about the heading, but the operative language of Section 20 says that it applies to "any" proposed lease. Now, how can you take the word "any" and apply an exception in that. Mr. Kanellopoulos replied that this Subsection...Chairman Vaught interjected saying that this Subsection is so short of some legal analysis that he is amazed that he would come in here and say this. You are a public official and you have an ethical duty as a public official and as an attorney to properly interpret the law. You cannot come up with these harebrained interpretations of the law and expect the Board to take them seriously. There clearly was a provision added to the law that made all of these, any lease subject to review and you are trying to say that the legislature didn't intend that, when it clearly did. And you are using an estranged interpretation of the law claiming that your General Counsel disagrees with the Board about that. You haven't brought the Board his opinion or any precedent or any argument except this crazy argument that he takes offense to. Mr. Kanellopoulos replies that Section 40-20 covers requests for information. The entire section discusses leases procured through requests for information. Subsection (e) says that when a request for information is a lease for real property for 10,000 or more square feet or annual rent payments of \$100,000 or more the Board has 30 days to object in writing. It is clear to him and it is clear to CMS counsel that this section applies to requests for information, which he thinks is blatantly obvious. Chairman Vaught stated that he would like to see CMS counsel's opinion with citations and with standards of statutory interpretation. Mr. Kanellopoulos replied that they will supply that within two weeks from today's meeting. Chairman Vaught said that is wonderful, but the Board will be putting this on the agenda for legislation because the Board does not think that it is in the intent of the legislature, they don't think that it is consistent with the jurisdiction that this Board has had for years on the review of leases and when you come up with these extremely strange interpretations of that statute there is going to be a major disagreement.

Member Bedore stated that on page 11 of the minutes Chairman Vaught raised this question at the last meeting and Mr. Kanellopoulos was quoted "replied that we should ask his counsel to call Mr. Turner so they can discuss it and see by next meeting where we are at". Member Bedore stated that he just asked the Board's counsel if he has received a phone call from CMS counsel and he said he has not. So here we are another month and now you are saying another couple of weeks. You have already had six weeks. You promised to have CMS counsel call. Mr. Kanellopoulos replied that he apologizes for that. Chairman Vaught stated that they are trying to discuss policy here, which is the purpose of this Board. Mr. Kanellopoulos replied that he agreed. Chairman Vaught stated that the Board is trying to engage in this discussion of policy including CMS. The Board has had pretty good discussions with IDOT and numerous other agencies of government, but it seems lately that there is this attitude at CMS, that you are not going to enter into this discussion in a fair way. This is another example of it. These three items were on the agenda a couple of months ago and CMS didn't send a single person on any of the three items. How can you have a policy discussion and work together if you don't want to come to the meetings or you don't want to make the phone calls that you committed to. Now that is a relationship issue about how you work together to resolve policy issues. It is in many ways more disturbing to him than the disagreement on the substance. Mr. Kanellopoulos replied he agreed. Chairman Vaught stated that we need to work on this if we are going to work through some of these more difficult issues that are coming up.

Member Black stated that if you could get into the minutes of the General Assembly or talk to former Senator Jeff Schoenberg, he thinks that legislative intent was very clear on language such as we have here and that was the concern of the General Assembly that CMS often renewed leases that certain members of the General Assembly thought shouldn't be renewed automatically, for whatever the case, cost, location, or possible a conflict of interest who was leasing the building. He believes that legislative intent was very clear that we couldn't continue to do business the way CMS was doing it. It is kind of like the emergency contracts issue. These leases would come due and they would say, just renew it – it is a good building, it's a good location and it is a good price and the owner is a good person. He thinks that former Senator Schoenberg and other members of the General Assembly stated that it is no way to do business. Member Black stated that he thought it would be very clear in the legislative intent and one of the first things that the current Attorney General taught him was don't take any legal opinion verbally. If it isn't in writing how do you expect the Board's counsel to respond. This is silly. He thinks that the Board is involved in some kind of tug-of-war and turf battle with CMS and that shouldn't be the issue here. The issue is whether the taxpayer is getting a fair return on their tax dollar. That is all this is. He is not interested in who does what and who gets the credit. CMS says that it was a lot easier to do it the way it was. Well you better look at where some of those people are that thought it was easier to do business the way they used to do it. There are about seven of them serving time and it is time to get off of this bologna and follow the procurement law that the General Assembly decided that was necessary and vital to change the culture of doing business in this State. He is not sure why they are even arguing this. If CMS wants to renew a lease for a gentleman who is doing some time because you have always had that lease, that is ridiculous and you know better than that. Mr. Kanellopoulos replied that the lease that brought up this discussion was not a renewal. Renewals are covered by a different section of the Code and the necessities of certain renewals when they meet certain thresholds to be approved by this Board are covered by a different section. The lease that brought this issue forward was a lease amendment where CMS added additional square footage, which allowed CMS to eliminate \$1.4 million in lease cost by moving out of the Hay Edwards location and moving DHS staff into the headquarters building at Harris. That Harris lease had been re-done a couple of years ago and the Board commented that was a good deal for the State, on top of that this is a great deal for the State and he believes that was commented upon last month. He thinks that the legal issue at hand is whether amendments of leases that add square footage, which was allowed by the original lease that this Board saw and approved had an expansion option where CMS could add certain additional space over a certain period of time. Whether an amendment to take advantage of a lease term that was in that original lease comes under Section 40-20 of the Code and he thinks the disagreement is the Board's legal counsel says yes and CMS' legal counsel says no.

Member Bedore stated that the Board doesn't know what their legal counsel has said they haven't had a phone call or anything in writing, so don't give us this "your counsel says". He is tired of hearing that. Member Black stated that he would think at the very least the Board should have a written document that clearly expresses his concern and his objection to the issue at hand and clearly outline the reasons why he thinks that way. The Board doesn't have that. Member Black stated that he served 25 years in the General Assembly and he learned to divide a human hair into 60 pieces because that was the magic number he had to have and believes that we are trying to split hairs here. A lease is a lease is a lease and if you can amend it you can shape it or do whatever you want to it, but one of the things that prompted the Procurement Act was the number of leases that were amended or extended to people who should not have gotten the lease for dollars that didn't make any sense. If CMSs counsel would respond in writing and he believes that if the Board could get into the archives and get legislative intent he doesn't think that they can split this hair enough ways to ever convince him that you could amend, add to, subtract from or whatever you want to do and say it is not subject for review. That is the policy that started the State in trouble. He sat there day after day and would see professional and artistic contracts that were defined...when you are building a bridge and the contractor got the bid under the professional and artistic exemption that was crazy. It was even pointed out in floor debate one time for emergency procurements they didn't have time to get bids or didn't get enough bids so they hired this architectural company which was a professional service that they were familiar with and they looked into the record and said, yeah you should be familiar with them they were getting six to seven contracts a year under an exemption. Member Black thinks that the legislature, the media and the people in general wanted some of this cleaned up and he is somewhat taken back that we are still trying to figure out how to get around the Procurement Code or how to finesse the Procurement Code rather than all working together and say this is what we have and we are going to do the best we can to make it work and he thinks the public expects no less.

Chairman Vaught stated that he wanted to add that he is glad that Member Black brought up the good work that Senator Schoenberg did on this because this is an area that he put in a lot of effort into along with other members of the General Assembly. That is where we got this statute and it was generally regarded at the time as being a good idea and a way to really work together. There was confusion that was compounded here because the Board has this 30-day review period and this amendment issue came up where CMS didn't come to the meeting. So you have this Board that is dealing with the statute that says they are supposed to act within 30-days keeping the time period short, but the Board had this on the agenda when CMS decided to send nobody to the meeting and have no substitutes and that didn't help this at all either. If we are going to work together on policy, on how to address these issues, then we need to deal with these operational issues as well. Chairman Vaught stated that he knows that Mr. Kanellopoulos has near perfect attendance for the record, so he is not holding him responsible for that, but you are not the only employee at CMS that could address some of these issues either. Mr. Kanellopoulos stated that if he was going to make a final comment on this issue today, the amendment at issue, Subsection (e) became effective February 2011. What led to this section being added was a lease that was procured by an RFI that the Board objected to and felt that it should have the authority...again when a lease procured by an RFI meets certain thresholds that the Board should have the ability to object, just like it does on renewals or extensions of leases under Section 40-15. So what brought this about and he thinks the entire intent of this statute was to cover leases that were procured under an RFI. That is the history of this statute. It only came into existence in February 2011. Member Bedore asked if the two counsels are going to sit down. This was asked last month and he is asking again. Mr. Kanellopoulos replied affirmatively. Member Black stated that he hopes it is not an assumption and they will sit down and both respective counsels will be able to respond in writing giving direction to the Board and CMS counsel will give a reasons on why they think this is in fact under the law. He remembers in 2008-2009, and doesn't mean to rehash history, but there was a chief executive officer that got mad at somebody and wanted to move the driver services division out of Springfield to a building in Marion and when the committee it was assigned to reviewed it they didn't have any square feet in the building in Marion and the answer was as soon as the flood waters gets out of it they will get it for them. This is the kind of thing we are trying to avoid. He thinks that legal counsel for CMS and for the Board can come up with something, but if he doesn't agree with the written record he will ask at the time the Chairman he would prefer if we have to go so far as to get a written opinion from the Attorney General. No further questions or comments were made.

Next on the agenda was the Update on the Franklin Life/ISP Headquarters. Mr. Kanellopoulos stated that as the Board is probably aware that ISP is ramping up for Concealed Carry, which requires not just the hiring of a new unit to process applications, but also the increase in FOID registrations due to the passage of that statute. At this time they anticipate, once all of the new hiring gets completed, they will be at 727 State employees working at the Franklin Life complex. At this point it is still not finalized where everyone is going, due to some changes with the various agencies that are already in there. They are trying to also move some people around to take advantage of certain space versus others based on agency need. Once CMS is completely done with all of that and are final because the numbers for ISP have fluctuated based on where people will be seated and how they will run that program. At that point CMS will be again be ready to go through the building and see what other opportunities exist.

Member Bedore asked what the goal was for Franklin Life. Mr. Kanellopoulos replied that interestingly he knows that a lot of news stories that have been published about AIG's headcount and Franklin Life's headcount in Springfield used the number 1,300. Their current Chief Station Engineer at the building was the Assistant Chief Engineer at the time AIG owned the building and was also part of the vendor that Franklin Life used for HVAC systems in the building. When he was taking a tour of the building to go over it with ISP for their increasing needs there, he indicated then that the number 1,300 isn't entirely accurate because although the highest employee headcount the company had 1,300, they did have two leased facilities that held about 400 employees and that 900 was the total headcount at the facility that the State owns today. Mr. Kanellopoulos stated to answer Member Bedore's questions, until CMS sees what it looks like after these Concealed Carry operations are up and running and the increase in headcount for the FOID operation he can't tell him what the goal is. They will have to walk through the building and see what opportunities exist. Member Bedore wanted to know if the 727 employees included employees that work in the warehouse. Mr. Kanellopoulos replied not based on the list that he has in front of him, but he would check to confirm. Member Bedore asked how many of the 727 employees are on different shifts. Mr. Kanellopoulos replied that of the 727, 519 are ISP and it would be ISP that has different shifts. He could confirm with them to show that

they are not gaming the numbers. There are actual FTE sitting in that facility. He believes that the part that has the different shifts is the District Headquarters that is on part of the first floor. Member Bedore stated absolutely and he bets in that 519 that some of those people are double shifts or around the clock so maybe your number is 400 and something. Mr. Kanellopoulos replied that he will confirm and report back to the Board.

Chairman Vaught asked if ISP has moved anybody out of this building. Mr. Kanellopoulos replied he would have to confirm that, but he thinks the answer is no. He can't remember doing any lease for ISP in Sangamon County recently. Chairman Vaught asked if they have any leased property Statewide that they are occupying for personnel purposes. Mr. Kanellopoulos replied affirmatively. Chairman Vaught asked how many of them are there. Mr. Kanellopoulos replied that he didn't have the information in front of him. Chairman Vaught stated that ISP is still utilizing leases even though this building is not full. Mr. Kanellopoulos replied that the sheer cost of creating a lab and closing Morton... Chairman Vaught replied he understands. Chairman Vaught asked if CMS has done any work on capital proposals for Franklin Life for the cafeterias that could be converted by use of capital improvements to more efficient uses or more sensible use of the building. Mr. Kanellopoulos replied that CMS does not make those capital requests. The agency would have to work directly with CDB. What are typically long term plans for that type...to get the money and to get that type of work done, but the location of labs is not merely having a lab, a lot of it is location to the local police units that utilize the lab and their ability to access the lab quickly with evidence. Chairman Vaught stated that there is a relationship here and he knows that there were some in the capital bill that sought two labs and the General Assembly saw fit not to approve that at the time. He thinks that State Police is certainly for that, but that certainly does affect CMS' leasing operation if you have this very difficult leased facility like a lab and he would urge CMS to keep thinking about that because it relates to leasing and relates to how those leases renew or whatever. Mr. Kanellopoulos replied that policy decisions were made a long time ago to put labs in leased facilities. Chairman Vaught stated that those were bad decisions. Member Bedore asked when CMS is going to go through the Franklin Life/ISP building if he could inform Director Carter because he would like to join the tour. Mr. Kanellopoulos replied of course. No further questions or comments were made.

Next on the agenda was Statewide Emergency Purchases. In attendance was Malcolm Weems, Director of CMS and Roger Nondorf, Chief Administrative Officer with CMS. Chairman Vaught stated that the Board has been working on this since the Board last saw him and thinks that this is an important policy discussion of the Board and the Board will continue to work on it and may come up with some legislation for it before we are done because the Board thinks the numbers are moving in the wrong direction. The Board has heard a lot from agencies and others. Some of it is a little too much blaming others and some of it is a little too much talk oriented as opposed to action oriented. Chairman Vaught stated that he would appreciate if as part of Director Weems remarks he tells the Board what progress has been made to get emergency procurement down because results are the real measure of this. Results help point us in the right direction. If positive results are happening that informs the policy in terms of where the Board should go on the policy side. Director Weems stated that he has a prepared statement with regard to not just CMS' view and willingness to work on this issue, but also working with the administration. After reading his statement Director Weems said he will submit parts of what he has to the Board for the minutes.

Director Weems stated that the Quinn Administration is committed to making sure that every procurement is done with principles of efficiency, quality, and cost effectiveness. Critical State needs are satisfied through the procurement of goods and services as we strive to meet the objectives outlined in the statutes defining the State's responsibilities to its citizens. In seeking to accomplish this task, we seek to maximize the return on the taxpayer's dollar, and we seek to foster competition among providers to deliver the lowest possible price for quality goods and services. We all agree to that. Governor Quinn is also committed to inclusive practices in procurement – and has made it clear to me as his representative that his administration will continue to advance on initiatives to promote inclusion of diverse groups in the State contracting efforts in accordance with the law. CMS recognizes that procurement related law is grounded in the principles of competition, of fairness, and of inclusion; and that delays and confusion easily can cause costs to increase. With all that being said CMS has appeared before this Board multiple times and spoken and supplies information to this Board that speaks to CMS specific emergencies. Make no mistake, CMS believes that emergency procurements can only occur related to matter clearly outlined within the Procurement Code as meeting the definition of an emergency, and we have provided that direction to all agencies under the Governor in writing.

CMS has taken several actions relating to emergencies, including: introducing a post emergency review of all agency emergencies effective February 1st and following up with agencies as warranted as part of that review; providing written guidance to all agencies on February 1st of this year restating emergency requirements and providing the following instructions to all agencies: State agencies are required to make emergency purchases with as much competition as possible; State agencies must consider every alternative before taking an emergency action, including the possibility of a small purchase, using existing contracts, expediting payments to vendors, and referring vendors to the Vendor Payment Program; Director Weems himself personally offered both Matt Brown and the PPB willingness to review all non-life, health, and safety emergencies before the CPO's office takes an action relating to the emergency. Again, that is outlined in an email that he will submit to the Board for the record; performed a review of all State agency emergencies for FY13; CMS remains committed to working with the CPO and the PPB to identify causes and resolve issues relating to the challenges within the procurement process that are too often resulting in the need to initiate an emergency action. We likewise feel our actions have demonstrated that to date.

As part of their review of the PPB's information relating to emergencies CMS has identified a number of statistical facts. They didn't say this as a criticism, but from a desire to speak to the facts and to seek real efforts to work toward real solutions. What he does know is that emergencies have increased since the onset of SB51. There was a change of the procurement law that took time for people to work through and therefore the process took time.

Director Weems stated that every emergency that the State undertakes is certified by the CPO's office and at CMS they are not aware of any emergency that was contested/denied by the CPO'S office, that is a fact. Of the 346 referenced emergencies for FY13, 164 were either extensions of existing contracts or below the small purchase threshold. If these two definitional changes were not made relative to the numbers prior to SB51, the actual count of emergencies would be 182 and would equate to FY11 numbers. So the attention on this has not been an apple-to-apple comparison and a constructive conversation on this topic needs to be had in order to be effective. The 182 should be compared to the 81 average emergency transactions in the three years prior to SB51. Once they have apples-to-apples numbers to make comparisons, they can work collaboratively to find the root cause for delays in procurements and emergency procurements. The 182 number and its equivalence to FY11 numbers occurs despite this administration's commitment to inclusion in the contracting process, especially through the Business Enterprise Program. As they have testified before, the expansion of BEP efforts designed to promote inclusion, while they may lead to an increase in the number of emergencies, the stance of CMS and the administration remain one of full commitment to the promotion of inclusive contracting practices. CMS disagrees that by definition, emergency equates to "no-bid". In many cases the emergency follows terms and conditions of an existing, previously competitively bid contract. In many cases an informal bid process is followed to choose an available vendor able to meet defined needs. For instance, when the Danville Correctional Center needed an emergency procurement for a vocational building chiller, proper procurement procedures were followed and quotes were sought in order to obtain the least expensive bids for the project.

CMS and the administration are open to constructive input. They welcome dialogue, policy recommendations from the Procurement Policy Board, and the type of cooperative working relationship that seeks to improve the State's procurement activities and results. We have acted in that context before this dialogue even began. They remain committed to effective, economical, timely, unbiased, and inclusive procurement activities and practices. CMS will provide support to work collaboratively with anyone to assist real analysis that leads to a full understanding of real problems. We have a procurement process that can take months to complete and award a solicitation. That is true. CMS has high priority procurements that take months or even years to complete, that is true. They have multiple fail points, all of which can cause failure to occur and should not let this lead to finger-pointing by anyone involved. It's time for serious people to focus on serious solutions. This concludes his statement and he would provide this information to the Board to be put into the minutes for the record. Director Weems would be happy to answer any questions the Board may have.

Chairman Vaught stated that as you know the Governor advocated through his Reform Commission and in his legislative programs the adoption of the reforms that lead to SB51. He agreed to those including the compromises that are in the bill. Chairman Vaught stated that he did not hear him say if he is committed to fully implement the legislative intent of SB51. Director Weems replied that he is absolutely committed. In

fact, looking around the room he is one of the only few people who has worked in procurement in the State prior to SB51 and then again being in charge of CMS after he is definitely.

Member Black asked if Director Weems could do an emergency requisition in Chicago and have someone scan his statement. He said he would have liked to have that in his packet prior to the meeting. Also, the fact that he has a prepared statement and no one in Springfield has a copy is part of the problem. It has obviously taken some time to formulate a written opinion and he doesn't understand why none of the Board has it. Member Black stated that he is no expert on this committee, but month after month there is something that always comes up that could have been done 2-3 days ago and at least let the Board see the prepared statement. It sounded pretty good, but he worked in a little grocery store many years ago and his job was to stack the cooler with prepared lunch meat. He doesn't mean any disrespect, but he got a whiff of a little bologna somewhere in there. Words are easy to come by. They are easily written, they are easily spoken, his concern is when you look at these emergency contracts and up over a \$130 million how soon can we expect action on getting a handle on this rather than the continued verbiage, oh yes, we are going to do better we are going to work together. He is sure that SB51 was different and difficult. That is the reason it was passed. A majority, and a by-partisan majority at that, simply said that in the General Assembly we cannot continue to do business the way we were doing business. He is sure there is a learning curve, but something is wrong here. He doesn't have an answer and wished he did. He could look at these figures and know that something is not working and just keep hoping that he doesn't have to explain to businessmen and women in his district, like he used to, why they got one bid and were never notified again or why they got a successful bid and then wait 18 months to get paid. We can do better than this. We have to do better than this. Member Black stated that he looks forward as long as he sits on this Board to working with Director Weems and CMS trying to figure out how to get to a position where people know when they have to have a contract for paper plates or whatever it is at the Vandalia Correctional Center that we don't wait until the day that someone from the Vandalia saying they don't have any paper towels, napkins or trays. He is only interested in how we get there and is certainly willing to work with you and your staff to get us there, but this is an embarrassment. There are days he doesn't go out for coffee anymore because there is always someone complaining about this emergency contract or that emergency contract. Member Black said that he knows a lot of people at the Danville Correctional Facility and they don't get mad they just laugh at some of the things that go on. That has to stop.

Director Weems stated that he could appreciate all of the Board's comments and he too started his working career in a grocery store packing meat. Who would have thought we have something in common. He wanted to make sure that he is clear about what you might have smelled. There is no bologna in this, they try to stick to the facts and the problem with this whole conversation is that this conversation is not started off around facts or at least not facts that everyone is willing to accept. What he is trying to talk about is, first and foremost, when there is major legislation that changes a business practice in the State....again he has been working in State government close to 8 years now. There is a learning curve to deal with, but more important what is not being talked about in terms of these emergencies are, were these emergencies inappropriate. He hears people saying it, but none of them were not certified and none of them were denied that they knew of. Basically, the people who are in charge of safeguarding that part of the process said that these emergencies were appropriate, but we agree that there are too many and we agree that there are ways we can work around them and that is why he is submitting to the Board a directive of a memo that came from his office in February regarding this, not to mention an e-mail that was sent to both the Director Carter and CPO Brown offering up something that the State could do to help prevent emergencies and there was no response to it. Director Weems stated that what he is trying to do is make sure that everyone understands if we are going to talk about this problem let's talk about the real causes and then talk about the real solutions, but rest assured CMS wants to do something and they have taken an action. What they would like to see is the PPB make a policy recommendation in writing to CMS so they can analyze it and try to put something in order, but to just point the finger and aim the gun and shoot wildly and not offer any types of solutions, they think it is not working collaboratively to come to a solution. What he is offering here is not bologna it is telling the Board what they have done and telling the Board what the facts are and telling you that the definition of an emergency is being changed when the Procurement Code itself talks about what an emergency is. They are counting stuff as an emergency that the Procurement Code doesn't call for, but we chose to do that. Again, there is a lot of ambiguity here that we are trying to clear up so they can work towards a solution. Director Weems thanks the Board for offering to want to work with them, but let's talk about what the facts are and

work from the facts. Whatever is the administration's fault in this they want to deal with it, without a doubt, but we also know it has to be analyzed in a more honest and realistic way.

Member Black stated that he didn't like his analogy of pointing a gun. There is enough violence in our society today. He doesn't point a gun at anyone. Never have and hopes he never will. He does question, which was his job in the General Assembly for a long time, was to ask questions. He doesn't see a statement of fact and doesn't have a copy of his statement. If Director Weems would send him some material on statement of fact and what your definition is of an emergency purchase and what he would like the Board to do he would certainly work with Chairman Vaught and other members of this committee or the Procurement Board to do anything that he possibly can. All he wants is to see some results and you mentioned that is what you want to do. Now if we can both agree that we want to see results all we have to do is get some written facts and figures and opinions in front of the Board and work toward that. Member Black stated that he doesn't want to spend an hour once a month questioning why this purchase was made or was it made in a timely fashion. He would like to be here someday where every purchase was handled in accordance with SB51. Even under the best of circumstances something will probably slip through, but he will reiterate that he will work with him and his staff at CMS and can both agree that where we are heading, as Member Bedore stated earlier, we are heading in the wrong direction and not going down we continue to go up and that is what we have to address.

Director Weems stated that we are looking for the numbers of emergencies and trying to be inclusive of all of the problems and understanding what those problems are. Why don't we look at healthcare as well? Why do we separate that? The issue that happened in healthcare is actually the exact same issues that are happening in normal procurements outside of healthcare. What he is trying to get the Board to understand is that most of what he is talking about is in the Procurement Code. Again, he has worked in procurement in this State and has read the Procurement Code and it is long and very boring, but everything we are talking about you can find it right there. What he is saying is that if we are talking about definitional changes you are talking about a change in law, not in just how we want to count. That is not his definition, but he agrees that the bottom line is that CMS wants fewer emergencies but does believe that us not looking at the whole portfolio of procurement in all sectors and recognizing that the exact same things are happening in all of those sectors then you are really not looking at the whole problem anyway and it begins to look like to them that we are looking for something to be upset about rather than saying that we have an issue that we all need to work together on fixing. Director Weems thanked the Board and stated that CMS will continue to give the Board as much information as possible. If there is a recommendation from the Board they would like to get that in writing or something the Board thinks could help CMS reduce emergencies they will implement. If it makes sense and is within the law they are willing to do that. He would like to make sure that the CPO's Office is willing to do that as well, but that has been their stance from the beginning.

Chairman Vaught stated that everyone is familiar with the whole healthcare issue, but there was a significant claim of savings in the original procurement. So the dollars were very much at stake. They know that many of those emergencies are related to coping with or adjusting to the litigation on that. Chairman Vaught thinks that it puts it into a little bit different category. Director Weems replied that occurs outside of that. That is the same thing with the collect phone calls for DOC. Chairman Vaught stated that what he is trying to get to is there is a question of cost and he thinks it is perhaps a presumption or an assumption may be wrong that on some of these emergency procurements it actually costs us more. He thinks everyone knows that the States slow pay is costing more in procurement. He doesn't know if Director Weems has any data on that or looked at that if the emergency contracts are costing more money or not or if it is too speculative to determine, but it would be helpful if you do have that data or have an opinion on that as we go through this. He believes that the Board wants to make those recommendations, but it may take them a while. The exchange of information that relates to cost will help. Chairman Vaught stated that he asked a question about intent because in his recollection clearly there was intent in the General Assembly to limit exceptions to the Procurement Code whether they were emergency exceptions or small purchase exceptions or sole source exceptions or other exceptions because there was a presumption or a belief that that is where most of the difficulty was in the exceptions and not in the regular process. He believes that everyone is starting with these presumptions about this and it seems to him that cost is a kind of a leveler that if you can show how it cuts one way or another then you can get to the real ultimate effect and one of the ultimate purposes of the whole procurement system, which is to be more efficient and save more money. Director Weems replied that to really understand cost there are a couple things we are speculating and they think it is reasonable if you pay people slow then they

are going to want some sort of financing of their own to cover costs. That is a part of the process that is not related to procurement. What they do know is that the procurement process takes longer and again, for issues and reasons that Member Black alluded to. CMS has a new procurement process but based on new legislation designed to make sure that things are more safely done in terms of taxpayer's dollars. They know when you add layers of bureaucracy you are going to increase the time. That is a natural thing to happen and not necessarily a bad thing, but is a natural thing to occur, but when you talk about elongating a process that is already long itself it is going to cost you more money before you start thinking of what the vendors are going to bid. It will cost more money in the man hours that the State spends on a procurement and CMS knows that. So when they start talking about what they can do in this area in terms of cost for one, the process should be shortened. He implores the Board to look at making a policy recommendation about how to make the procurement process itself move more swiftly so that vendors are not discouraged and don't want to bid and what we are not talking about are the vendors who don't bid because they think it takes too long and they can't understand the process and that costs us money. There are a number of different areas with vendors that cost the State money that they try to speculate on what those are, but without surveying all of the vendors and get to the root of that and knowing that no one has the exact answer we must at least go with the things that we know that are common sense reasons for increasing their cost such as dealing with paying, trying to shorten the process and hopefully having more people compete.

Member Bedore stated that Director Weems made a statement regarding why we didn't include healthcare. Mainly because the Procurement Code states: "this Code shall not apply to" and one of the listings is healthcare. So the Board does not have any authority over procurement of care. That is why they didn't include that in their numbers. Director Weems replied that Member Bedore is talking about purchase of care and honestly healthcare is under the Procurement Code. It is a service that is procured. It may have some differences related to healthcare but it is governed by the Procurement Code. Again, these are some of the misconceptions that exist that have everyone having these debates in public rather than having them in meetings to really get to a solution. Member Bedore stated that he doesn't know where Director Weems is coming from about that. Director Weems replied read the Code. Member Bedore replied that he is reading the Code and not to tell him what to do. Director Weems replied that he was not telling him to read the Code he was telling him where he was coming from. Member Bedore stated that he is also tired of hearing about SB51. We know it takes longer, its added layers of bureaucracy, it's done this and it's done that. SB51 was passed in 2010 and today is 2013. You know it takes longer so you should start the process sooner. Director Weems asked Member Bedore if he had worked in procurement before in State government. He is just asking because what you are talking about is not practical for everyone to start their procurements a year before they need them. There are agencies who actually deal with procurements based on situations that are happening to them in that current fiscal year. We can go on and on to talk about how early people can start, but that is not realistic. Member Bedore replied that if you want to start a procurement a year before that is an indictment of your department that it takes that long to get something out. Director Weems stated that CMS is not in control of the procurement process because of SB51. Again, we should be clear in the statements that we are making about what is actually happening. That is all he is saying. Member Bedore stated that he asked if he had any experience in State government procurement. Let him tell you he has 32 years experience being a budget director for the city of Chicago, the Chief Financial Officer for the city of Chicago and came on this committee looking at procurements for 14 years. I hope that it answers your question.

Mr. Nondorf stated that the Board members in Springfield should have just received Director Weems statement. Director Carter will also send you copies of the memorandum that was sent to all agencies earlier this year, Director Weems' e-mail offering support to the PPB and the CPO in review emergencies prior to action taking place. He is also going to send an analysis that CMS received from the PPB that points to, and he wants everyone to pay attention to the break when SB51 started and what happened prior. The statics point to the element in change in the number of emergencies that kicked in with SB51. CMS is not saying it is anyone's fault, they are just saying that it is an issue that is important and those are the types of things they want to work constructively on to better understand and to make appropriate actions on to try to minimize that, but it is in the numbers. He also wants to say just to reiterate that some of the definitional things relating to how small purchases are being termed emergencies, which are inflating the numbers to the degree that they are really below the 2011, the first year, if those are backed out of the transactions. He believes it is important to fully understand the matter and constructively work to address it.

Member Ivory stated that his ultimate objective is the same that everyone has, which is to help the process to be better. When he listens to the dialog back and forth he sure hopes that we can work closer together. It seems to be a little bit contentious from his perspective and he knows that people have different opinions and different perceptions, but the ultimate objective that we all have is how do we fix the problem and not fundamentally belabor the fact but to find out what we can do to take constructive steps to reduce some of the challenges. He is immensely aware of the facts of SB51, because he was involved and engaged in it and knows that it created some problems and issues. Member Ivory stated that he thinks the goal here is working together to understand that if we collaborate and work together and don't point fingers and have a meaningful dialog then we should spend our time coming up with solutions and recommendations that help us to move this process swifter and better. He thinks that if we focus our time and energy on that, it will help the great State of Illinois to expedite this process when we are making less procurements, less emergency contracts and everything else. He wants to be the voice that really says to Director Weems and to his team that the Board is committed to really sit down and have a meaningful dialog about recommendations that they think can make the process better.

Chairman Vaught asked if anyone is suggesting any immediate follow-up other than to continue to work on this from a policy point of view. Director Weems stated that in one of the e-mails that he is going to be sharing with the Board, states that CMS did talk about things that they were going to do internally. Since any agency can request an emergency is to make a senior level person within the agency responsible for signing the request for an emergency, there are no mid-level people authorizing it because they started the procurement late so they are trying to do an emergency to cover their tracks. This was sent to CPO Brown and also to Director Carter to see if that is something that might help. CMS would like to hear some feedback on what they think will help having agency do because they are having internal discussions with the Governor's Office about things they can do, but also want to make sure to get the Board's opinion on it. Again, CMS would like to hear a recommendation or support for a recommendation that they put out already and get back to them on that. That alone should at least detour some of the folks who are going with more frivolous emergencies from doing them, but also at the same time he implores the CPO's Office as well to not certify an emergency that they don't believe is appropriate. What we have right now is certified emergencies that are appropriate emergencies and what we are saying here is that there are too many of them. So at some point we need to decrease the number and stop folks.

Member Bedore stated that the CPO for General Services is here and asked if he would like to comment on this. CPO Matt Brown thanked the Board for the opportunity to provide some additional information. CPO Brown stated that he has been taking notes during the conversation and there is a lot of ground to cover based on everything that has been mentioned thus far. The way he would like to address it is with some highlights recognizing that there is a lot of collaborative work to do among individuals who have various responsibilities in State government. The first thing that he would like to say in having some ability to agree with what Director Weems said is that yes, there are established policies and procedures. Those policies and procedures exist in procurement and outside of procurement. They are advocated by this Board, by the CPO, by the Governor's Office there is no disagreement in that, but what he does want to say is that those policies and procedures are paramount to a successful procurement. He is not sure if there is a process question in front of us exclusively. He thinks that there is a series of questions in front of us that deal with how to rely on a process to get a successful outcome. Procurement process in this State has been highly regulated for years and years and that doesn't come to a surprise to any of us. Associated with that is planning and need. Core to any successful procurement if you follow the curriculum taught in education for procurement professionals. If you look to outside consultants they speak about procurement life cycles. Those are cyclical plans that associate annual, bi-annual plans. They associate plans in shorter order depending on the nature of the State's need whether it is an emergency circumstance or an unforeseen circumstance. A procurement life cycle tool is used to analyze what is the need, how do we successfully satisfy the need of the State. CPO Brown stated that from a planning and perspective standpoint establishing need, which is the responsibility of the agency with the assistance of CMS and other folks within the administration, is highly appropriate, but you have to realize that the plan has to fit the process. If you bring forward a plan that doesn't have a need that you can meet on time you create challenges for a successful procurement because we can't change the process along the way. We can change the plan, we can change the procurement life cycle and the need associated with the State. An example of an area that we are going to disagree on with CMS is on the nature of procurement and the definition of procurement. CPO Brown stated to bear with him so he can give the Board the preface for this.

Conditions for use in accordance set by standards set by, rule a purchasing agency may make emergency procurements without competitive seal bidding or prior notice when there is a threat to public health or safety exists. When an immediate expenditure is necessary for repair of State property in order to protect against further loss of that State property to prevent or minimize disruption in critical State services that affect health and safety or a collection of substantial State revenues or to insure the integrity of State records. Provided, however, that the term of the emergency purchase shall be limited to the time reasonably needed not to exceed 90 days and beyond 90 day there are further exceptional processes, public hearings and multiple stakeholders involved to insure transparency and the integrity of decision. He knows that there have been a lot of conversations recently about hot dog seasoning or chicken spice. When he meets with the director of Department of Corrections who relies on Illinois Correctional Industries and says that if they can't properly serve the food to these inmates because they are concerned about the taste and for whatever reason they decide to proclaim that they are being poisoned because the taste of their food is inappropriate and that creates a potential for a riot, that's a problem. We have to address hot dog seasoning in an emergency when the Department of Corrections director tells him that there is a potential for a riot in his prison. He can tell the Board that when situations of emergencies are addressed they do look to the necessity and the criticality to the State. They see a lot of these emergency procurements extended in every single extension hearing. They go through a process of asking the agency what they are doing to return to sustainable competitive practices. They are operating under exceptional jurisdiction and there will be many stakeholders reviewing this. That is a stock question that they ask. The only thing that gets them through this area in the procurement history is going to be to affect good planning and appropriate need established against what the procurement rules and regulations are. We can't make them up as we go along. So that is an area where he thinks that they might find some disagreement in approach with CMS, but is glad to work with them and put a working group together to accomplish this. CPO Brown stated that he understood Director Weems' presentation today to include correspondence between them and with the Director of the Procurement Policy Board. He is remiss to say that they didn't respond to that e-mail, but they have had a number of conversations away from that e-mail that talked about the responsibility that a Chief Procurement Officer has and what levels of delegation are not appropriate and in this case it would not be appropriate for him to avoid his duties and defer the review of emergency procurements that are in the procurement process. If it is an analysis of need and establishment that the agency and the administration needs to put together per process, that is fine. They really appreciate all that effort. It helps making these decisions easier and should bring down the number of procurements and he supports that highly, but I want to take care on where we go and talking about who is responsible for making what decision. He cannot and will not avoid the responsibilities of this office and in saying that he agrees with Director Weems and all of the facts and records that indicate that the CPO's office signed off on every single one of these transactions record. They did that with the standard of applying in the Procurement Code and the qualification to use the emergency process. CPO Brown stated that he will say that as far as using alternate processes there are a limited number of ways the State can issue a contract. Alternatively you can say there are a limited number of ways the State can buy and pay for something. In that methodology we can use small purchases, they can use emergency contracts and can use contract extension, but he can tell that in addition to this analysis there were other efforts by himself as the CPO to establish better policy as it relates to small purchases and as it relates to contract extensions. One of the first actions he took was to expressly limit the ability to unilaterally extend contracts beyond their natural expiration because that is outside the Code. If agencies need more contracting authority to consume the same good and service then let's find a way to do it. A small purchase may be appropriate alternatively, an emergency may be appropriate as long as it meets the criteria of the Code and they have done a number of transactions and he is not sure if there would be any way to count at this point where they said an emergency is not an appropriate vain and pursue this in the following manner. If we had gone to emergencies each time it would be much, much higher. These are circumstances that exist and have existed in the procurement landscape since SB51. There is no denying that and there is an ability to work with all involved to find a better way to making these procurements happen. CPO Brown stated that the final thing he would say is that procurement workflow exists within the procurement process as regulated by law and rules and it exists outside the procurement process by those individuals who consume goods and services. It is appropriate to establish need at an appropriate time and it is appropriate to recognize the value of what you need and why you need it State administrators within the agency and within OMB. All of those folks have an opportunity as stakeholders to be part of this decision making process. He is encouraged to the fact that CMS wants to begin those conversations.

Member Black stated that his statements made more sense to him than most anything he has heard since he has been on this committee and he thinks it lays out a road map that we can all follow. He understands his concerns particularly, for one who has a correctional facility not too many miles from his home. He remembers years ago, might have been when the last Republican governor we had, as he recalls there was a proposal by the Department of Corrections to privatize food service. It sounds like a very good idea to him so some of them went over to Ohio who had done so. When they get there they found out that they were going to dismantle that and go back to the Department running their own food service and what you said really is right on target. The private vendors came in and studied how many people showed up for each meal. If you had 1,000 inmates maybe 700 would show up for breakfast on average and maybe 800 would show up for lunch and maybe 900 would show up for dinner. So they had a formula and they extrapolated how much food they would buy because they wanted to make a profit and that model didn't work in the correctional system. If you were the next person in line and the inmate before you got scrambled eggs and whole wheat toast and that was the last of the food they ordered because they exceeded the number on their formula the next person was told he could have a biscuit and some ham if they could find it. Well that didn't work. The inmate that was left out would take the tray from the inmate in front of him. So they were able to come back and say that Ohio has tried this and it didn't work. In fact, riots and fights did break out. He caught a lot of heck from his party, but was able to say that in the States that tried it, it didn't work. Everybody is interested in saving money. Member Black stated that CPO Brown said earlier that sometimes you have to make exceptions. Member Black said that he has had people jumping up and down because it got in the press that one of the correctional institutions ran out of hot dog seasoning and you know how people can be. They read the article and started yelling at him that they are not there for hot dog seasoning by god, what do you mean you bought hot dog seasoning. He has spent enough time as a guest in the Danville Correctional Center to realize how important that really is. So he tried to defend himself, but public perception is what it is and maybe we can change that and hopes that we can do a collaborative effort because he hopes that we are all on the same page. We want to be as efficient as possible and want the taxpayers to get full value for their dollar and as Director Weems stated a little while ago that it does make it tough when the State doesn't pay its bills on time. Member Black stated that he knows vendors who will no longer bid. CPO Brown stated that they hear that all the time. Member Black said that he went to the dentist Tuesday and for the first time since he has been a State employee and now a retiree they said he would have to pay when he leaves because they can't wait 24 months for his share of the cost. He wasn't prepared to do that and luckily he had checks in his checkbook and assumed that if there is checks in there that he still had money in there. Member Black stated that a lot of things have changed because of slow pay. A lot of things will never change because of the business that we are in. Nobody is going to believe him or anyone else in the State. If you have a big pot hole in a road and IDOT says that they don't have any cold patch, the public will say, what do you mean you have no cold patch you better darn well get some cold patch and that might need to be an emergency contract to get a few hundred pounds before delivery would take place. He remembers one year when we had a hard time with road salt because we didn't order enough road salt. He thinks everyone in State government got their ears pinned back on that. Member Black stated that as Member Ivory stated that we all want to work in a collaborative effort and get to where SB51 and the people who believed in that want us to be. He is not sure why we can't get there, but thinks that we will but is sure there will be some arguments, disagreements and hurt feelings along the way. After 25 years in the General Assembly you can't hurt my feelings. CPO Brown stated that he wouldn't try.

Member Bedore stated that after sitting here and hearing all of this and we are debating whether it is a \$130 million or it's because of this or because of that. He believes that we should look forward and not to be debating the numbers or anything else. Let's look at solutions for the future. Member Bedore thinks that Director Weems and his Department would stop this back and forth and let's move forward and what can we do to improve this. He would like to clarify one thing that he stated earlier that he has 46 years of government experience and hopes someday that he could make the same statement. When you question his credentials he would put it up against his any day of the week. After saying that, since Director Weems raised the question, he would think that we would move forward and not look backwards. Director Weems replied that he would like that.

Chairman Vaught stated that it seems that we are going to try to and would assume that Director Carter would be in further contact with him. Director Weems stated that going forward he said that he knows that there was some concern about getting data from everyone and how they were going to use it. He just wants to make sure

that they are using the same data. He knows that they were able to come up with an analysis from what the Board provided, but does want to make sure that this Board is open to them using whatever data that they want to choose to view and start sharing that information, but as long as we are all using the same data he thinks that whatever the issue or truth is will become relevant or obvious once we are using the same data. If we continue to do that it would be very helpful. Member Bedore asked that since the Director Weems is here he asked if the Board could go to the Veterans Business Program. Director Weems replied that he is not doing the presentation on that. He has his legal team to talk about those rules. Chairman Vaught stated that he wanted to get back to the order on the agenda, but if he wanted to move things around he didn't mind. Member Bedore stated that since Director Weems made an effort and read his statement and to talk about particular item that he wanted. He is in charge of the veterans certification. He just thought that while he was here he should also talk about this item and not get up and walk out. Chairman Vaught stated that he believes that Director Weems has delegated that and believes that is what his response was. He doesn't think he was receptive to your suggestion. Member Bedore stated that it was obvious.

Next on the agenda was Lease Review for DHS Lease #3173 at 220 South Bowman Avenue in Danville. Director Carter stated that on Board request, lease #3173 was put under review. It is a DHS building in Danville, Illinois. PPB staff went on location to look at this facility as well as the facility down the road, lease #3658. From the documents you will see it is a little over 10,000 square foot and DHS occupies 100% of the building with a personnel space of 280 square foot per person and a total headcount of 25. Mr. Kanellopoulos stated that in July 2012 CMS published their third RFI for this lease. The RFI that was advertised was attempting to consolidate three offices, DCFS, DHS – Human Capital Development (HCD) and DHS – Development Rehabilitative Services (DRS) in Danville. The lowest cost offer only offered space for the DCFS and the DHS – DRS offices and that was from the incumbent who had those leases and left out space for the DHS – HCD office. CMS did a cost analysis and the lowest cost route was to accept the offer from the incumbent on the DCFS and the DRS office and then that landlord offered a decrease for this lease on the HCD lease and that is the lease that is before the Board today. Last month this lease was put under review at the meeting and one issue that was brought up was the square foot per employee ratio and it was determined to put the lease under review to determine, among other things, if this lease could be consolidated into the DES lease that is in Danville. He knows that the PPB staff and Member Black toured the various facilities in Danville and is prepared to answer any questions about this lease.

Member Black stated that he appreciated the opportunity to tour the building with Director and the PPB staff. What he doesn't understand is that the company that has the lease for DES, DVA and DRS, it was their desire to locate all state offices on a parcel of land and on August 21, 2012 Mike Smith, who handles these lease proposals wrote to Kathleen Britton at CMS and offered the opportunity to combine the current DHS building in the DES building that they will build out, paint, etc. He submitted several pages with architectural drawings or they could build a 6,000 square foot stand-alone building in this one-stop area with more than adequate parking and located by two senior citizen housing units and on a major bus route and you can go on and on. It's very close to downtown and the Social Security Office is across the street. It offered no cost of living increase for 10 years and any number of ideas on how to consolidate into this one parcel. He knows that he expressed some concern that he never heard anything from CMS. Not a thank you for submission, he just didn't hear anything. Then when the lease for the DHS building came up, he called him and said that he was really disappointed that he didn't get a chance because CMS didn't call us or respond to their proposal and were willing to work with them on cost, remodeling and accommodating everyone in Danville at a one-stop location. Member Black stated that he just doesn't understand this at all. It was rather disappointing and he thought, not only was the proposal good looking, but looking to save the State some money. The DHS building is an older building and the bulk of that building appears to him to be storing filing cabinets, but doesn't know what DHS is doing or how fast they are going to scan. He guesses there was an opportunity from what he thinks would have saved a great deal of money, made a great deal of sense as to location and Michael Smith said that he made several phone calls along with his letter and his proposal and never got the courtesy of any reply. It was just like it never happened and then when the two requests came out and DHS was separate from the other two they said they were convinced that they could save the State money if they consolidate these agencies into one location and one building, which they offered to remodel. Or build a stand-alone in the same area at 6,000 square feet. CMS might be interested in and invited them over to take a look at this, so forth and so on. It just never happened and he just doesn't understand and he even gave Director Carter a copy of their proposal and all the site plans and architectural drawings and specs. He is a

little confused on why he didn't get a response and to why there is no cancelation clause in the DHS office as there is in the DES office. This just seems to not make a great deal of sense to him at all and perhaps he could explain that to him and he is certainly willing to listen, but after the PPB staff saw the location and some of the other things that they have been trying to do for some time we just don't understand this. He also doesn't understand and was told that the DHS lease would have a cancelation clause. He didn't think it would and it doesn't because they had to pick up Iroquois County out of that office. What is the issue? Why didn't CMS not respond to Mr. Smith on his well reasoned letter and correspondence on coordinating such things as utilities costs and janitorial services, etc. and now here we are on a stand-alone lease that doesn't not make a lot of sense to him.

Mr. Kanellopoulos replied that he assumes that when he says Michael Smith, because he doesn't know that name, you are talking about the property at 401-411 N. Franklin which is a suite of offices. Member Black replied that is correct. Mr. Smith is the treasurer of Vermillion Development Inc. and handles the lease arrangements for properties that they own. Mr. Kanellopoulos stated to get one thing off the table before he discusses the Franklin property, the DHS lease on Bowman Avenue in Danville does have an early termination option. They can terminate that lease at any time with 120 days' notice. Member Black stated that the DES lease that got through last month has a 30 day cancelation notice in an area with 14% unemployment. Why do you want 120 days on DHS in an older building on a flood plain and a 30 day cancellation notice on DES and DVA when their unemployment rate is the second highest in the State and the largest employer in Danville is the Veteran's Administration Medical Center? Mr. Kanellopoulos replied realistically those 30 day or 120 day are not really very different due to the time it would actually take to move an office, if that termination was made. Certainly the notice has to be given within the time period in the contract, but the actual time it takes to plan and do something like that typically takes a lot longer, so that work and that decision is made long before these time periods in the contract come up. There practically isn't much difference in that and they try to get the shortest notification period they can and sometimes landlords want CMS to agree to a longer period. It takes longer than 30 days and sometimes takes longer than 120 to actually do the work required once you decide to do that. Member Black stated that he appreciates that and appreciates that there are photos of the building in question so you could get a good look at it. One of the things that he spoke about a couple of months ago is that he was not aware that Danville mass transit had extended their route to the current DHS building and that they did that, which eliminates one of the major concerns that he had. He has listened to all of the Board members on what we are attempting to do and he thinks that the view is shared by Vermillion Development and he thinks what Mr. Smith was asking him whom he could not answer was why someone called him and to say they wanted to know more about their proposal and what it would cost. He showed how the current DES building and Member Bedore was very upset at the time and the square foot per person and existing DES office was far above State average and Mr. Smith submitted a plan to remodel and how that could take place and the only thing that he has heard in the discussion is that you can't combine DES with DHS, you just can't do that. They would need a separate waiting room, they would need a separate entrance. DHS would need a whole different kind of security system. Mr. Smith told Member Black that it could all be accomplished very quickly and very reasonably if somebody would have just called them as they asked them to or come over. He even offered to come to Springfield in repeated calls, but was just ignored. That is what he is having a hard time dealing with. Here is a company who tries to do what we said we wanted done years ago, a one-stop shop centrally located by other services. The senior services center is a block and a half from the Franklin Street property. The Federal building is a block from this property and the Social Security Administration is across the street. There is a fire station if you need emergency services a block to the west and on a major route and very close to downtown. He guesses all that Michael Smith said that he wasn't mad and is a very nice, reasonable guy, he just said that he made a heck of a proposal that he thinks would have saved CMS a lot of money and he never got the courtesy of a reply or don't send up any more material or anything.

Mr. Kanellopoulos replied that he is not sure what the specific reason was, but one of the reasons he guesses is that CMS did a competitive bid for this consolidation and for the leases Mr. Smith is talking about. He submitted a proposal that actually had two different options for housing these offices. Those proposals were very expensive. Once CMS analyzed amending the DES lease to lower the cost, plus lowering the cost on the two other leases at Franklin it was a much lower cost than either option submitted by the Vermillion for this RFI. Once you submit a proposal you don't get a second bite at the apple. They can't call and say, if you're not happy with that offer then let's talk about it and they'll make things better. The rules don't work that way.

Things don't work that way. CMS has to rely on what was submitted. Now the RFI rules do allow CMS, once they award a contract, they can continue negotiating how the build-out is going to go and even further price breaks, but they can't shop around bids to try to get a better price amongst a group of proposers. That is not allowed. CMS has to rely on what was submitted from Vermillion and what he submitted was more expensive than the option the Board now sees before them, which was simply amending the leases in question. Mr. Kanellopoulos stated that although the square foot per employee ratio isn't what they want and would have been much better if the RFI's had gotten a response based on what they were requesting. The actual total cost is lower than what CMS has given the Board and even Michael Smith cannot debate that. CMS has to follow the procurement rules and has to follow in a competitive bid situation, keep this information confidential and rely that proposers are going to give them their best offer in the proposal and not wanting to come back and discuss it and try to make it better when they probably are not the lowest cost proposer.

Member Black stated that Mr. Smith's letter doesn't indicate that to him, and he is trying to stay at arm's length from Mike on this for appearance reasons, that his letter dated August 2012 said that they believe that the three proposals submitted for the Franklin Street property satisfied many of CMS requirements. They appreciate the opportunity to act as a source since 1981...we have had an excellent relationship. Their proposal offers many advantages and he points out if they wanted to remodel, they were willing to remodel or build-out. The remodel would be at their expense depending on what remodel proposal CMS wanted to do. No increase in cost for 10 years and when they toured the Franklin building it looks brand new, but they offered again new carpeting, paint, etc. Member Black stated that he doesn't see any place in this letter where he was indicating, that might be a separate issue, what that price might be. He thinks what he was doing, more than a year ago, was waiting to hear from CMS if they wanted a concrete proposal on remodeling the DES building to house DHS or whether they wanted a concrete cost proposal on building a stand-alone 6,000 square foot building to replace the 10,000 square feet that they have there now and he said that since he didn't hear anything he just assumed CMS wasn't interested. Member Black stated that he doesn't see anywhere in Mr. Smith's packet where he gave any specific figures. He knows Mr. Smith well enough that he certainly wasn't looking to get other bid figures and say that he could beat that. Mr. Kanellopoulos replied that CMS does have his specific bid figures and what he offered. One option, the rent was going to be \$13.30 a square foot and the other option was \$12.15 a square foot. Both options required build-out and for five years it is almost a \$1.20 on the one option and a \$1.05 on the other option and those are the two options that you are probably discussing and when you add the operating expenses it will be coming out over 5 years that his proposals, one was going to be \$17.86 a square foot and the other one was \$16.58 a square foot. It is clear that the leases that he has presented to the Board, the DES lease and the one here under review, are a better deal for the State cost wise and that is the reason CMS decided to go that route. This was deemed too expensive. Member Black stated that since he doesn't have those figures that he will defer to CMS and their judgment on that. Mr. Kanellopoulos replied that now that the procurement is over there is a lot of information that they can provide the Board. CMS is paying \$9.00 a square foot base rent at DES and operating expenses are included and there is no build-out. So when you add everything in there all in cost at DES you are at \$13.94 estimated. That also includes CMS' indirect cost and his base rent exceeds that on one of the offers. These are not even close. Member Black stated that they even wanted to build-out the current...he doesn't want to downgrade Mr. Wolfenberger's proposal. He doesn't know the man and has never met him and he is from Texas according to your paperwork, but he can tell them that they can't build-out anything at the current DHS location because it is in a flood plain and at least twice since it has been signed you couldn't get into their parking lot because the little creek had flooded the entrance to their parking lot. He doesn't believe it ever flooded the building, but it was close. So you couldn't build-out that building because you would have no place to build unless you want to build over the creek that seems to flood every seven years. Member Black stated that he found this to be confusing that this wasn't in last month's packet. He has had a chance to go through all of the buildings in question and he won't make a motion until he hears if anyone else has questions. He thought that once he got all of these and once he was able to go through all of the buildings, he now sees what Member Bedore was saying and thinks that we could meet the square foot or exceed the square foot per person with a simple remodel, but we may not have that ability. Mr. Kanellopoulos replied that what that location offered CMS was never what Member Bedore described last month. Member Bedore gave his opinion that CMS should look at putting the DHS office on Bowman into the DES office on Franklin and for them to share that space. What the landlord actually proposed wasn't that, but it was 20,000 additional square feet. Like you said it would be a remodel or a complete build-out in addition to the DES office, which is 13,200 square feet and that is probably why the costs are so expensive, is the amount of improvements needed

on top of the base rent being much higher. Member Black stated that he has a site plan of his remodeling proposal where he did combine the two offices, but one thing he didn't have on the site plan was what one of the people said last month and wasn't sure if it was him or not, but that you could not which was in response to Member Bedore's question. You stated there were two entirely different sets of requirements and sets of clients, etc, etc. Member Black doesn't understand why because it looked like you could when he went through the buildings, but he is not a building engineer and certainly not an expert on remodeling.

Member Bedore stated that this letter recommendation that Member Black is talking about was sent to CMS in August of 2012. So this was before any RFI or anything else. This person was not re-negotiating and saying that he didn't win the bid so here is a better way. This was August of 2012. Mr. Kanellopoulos replied that the third RFI was published July 2012, a month before this came in. Mr. Kanellopoulos stated that he does not have what Member Black has in front of him so either he has the landlord's response to the RFI or it is an inappropriate communication during a competitive bid, something CMS couldn't respond to. They don't have conversations about it when a competitive bid is out there and they have issued an RFI and get proposals in and analyze those proposals. There is no face-to-face negotiating with anybody at that time. They can submit a proposal and he submitted one and is not sure if that is what Member Black has in front of him or not, but the RFI was on the street before that letter came in. Member Bedore stated that the RFI was not back yet. Mr. Kanellopoulos replied he was not sure how long it was out. Typically they do 3-4 weeks or 6 weeks so that could have been his proposal for all he knows, but even if it wasn't back CMS still could not talk to him. He needs to do his proposing through the process and not independently of the process. Member Bedore stated that the DES lease was discussed at the last meeting, which was 539 square feet per employee. He took the averages of all of the other leases that they have done for DES and all of the others and you are way over, but do you realize that we are probably paying \$18 a square foot due to the fact that 539 square feet per employee versus 250 square feet per employee. We are paying 289 square feet extra, which is double from what we are paying. So in reality \$9 a square foot, but in reality we could have more employees in there or you could have less square footage and by having less square footage we could be cutting 289 square feet per employee. The average should be 250. So \$9 becomes over \$18 a square foot. Where is this bargain that you say is a great deal? The rate is a very good deal it is just the square footage. There is no way in the world that you can justify 574 square feet. As he said at the last meeting he could never vote for this lease, but it still passed which he thought was a mistake and still does. When you look at some of these pictures you are looking at storage. There are file storage cases that are occupying entire rooms here. What is going on? We have heard for a couple of months how the State is doing a great job of consolidating all of its records and yet he looks in here and he sees storage. Look at the number of filing cabinets. What is going on here? So these other proposals that the Vermillion Development Company came up with at \$16 are below your \$18. Mr. Kanellopoulos replied that the proposals that the company submitted did not include the DES office. So at almost \$18 and at \$16.50 they are still paying for the DES office on top of that and at the square footage you objected to last month didn't include that. So they had to deal with what they actually proposed, when they actually proposed it and not now when proposers are unhappy they didn't get a contract award. Member Bedore stated that this proposal was submitted in August 2012. Mr. Kanellopoulos replied that is what they submitted. Member Bedore stated that this thing is so confusing and he has no way of knowing what is accurate here. It is very confusing between the DES lease and the DHS lease and the other organizations involved here. He would hope to come back next month and lay this whole thing out and really clarify it for the Board. He voted against it last month and still stands by it and thinks it was a mistake it was approved, but that is the will of the Board. The square footage is so out of line and 250 per employee is very generous. Member Bedore asked if he saw the Morning Show on Sunday. It was a great show. They talked about Yahoo and other corporations that are doing this open concept on their floors. Did you know that their square footage per employee is at 90 square feet per employee? Mr. Kanellopoulos replied that he read a story in the last 45 days and believes it was on the Department of Agriculture website that he believes that there are 100 million Americans are getting some sort of food assistance in this country. They are not standing outside of Yahoo's offices. Their files for the services they get are not sitting in Yahoo's offices. Yahoo can do 90 square feet because they don't have someone sitting next to them who confidentially wants to discuss State services with them. Those two things aren't comparable in any way. CMS has started removing files out of offices. They started in Chicago he is not sure when they will get to Danville, but they have removed files from offices. Director Carter stated that he asked the question about the DHS lease when the file reduction would take place and the folks on premises said it would be early 2015 for file reduction at that location. Member Bedore commented that this administration is really moving along.

Member Black stated that he can't imagine that Vermillion Development would have submitted a letter to them after the closing date for RFI 6464. Mr. Kanellopoulos replied that Director Carter just shared the letter and in the first sentence said that they submitted their proposals and believes what he received from them is less than their whole proposal and probably didn't want to disclose that. Their first sentence stated: "thank you for the opportunity to present proposals on your RFI 6464". This was submitted August 21, 2012 and this had their proposals, which he summarized for the Board are nearly \$18 and \$16.50 a square foot and they only account for the offices there and it was deemed too expensive and were better off doing the lease on Bowman and doing the lease for the DRS and DCFS office both at \$9 per square foot then we were paying \$12 and \$13 base rent over a dollar on each of them for improvements over \$1.71 on each of them for operating expenses. Like he said before the pricing wasn't even close.

Mr. Grady stated that he wanted to respond to Member Bedore on his concerns that they are not moving fast enough. He wanted to let the Board know that, especially in the Cook County area, that they have a number of family community resource centers. They have been taking files from there and centralizing. They have been doing that on an accelerated basis working with CMS. That has been happening and you might not see it in Danville, but it is happening in other counties throughout the State. Chairman Vaught asked if it is true that they are focusing on the high volume offices first. Mr. Grady replied affirmatively.

Member Black stated that he thinks that under the proposed contract reviews written by the Procurement Policy Board staff they had requested all documents regarding this proposal. He is not sure if they received all of those documents they requested, but also the key sentence is that the Procurement Policy Board is concerned with the policy of lease action, when CMS does not have current standards in rule by which it makes its leasing decisions. Administrative rules date to 1982 and no guidelines appear to exist for making award determination in a competitive leasing environment. Mr. Kanellopoulos replied that yes, their rules do need to be updated. Director Carter replied that for his part they did receive everything requested. Chairman Vaught wanted to get back to the rules thing, because this has come up before Member Black was on the Board. Mr. Kanellopoulos replied that CMS did have a draft of rules. They submitted them to the CPO's office and got their comments back and CMS staff is trying to work to incorporate those comments into their draft and submit those to the CPO's Office. It has taken time and there are little changes statutorily that because they have taken so long to get the rules done they have to go back and make those changes. Clearly the changes have taken a lot longer than he hoped and he is partially to blame for that, but they are working on it. Chairman Vaught asked if there have been no amendments to the rules since 1982. Mr. Kanellopoulos replied that he doesn't think that is accurate. The rules that cover lease procurement were done after the Procurement Code was enacted. So that moves it from 1982 to 1998. He is not saying that is ideal, but he is not sure why it says 1982. He is sure there are rules that date back to 1982, but the actual ones that effectuate the Procurement Code date after 1998. Member Bedore asked when he last talked about it and told the Board that they were going to get them. How many years ago was that? Mr. Kanellopoulos replied that at that time he probably had only 37 years of experience. Member Bedore stated that it seems to be the norm at CMS.

Chairman Vaught asked to review what the status is here in terms of what action the Board can take. There was a suggestion to delay that until we can get more clarification and what their choices are in terms of action today. Director Carter replied that because it is a renewal and the timeframe the Board could make a recommendation to Mr. Kanellopoulos, but it would be just that a recommendation. Chairman Vaught stated that it means the Board has no binding authority to reject this lease, because we are under that review section. Chairman Vaught asked if the Board wants to make a motion with a recommendation or just have further discussion with Mr. Kanellopoulos. Member Bedore stated that for him there is no question that he would really like to revisit the whole DHS and DES and look at the two leases and look at what they are doing in Danville. He knows that Mr. Kanellopoulos has talked about how the Board should approve this because now they have a cancellation clause, which is all great, but the Board really needs to look at this and if they have to evoke the cancellation clauses, so be it. He thinks the lease that was approved was a bad lease and still believes that. The Board happens to have someone on the panel that knows Danville and knows the locations and the service to the people. He thinks the Board should hear it and not be so contentious from CMS to this Board. He has seen it so much lately and is not sure if word has gone out from high up that CMS shouldn't deal with this Board. He is not sure what is happening. Member Bedore stated that Mr. Kanellopoulos has been very cooperative in the past, but you are a little edgy today and he doesn't appreciate it. He gets a sense from CMS that they are not to deal with us and he hopes he is wrong. Mr. Kanellopoulos stated that he thinks

all of CMS has always tried to be cooperative with this Board in his time with CMS. If there was word from higher up to not go to the PPB meetings, he would be the first one not coming. That is not the case. Mr. Kanellopoulos stated that he doesn't think he is any edgier than he normally is. Member Bedore stated that his recommendation, and he will put it in the form of a motion, that the Board reviews all the leases in Danville and come back with a recommendation. This is so confusing that he is not comfortable. Chairman Vaught commented that it would help to know, as well, Member Black mentioned the Iroquois County is being serviced by this office. Member Black replied that he believes that is what they told Director Carter, the Board staff and himself when they were there. The Watseka office had closed some time before and they told their clients to go to Kankakee, but some of them did come down to Danville and some did go to Kankakee. Chairman Vaught stated that he was just adding that in in the way of a comment and he understands that context because there has been some consolidation and perhaps there may be some more, especially when maybe they don't need as much paper. The motion was seconded by Member Ivory. Chairman Vaught stated that they didn't need a roll call on this. Member Black wanted the record to reflect that he prefers to abstain from the vote. He is not in a comfortable situation. He knows these people in Danville and he has no financial interest in any of their activities whatsoever, but he doesn't want to put himself in a position where someone could come back and say that he was shilling for local people since it is his home town. With Member Black abstaining from the vote the motion passed 3-0. Chairman Vaught stated that Mr. Kanellopoulos would talk to the Board about this more, but in the meantime the Board didn't take an official action on this lease because we agree, since they don't have the authority to turn this down in a vote. Mr. Kanellopoulos replied right, but he is going to have to go back to see what the effect is of it being under review is. Chairman Vaught stated that we all appreciate Member Bedore's comments about the working relationship and the give and take extends across all of these issues and you are the guy that is on the front lines doing that and the Board wants more. Member Black stated that if the lease is in fact renewed at the current DHS office he would suggest that they tell the leasing agent that the building is not in compliance with the fire code. They have no lighted exit signs. They have paper signs taped to the wall and that doesn't meet any kind of code. There are some blind hallways that he didn't care for. He wants to leave with one thing that he thinks many people are disappointed with. One of his best friends was a leasing agent for CMS many years ago, the late Joe Montgomery. What Joe always did, and was proud of it, anybody seeking a lease or renewing a lease he was in that building at least twice during that term and taking his own photographs and then would make a recommendation on whether the building was adequate or had been changed. One of the things that Mike Smith told him is that he has never in 10 years seen a leasing agent from CMS and as far as he knows has never been in the building that he leases. Again, maybe CMS doesn't have the staff to do that, but he can assure you that's not the way it used to be. Mr. Kanellopoulos replied that they may not have the staff for their leasing agents to visit every office all the time; however, they do when there is a bid. They do have a staff member who was a fireman for 28 years in Cook County and he will visit this office within the next two weeks and give them a full report on those issues and what issues may exist or need to be corrected. There should have not been any violation when they re-bid this lease, but will provide that information to the Board. No further questions or comments were made.

Next on the agenda was the Statewide Purchasing Card. Director Carter stated that he put this item on the agenda because the Board has not looked at this in a while and just recently there has been some information that maybe some of the controls over Statewide purchasing card use are not as good as they said they were. He didn't know if the Board wanted to take a look at this again what sort of items that the members would want to see if they looked at it for the second time.

Chairman Vaught stated that this is not just with the Universities. Director Carter replied that in the past they looked at the University use. Either way they can look at it as a whole State or the Universities again. Member Bedore stated that in the Chicago Tribune August 24, 2013. The U of I police began investigating activities in mid-June after the Universities Ethics Office received a complaint. The police investigation found that between 2011 and 2013 this gentleman sold about \$55,000 worth of instruments belonging to the University to collectors in Seattle and \$22,000 to the Nashville School Districts. This gentleman also reimbursed the University for \$10,000 for what police said were questionable charges on his Universities P-Card, a credit card designed for business purposes. The purchases included home improvements, home improvement materials, paint, and lumber, in-ceiling speakers and converted his home videos from VHS to DVD. Member Bedore stated that he is not only concerned about the P-card misuse, which the State Auditor General found many violations and there are all kinds of statements from the University that they were going to tighten up

and said that it would never happen again. This goes back to 2010 and these violations are between 2011 and 2013. Also, what was more disturbing than the P-card is the instruments. There were 76 instruments that walked out of the University of Illinois, tubas, drum sets, everything. He doesn't understand how 76 instruments can leave a facility and no one knows about it. If they didn't get this anonymous complaint nobody would have known the difference. There is no inventory control and if this person didn't complain, and the police investigated this gentleman's other actions they wouldn't have found that he was fixing up his home. So where is this control that the University is talking about? There were statements that they gave the Board when it was raised in 2010. On July 8, 2010 the Board had the U of I's CFO Walt Knorr before the Board and was given all of these assurances that these are checked, double checked and triple checked. Well here between 2011 and 2013 the guy remodeled his house. Nobody checked. Did the CFO's office check? Did the CPO's office check? I guess not. Had this guy been suspected of borrowing 76 instruments and the money going into his checking account, but he said he was going to pay it back. What controls do they have? They obviously don't have good controls. Member Bedore stated that this is what the University said back in 2010: provide assurances that resources are utilized efficiently, effectively and in compliance with the law. Obligations and cost are in compliance with law. Funds, property and other assets and resources are safeguarded against waste, loss and unauthorized use and misappropriations. This is what the University said to the Auditor General in response to his inquiry. Well he guesses that they just take the University's word that they have better controls and are doing everything possible. Nobody saw this gentleman walking out with 76 tubas and trombones and drum sets. There is no inventory control, there can't be. He guesses that nobody cares until somebody reported and then, which has nothing to do with procurement, is they let the gentleman resign so he could get his benefits. I guess the University has a lot of money so they will have to pay whatever they have to pay. He wasn't dismissed - they let him resign. So this gives you a sense of what the Universities really thinks and if it wasn't for some person picking up the phone and calling the police saying that this guy has been taking instruments, nobody at the University would know it and no one seems to care. He even did \$10,000 worth of work to his home and that is not even in dispute because he has already paid the \$10,000 back. He would certainly recommend that they come back with some sort of explanation because this is procurement. He may have been procuring things for his home, but it still was procurement.

Chairman Vaught asked for Director Carter to get some data where these other purchasing cards are being used. These are considered small purchases for the P-card. Director Carter replied small purchases under \$5,000. Chairman Vaught stated that again, this is the small purchase exception with the P-card variety of it leading to an abuse. He recalls the discussion with the General Assembly hearings on SB51, which over and over again asked questions about minimizing the exceptions to the Procurement Code because it was in the exceptions of the Procurement Code where there were patterns of abuse and this is further proof of that. Member Black stated that Director Carter's recommendation is on target and the Board needs to have a discussion on P-cards. He stated that he expressed his concern when Chairman Vaught was in Office of Management and Budget and they couldn't find out how many gasoline credit cards were out there. At one time they were supposed to be used for State Police and then they found out IDOT had them and then other people had them. He knows that they can't get into local governments, municipalities, counties and townships, but in the same paper that Member Bedore quoted he doesn't think a week goes by that they don't have a story that some township official has a township credit card or a municipal credit card or a county credit card and have racked up \$20,000 - \$40,000 worth of personal charges. He thinks there are too many easy ways in the State of Illinois to use some kind of a purchase card or credit card and we are going to head into trouble if we don't get it under control and is glad that Director Carter and staff put this on the agenda. There are too many ways for too many people to charge things and he thinks that the accounting procedure has a difficult time keeping up with it and wishes they could even get into the Ethics Commission and say that they need to look at the 13 people in the City of Danville government that have credit cards. That is a taxpayer credit card and the Tribune reports almost weekly on some township official or some county official is in trouble for misuse of a credit card. There are too many of them out there and too few rules. He still has a hard time believing how a University of that caliber, of that many super intelligent PhD's, Nobel Prize winners, how in the world could somebody sell tubas and antique clarinets on eBay and get away with it, although he did get caught. Member Black stated that Director Carter is on target, that there is too many ways for too many people to charge things and we are not keeping a close tab on charges and the Tribune is full every week. Chairman Vaught stated that this will be on the agenda for next month with University of Illinois fleet people and he assumes IDOT and CMS. Member Black stated that the Illinois State Police needs to be here as well with their gas cards.

Next on the agenda was the Rules Review for the Executive Ethic Commission (EEC) – Exparte Communications. Director Carter stated that the Board asked that he attend the EEC meeting to share the Board concerns and that meeting took place almost directly after our meeting and we didn't have time to get it on the agenda. For this month their meeting is set for September 18 and they have let him know and will reserve an agenda spot for him and any Board member that would like to attend to communicate any concerns with these rules. Chairman Vaught stated that when he reads these rules he has numerous problems with them and assumes other members do too, on exparte communication and on the conflict of interest area. He doesn't believe they fully reflect the legislative intent and he doesn't think they are thorough enough. He said he would be happy to attend the meeting with him. Chairman Vaught stated that he did meet with the Chairman and he is anxious to have a better working relationship with us. That was essentially his suggestion of the idea of the meeting and he was very aware that he thought there had been some difficulty with their Executive Director coordinating and responding to the Board's concerns and so he is certainly open to that and he thought that the steps that Director Carter is taking to attend their meeting from time to time was a good first step forward other than that their discussion was mostly general. He told him that the EEC Board might have to get involved in the discussions in emergency procurement because they hired the CPO's. They didn't get into too much detail about that, but he does think there needs to be not just coordination between this Board and CMS, DHS or Corrections but also the EEC and if we cannot do that effectively with the Executive Director over there then the Board should do it the best they can with their Board.

Member Bedore asked if he was suggesting if there are any rules or any other changes that needs this Board's approval that we should go to them. Are you saying that we shouldn't have had CPO Grunloh from IDOT we should have gone to IDOT and said here are our concerns? You said there is a change here and you are recommending that the Board goes to them, well he thinks a little more of this Board than us going to them, just because their Executive Director doesn't particularly care for this Board. You are setting a very bad precedent. Chairman Vaught stated that if the Board doesn't want to do that then we won't, but he doesn't think a stalemate on these rules is very productive either. He doesn't think these rules are acceptable and as a general rule when the Board has communicated that their Executive Director, unlike CPO Grunloh and others, he does not seem to be responsive to the Board's concern. The Board has had him here in the past and Director Carter has communicated what the Board's concerns are on these rules. He doesn't see what the issues that were raised or concerned about have been changed in the draft that is now in front of the Board. The question is how do we resolve the stalemate when we know there needs to be rules on both of these areas? There is a need for these rules just as there is a need for the rules with CMS on the property standards that we have tried to get for years and those stalemates don't help very much. Member Bedore stated that he is setting a real precedent here. Chairman Vaught replied that he was not going to set a precedent if the Board objects, but he thought that there was an understanding at the prior meeting that Director Carter was going to go to their Board. Director Carter stated that it was discussed that he go and convey the Board's concerns and say that there were many and they offered to get their commission and encourage the Director of the EEC to come back and discuss what the whole Board's concerns are. Member Bedore stated that he agrees to try to get this thing resolved, but he just doesn't understand the precedent of this Board having to go to them. They are asking for our approval we are not asking for their approval. Member Black stated that he has no objection for Chairman Vaught going to the EEC Board or Director Carter or anybody else who wants to go. Chairman Vaught replied that he appreciates his remarks and believes that there is some understanding, at least from the Chairman, that there is a problem with their Executive Director and does acknowledged that. He is glad to see that realistic attitude from the Chairman. Member Ivory stated that he echoes what Member Black just stated that it is good for him to go. It would be unfortunate if we had to go all the time to discuss our issues he thinks that the Board needs to convey to the EEC Board, who has some oversight over the Executive Director, his lack of willingness to come before our Board. Member Ivory stated that he trusts Chairman Vaught's opinion in reference to how we move forward. Member Bedore stated that he supports all of the other Board members and Chairman Vaught on this. No further questions or comments were made.

Next on the agenda was the CMS – Veterans' Business Program. Director Carter stated that CMS is not 100% ready for another draft to the Board, but are here in good faith to update the Board on some of the things that they have done since the last meeting. In attendance were Michelle Jackson, Deputy General Counsel for Central Management Services (CMS) and Jaime Martinez, General Counsel for Department of Veteran Affairs (DVA). Ms. Jackson stated that since the last meeting CMS has had meetings with IDOT, DVA, CDB, THA as well as the Governor's Office to discuss some of the issues, from the construction side, there

were some concerns with the Veterans' goal. As the Board knows statute sets out a goal of no less than 3% on contracts. Since that meeting comments and proposed language for the rules have been sent to CMS and DVA for review and they hope to be able to update the rules and do a second notice filing on the rules. There has also been some additional discussion on outreach and what can be done to increase the veterans' pool, which stands at 40 certified vendors as of last night.

Mr. Martinez stated that it has been an informative three hours and he will start attending future Board meetings. Mr. Martinez stated that Director Borggren and Assistant Director Garcia had to leave to meet with future veteran business owners. Separately they are having a follow-up meeting in regards to a Chicago Veterans' Home as that process starts. He does apologize that they couldn't be here because of the concern on whether or not there had been adequate outreach, not only by the team and stakeholders involved with the veteran owned businesses and veteran entrepreneurship. They were quite concerned since they were not able to attend the Board's last meeting. Mr. Martinez stated that his colleague informed them that there was some displeasure that DVA was not there. There were some scheduling conflicts at the last second that prevented him as well as the Assistant Director and the Director from making the meeting. None of their schedules could support the last minute notice and he apologizes for that. Mr. Martinez stated that he started as a young private in Alpha Company 1st of the 130th in Mattoon, Illinois in the National Guard and served for 26 years in active duty overall. He just came back to the State of Illinois and served in the infantry and got a lot of experience in that line of work, but not so much in the legal world, but having come on board since then a year ago and being licensed as an attorney in the State there is a lot of advocacy at heart and experience with the veteran community amongst principals and the majority of the staff and employees. They have the highest amount of employees that are veterans and fully understand and advocate and reach out to their veterans and appreciate all of the efforts by the General Assembly, boards like this and advocacy organizations, stakeholders and teammates who are trying to move this program forward. He just wanted to bring that on the context because the Executive Director received just last week a memorandum that he believes was also provided to the Board that kind of lays out for your efforts and some of the concerns from the meeting last week. The memo provides some background on how in the spring of 2012 CMS and DVA started identifying the fact that there was a small pool of veteran vendors available. Mr. Martinez asked how they would work on that. He said there were some initiatives started and were only at the low 12-18 in the pool back then. Simultaneously, legislation was passed and rules started in development and they find themselves after this last year of outreach building their efforts and initiatives reaching out and sending over 950 letters or 5,000 e-mails, 300 direct phone calls to primary vendors, setting up and working with Business Development Centers, targeting newsletters in which 750 newsletters went out specifically on this program and integrated their web promotion for this. The pool has been increased to 40 as of last night and they are working and he believes there are 20 more in the pipeline through their engagement and the Business Enterprise Program (BEP). They are working on potentially 20 more and by the end of the year being up to 100 vendors and that is going to assist some of the concerns that were brought to them by their stakeholders and teammates at the State. Mr. Martinez stated that whether they can move forward with the structure in which the current draft is provided in the first notice. Separately, the Chief Procurement Office reached out to them to convene a meeting of all of these stakeholders the 30th of September. There was a meeting yesterday to establish that agenda to identify who is going to be invited to that meeting and he thinks that those efforts are going to only grow the outreach as well as the available pool while the rules get finally adopted and they can meet the intent both in statute and the General Assembly as well as everyone here in this room to try to increase opportunities for veteran owned businesses as well as those service disabled owned businesses. Mr. Martinez stated that he would be happy to answer any Board questions.

Chairman Vaught asked how their geographic spread is running with the 40 vendors. Mr. Martinez replied that the density is probably north by I-80 with some sprinkling towards Springfield and some towards the Alton - St. Louis area, which is what he has learned that after coming back home after 26 years that even the things that they are trying to do with referrals those are the densities so there are gaps in the rural communities and they are trying to close those gaps. Chairman Vaught stated that it is a large State. Mr. Martinez replied that it is.

Member Bedore asked if they had a breakdown of the 40. Last time Ms. Jackson supplied a breakdown, which was 3 north, 29 Chicago, 3 central and 1 south. What is the breakdown now? Mr. Martinez replied that

he didn't have that information, but would provide that to the Board. Ms. Jackson stated that she apologized that she neglected to check that prior to coming to the meeting today.

Member Black stated that the information is of critical importance and that she has missed one meeting. Member Black is really concerned about this. It was his desire after college to make the Navy a career as a naval pilot. His best friend became a naval pilot and he ended up in the hospital with cancer of the colon at the ripe old age of 21, which ruined any possibility he had to be a Navy pilot and make the Navy a career as he had hoped. It also ruined any chance of him being a cook or anything else in any of the military services, whatsoever. This is a very important program for Governor Quinn and he says that this is not hot air from Governor Quinn. He believes in his veterans, he believes in the program. Member Black stated that for 10 years anybody in his legislative district that was killed in action, and he believes it included 3 members of the Paris National Guard at one time the 1544th Transportation Company, Major David Otto from St. Joe and the list could go on-and-on. Even when he was Lieutenant Governor he never went to a funeral of an Illinois veteran who was killed in action where Governor Quinn was not there. He attended them all. Did not require any special treatment. Did not need an invitation. He is very serious about this program. He does not want a paper program he wants a real program. Member Black stated that he looks at some of the DVA's material and on March 1, 2012 you wrote a letter to the honorable members of the General Assembly, CMS has finalized administrative rules applicable to the program and its procedures and is preparing to submit the final documents for approval from the Joint Committee for Administrative Rules (JCAR). It was March 1, 2012. One year and four months later there is an e-mail that said, I filed with the Secretary of State's office for the rules on this Veterans' program on 6/13/13. The proposed rules were filed for first notice etc, etc. He stated that he is not sure if the Governor is aware of all of this, but doesn't think he would consider that it is moving in an expeditious fashion and doesn't know what you regard as central Illinois or downstate Illinois it is always a topic of discussion, but he sees that the DVA only has 40 vendors. He does not see in any of their material that they went to any U.S. Veterans Administration Medical Centers or outpatient clinics. They have a database of almost anybody from 1990 on who has been wounded or has been seen for treatment. He doesn't see any of those meetings in there and he knows that they have not been to the Danville Veterans' Administration Facility because he talked to the Executive Director. Member Black stated that he was sorry, but this program is set up to fail. CMS is going to go out for bids and there are not going to be enough people in downstate Illinois to bid and then we will get into another emergency purchase because there were no veterans who bid and now they will have to go to the ABC Bakery and get this or that. You cannot run this program Statewide with 40 certified vendors. Why did it take you 16 months to file a rule? The veterans deserve better than that and it's your job to do it. He doesn't want any of your talk. He doesn't want to go to any coffee shops in his area of the State and say that they haven't heard anything about this and they have been under treatment for post traumatic stress disorder (PTSD) or has a leg gone or arm gone and they haven't heard anything about it, shame on you. No more talk he doesn't want to listen to any more talk. He wants action and he wants it darn quick and doesn't want to hear any veteran in his area tell him that they have not heard anything from them and he wants them at the DVA in the Danville Veterans' Administration Medical facility in the next two months. Now let's get serious about this, enough is enough. Talk doesn't cut it. When those guys went to Iraq and Afghanistan and wherever else they went they couldn't talk their way out of it they had to go and some of them paid a hell of a price and now you have to see that we help them and he doesn't speak for the Governor, but he guarantees that the Governor is committed to this program being a real program not just on paper and is disappointed in what was said and what has been done up to this point. It has all been on paper.

Ms. Jackson stated that CMS would agree with him that they need to move forward with this expeditiously and they too do believe that the vendor pool does need to be increased and are doing as much as they can other than knocking on the door of every veterans' home to increase the vendor pool. CMS has their certification team at a meeting right now and reaching out to veterans with DVA and are partnering with DVA and also with the CPO's office. Unfortunately, there is reluctance, from her understanding, for some veterans who own small businesses to become certified. They are attempting to assuage any apprehension that they may have as to becoming certified and they are also having to assuage any concerns on the construction side for any delays, as was stated, we don't want emergency procurements becoming the norm and the blame be laid at the feet of the Veterans' Vendor Program. CMS is working through that expeditiously, but she cannot speak to what happen from March 2012....Member Black interjected why she couldn't? Ms. Jackson replied that she can only tell what she has seen and she has seen the same documents that the Board has seen.

She has read the rules and ever since she came on board, which was June 2013, she has worked expeditiously on these rules. She has attended two Board meetings and mistakenly didn't attend the July meeting because she was unaware that she needed to attend. Ms. Jackson stated that she will continue to come and give updates to the Board. At the next PPB meeting the second notice might be filed by then and she would be able to provide a copy to the Board. The outreach is there and the work to get the rules passed is there and CMS understands that the Governor wants this initiative. The statute is set at 3% of total State spend and they are working towards that.

Member Black stated that he apologized for his outburst, but his best friend went on to become a pilot and died in Vietnam after being shot down. His uncle is a 92 year old decorated combat veteran of World War II and his father died at the age of 90 and was in World War II. He said last month that this generation of veterans will not come to you. They have heard it all, they have seen it all and some of them have some serious problems and you will have to go to them. He doesn't see because some of the material is very difficult to read, but he tried to find out if CMS is working with the United States Department of Veteran Affairs. He knows the medical center in Danville is one of the primary downstate hospitals servicing veterans with PTSD as well as amputees and so on. It does take veterans with PTSD a period of time before they are comfortable with what they call, people who weren't there. It may be a lack of trust and they would rather deal with brothers and sisters, who are veterans, but that Danville hospital has a database probably, he is guessing, of 3,000 or 4,000 veterans who have sought treatment. He knows there are medical and HIPPA rules, but is sure they can get the word out much better than traditional agencies that we turn to. The American Legion Post the younger members do not join. The same with VFW and AMVETS. He is glad to hear that the Governor wants this to succeed because one thing that he will stand up and tell anybody that there is no better friend of the veterans than Pat Quinn. He knows he wants it to work and knows that he doesn't want a paper program, but he also knows that he would not be happy with 40 vendors more than a year after the General Assembly was told that the rules were being promulgated. CMS cannot run this with 40 vendors you know that and he knows that. This is very dear to his heart for what these people have gone through and he gets to sit here in Springfield and raise his voice in which he apologizes for. They deserve the best we have and he doesn't think what he has seen today or what he saw last month or the month before that is the best there is. He knows that we can do better and trusts that we will because these people deserve it and if we can reintegrate them into civilian life there is no better effort that government can make than to do that and 40 vendors is not our best effort, not by a long shot.

Member Bedore commented that Member Black should not have to apologize at all and CMS should be doing the apology. Member Bedore stated that this veterans program was signed by the Governor on August 5, 2011. Member Bedore stated that Member Ivory brought up that this was discussed years ago and that this isn't something new. He is sorry that Ms. Jackson has only been here since June 2013, but that is why he thought it would be important to have the Director of CMS at this meeting rather than just read his statements. He would have expected him to be here. Since you are new at this program it would be well to hear somebody with all of his vast experience. This law was signed August 5, 2011 by the Governor, who we all admit is a big friend of the veterans. This program is very important to him. He signed this into law from his desk with all of the pens in front of him with veterans standing behind him and the flags waving in the background and gave each veteran a pen. Then what happens, it gets turned over to CMS where it fell flat on its face. The Director of CMS sent out a letter to the Governor and to the General Assembly a year and four months ago saying that they have the rules and are finished and finalized. Member Bedore stated that it must have been a misstatement because the Board doesn't have the final rules today. The Board made suggestions at the last meeting that CMS meet with IDOT and CBD and he is glad to see that they have done that, but why did it take two years and a month. He doesn't understand this. CMS is not here today with amended rules and if you want he will read the minutes from last month. Member Bedore stated that it was asked by the Chairman if CMS was coming back with their amendments at this meeting and CMS replied yes, that you will be there with the amendments. Then the Chairman said, great then we don't need to take any other action and if you don't believe him just read the minutes. Member Bedore said that he is glad to see that CMS is now trying to reach out and why all of a sudden, July 13 you made phone calls, July you sent out letters-well that seems like all this in June and July...Mr. Martinez interjected that it wasn't true that this outreach has been happening since spring 2012 and Director Garcia got assigned a portfolio with CMS and it is laid out there. Member Bedore stated that he is reading from their letter. Mr. Martinez replied that is was the Director's letter. Member Bedore stated that it was not his letter and he is sorry. Member Bedore stated that this letter says to

July 26...Mr. Martinez tried to interrupt and Member Bedore asked Chairman Vaught if he has the floor. Chairman Vaught replied that Member Bedore had the floor. Mr. Martinez apologized. Member Bedore stated that the director's letter says that the end of June until July 26 you made these phone calls. He is glad to see that they are doing something, but two years and one month later you are finally doing something and we still don't have the rules. This program is doomed for failure we all know that. You can't go out to bid for downstate Illinois for something that is regional. You only have one person and you would not accept that bid so then what happens. After all of the going on and waivers and all of the rest that goes with it, it will become an emergency. Member Bedore asked why they don't come to grips with this. DVA has 1,300 employees. That is a lot of people and as far as CMS is concerned they are still working on the rules even though 1 year and four months earlier you said that the rules were done. There is the letter signed by Director Weems to the General Assembly and to the Governor, who thinks this program is working. It's not, it is doomed for failure and it is all on CMS' and DVA's shoulders. It is a disappointment to the Governor and is a disappointment to our men and women who served us well.

Member Bedore asked when the Board will have the rules they were promised this month. Ms. Jackson replied that she believes that he is familiar with rules making and that there are comments that come in and CMS attempts to, before they submit the second notice, they attempt to address many entities' concerns or comments to the rules. CMS is doing that and what they cannot do is submit for second filing rules that are not up to par because they want JCAR to pass the rules and doesn't want them to object to the rules. That is what is taking time and that is why she does not have amended rules before the Board today. She had planned to have them because she has received the draft language from the entities who were most concerned about how the vet rules will impact their procurements that were outside of the purview of CMS. Again, IDOT, CDB and the Tollway, who are responsible for construction, expressed serious concerns and so CMS, DVA and the Governor's office had to listen to their concerns and requested their input, more than just verbal and requested that they draft language. That has been provided and CMS is now reviewing it and attempting to incorporate that into the rules and sending it back around so CMS can do the second notice filing. Ms. Jackson stated that it is on her schedule to do this as soon as possible. She stated that she has to beg to differ with Member Bedore that this program is doomed to fail. She whole heartedly disagrees with him. She is not a veteran, but her grandfather was and her father is and so this is as much a program that is near and dear to her heart as it is to all of the Board, but CMS wants the program to work and wants to increase the vendor pool. She cannot say that DVA or CMS has been resting on their laurels since this program has been enacted. She can tell that there has been a lot of outreach and a lot of work. Unfortunately, there are only 40 veteran owned and service disabled owned small businesses certified and we are working on that. As the Board knows legislation was just recently passed that enabled there to be the cross certification and they thought that they would have a significant increase in the vendor pool based upon businesses that are certified under BEP and being able to cross certify as veterans so they are working on that and sending letters out to those businesses letting them know that they can do this just in case they missed it. CMS is doing as much as they can and do intend to increase the vendor pool and by no means wants this to be a domino effect on procurement as a whole and then there by impede the procurement process and result in emergency procurements. That is not the intent and CMS does not want that, if anything CMS has been moving a little slowly in order to prevent that.

Chairman Vaught stated that this is a CMS rule and Veteran Affairs and she mentioned the Governor's office. There are scores of people up there, who are you talking about. Ms. Jackson replied as it pertains to the rules she is talking about the General Counsel's Office. Chairman Vaught asked if they have someone specific assigned to this. Ms. Jackson replied yes, Mr. Morotto.

Member Bedore stated that he doesn't think any member of this Board wants this program to fail. They are all veterans and he is very proud of his service in the United States Marine Corps., but CMS has had two years to get these rules and you don't have the rules. The Board made a suggestion to CMS at the last meeting and it is great that you followed through and have met with CDB and IDOT, but why was it the Board had to suggest it and why did it take two years for you to meet with them. He doesn't understand this and CMS is dealing with this as if it was a new bill that was just signed August of this year. It was signed in August 2011. CMS also stated that they were moving slowly, CMS presented these rules in June of this year and then CMS didn't show up to the July meeting and now here we are in September. June, July, and August we just wasted three more months. There doesn't seem to be any sense of urgency here. We are talking about rules and as difficult

as they may be CMS should have been working on them since August 5, 2011. On August 6, 2011 CMS should have started on the rules. Two years and one month later and there are still no finalized rules. How can this program really work without rules? He just doesn't understand this. CMS has had two years and one month to come up with rules. It is a complete failure. The Governor signs the bill, the Governor is for the bill and then he turns it over to CMS and it becomes a complete failure. There is supposed to be 3% set-aside and to date you have .06%, which is just slightly over a half a percent and you have 40 vendors and have three or four in central and one downstate. That is the last number the Board has since you didn't provide them with new numbers.

Ms. Jackson stated to refresh his recollection of the last meeting there are four in southern Illinois and now they have four more. There are 29 in Metro Chicago and then 3 in northern. Those are the numbers she provided at the last meeting and apologized again that she didn't check before coming to the meeting where the additional four are located. Member Bedore stated, for example, that the additional four are in southern Illinois. The Board doesn't know if they are all in construction or all into supplying bakery goods. Ms. Jackson asked if the Board would like a report of what industries they are in. Member Bedore replied that this is how to tell if this program will or will not work. CMS should certainly know that. Ms. Jackson replied that she has that information, but doesn't have it in front of her, but can provide that information to the Board.

Member Black stated that since nobody believes anybody in politics today and they go to Fact Checker. The name of his best friend is Lieutenant Junior Grade Thomas E. Brown and his name is on the Vietnam Memorial and believes it is on the seventh east and the 18th line. He had his surgery in July of 1963 at Carl Memorial Hospital in Urbana. This will save anybody having to do fact checks to see if in fact he was telling the truth. Member Black wanted to leave Ms. Jackson with that he has told a lot of people over the years-there are two things you never want to see made; one is sausage because once you see it being made you will never want sausage for breakfast again; two, some things you may never want to see are laws being made or rules being promulgated because it may give you the same queasy feeling in your stomach. He knows it is difficult so was the job the veterans did in Iraq, Afghanistan and wherever they are sent in harm's way. He hopes next month or shortly after the Board will see a great update and begin to show some appreciation to those who have given up so much. Mr. Martinez stated that he would relay that last point he made to his colleagues. Member Bedore asked if CMS will come back to the Board on this matter next month mandated. Ms. Jackson replied that she doesn't think it is necessary to mandate them, but yes she will come back. No further questions or comments were made.

Next on the agenda was Statewide Emergency Purchases. In attendance were Chief Operating Officer of DHS Matt Grady, Matt Hammoudeh, Assistant Secretary of Operations and APO Bill Strahle. Mr. Hammoudeh stated that there were several things that the Board has mentioned not only at this meeting, but also at the last that he wants to address because they respect the Board's opinion and want to make sure that all of the information that is available to them is shared, in terms of what the State is doing by DHS by prioritizing things and may be why they see boxes in certain offices and nothing drives him crazier than seeing office and conference rooms filled with boxes. DHS has really taken an active role, however, they are far from done and will be the first to admit that you could walk into many of their locations and still find some of the conditions that were referenced. With that being said he can tell the Board that the office's that has a lot of traffic and usage and space problems that are north of I-80, south suburban and others. They have moved thousands of boxes of paper to a piece of State-owned property that they are now using for warehouse space where they are destroying documents on a regular basis as well. They also implemented an IBM contract manager solution a year ago that prevented the printing of 10 million pieces of paper to-date and that information is captured electronically. Although DHS is not there yet most of their legacy paper is expiring and as it ages out from the retention rules they are destroying it. They did a small cost benefit analysis because they would rather have the paper in a warehouse sometimes than pay to scan it because they only need to keep it for another couple more years and destroy it. However, going forward DHS is capturing things electronically. They are committed at many levels to get rid of that paper and do appreciate the Board reminding them which offices seem to be egregious because they do lose sight of that. With that being said there was also comments made last month about DHS if they are expanding or are they getting smaller and did want Director Grady to speak to some of the things the Board might hear next month regarding 200-300 DHS employees and are they new and where they are coming from.

Chairman Vaught stated that it was indicated about the Medicaid expansion and the Board understands, but the Board does want if it can't get in today have some discussion with them because the Board wants to have all agencies perspectives on emergency procurements and in FY13 DHS had \$22 million 33 separate transactions according to our data. He understands that some of those might be small or large, but they add up to \$22 million and the Board would like to have DHS's perspective on that. The Board received a very good perspective last month from Department of Corrections about what it really is about and appreciates your APO being here, but the Board might need him to come back.

Director Grady stated that in the spirit of trying saving money DHS has a Governor's mandate, in terms of Medicaid expansion and making sure that it is a successful program. DHS will be having a very important lease that will be coming before the Board next month and want to be on record on why that it will be. Director Grady stated that he will provided Director Carter with a written statement to be included in the minutes. Chairman Vaught asked if he knows roughly how many people do they expect to go on Medicaid under the expansion. Is it a huge number? Mr. Hammoudeh replied it would be estimated about 500,000 – 700,000. Chairman Vaught asked if they are going to process through the same Human Capital Development Offices that have all of the paper already. Mr. Hammoudeh replied yes, most of them will be applying through multiple routes and there will be a landing page and many places where people can go. However, a three month period from October and January they are mandated to sign up those who are newly eligible. Chairman Vaught replied from October to January. Mr. Hammoudeh stated that they are also going to be launching a new system October 1, which will help them accomplish this. The interrogated eligibility system and...Chairman Vaught interjected asking if they are doing emergency procurements to get this up and running. Mr. Hammoudeh replied they are not, however, they will be asking for more space and are hiring through massive waves. They are going to be hiring 300-500 new case workers and there are reducing their footprint, but are dealing with the mandate for expansion and there is some balances they will have to talk about. Director Grady stated that is what the Board will be seeing next month and will be asking for the Board's support. He will provide Director Carter with a copy of his points on why they want to move so expeditiously.

Mr. Strahle stated that based on an earlier conversation during the meeting he just wanted to make two quick points. One area that they have been making sure they reduce the number of emergencies and trying to get competition is that the CPO increased the small purchase limit to \$50,000. That helps in the emergencies aspect of it if they have 3-5 days to get the emergency in there. Obviously, a water main break is going to need immediate service, but sometimes they do have 3-5 days to get something done and in place. With the help of CMS they have been able to get PVC done. They get it properly approved by CMS they review it, and if they like it then it get approved it and DHS can get a contract in place within 5 days and not have to declare an emergency. They can also use some competition along those lines also. That helps them in a way of not having any emergencies for anything under \$50,000. Another area is that they had their SPO in their offices, which are right down the hall. Sometimes the SPO knows when emergencies come up before he does if he is not in his office or in a meeting. They are very much involved in something to determine if it is an emergency of not. There have been instances where the SPO said that this is not an emergency so it doesn't get to any level beyond that because it is stopped immediately and they have time to bid this thing out and let's find way to make this thing work without going the emergency route. Ms. Strahle stated that there are different areas that they can do to try to eliminate emergencies in terms of trying to get them to start boilers or chillers earlier than normal to try to identify any problems so they have time to bid those things out opposed to doing an emergency because they have to do a repair. Right now we are starting boilers up and trying to prevent emergencies by getting things in place now so they can bid out and give people a chance to get a price on it. Those are areas DHS is trying to eliminate emergencies on. Mr. Strahle stated that there are two other points he would like to make. One of the emergencies is CDB and is their Treatment Detention Facility Expansion and unfortunately they are at capacity in their Treatment Detention Facility in Rushville and had to declare an emergency to get an expansion in place, which has very bad ramifications if they don't. They are doing a third of the expansion needed and then will do a formal bidding through CDB for the remainder of it that they hope to have in place pretty soon, but that is quite a bit of the overall price of it. Mr. Strahle stated that there is one correction on this is that there is an \$820,000 for psychiatrist at their Murray Development Center and they actually only expended \$52,000 in that emergency. The \$820,000 was based on going through all the way to when Murray closes, but they were able to do a purchase of care procurement through the CPO's office so

they could get the staffing needed for the psychiatrist at that facility. So instead of \$820,000 the final cost was actually \$52,000 that they did close out.

Chairman Vaught stated that due to time constraints the Board is going to hold over some of the items on the agenda until next Board meeting. Member Ivory stated that he would like to add some things to the agenda and for Mr. Strahle to come back. He has a couple of issues that are relevant that he might have some oversight on.

A motion to adjourn was made by Member Ivory and was seconded by Member Black. The motion was unanimously approved.



EXECUTIVE ETHICS COMMISSION

STATE OF ILLINOIS

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October 16, 2013

David Vaught, Chairman
State of IL Procurement Policy Board
223 South College Street, Suite 231
Springfield, IL 62704

Dear David:

It was a pleasure meeting you for lunch a few weeks ago and hearing your thoughts on the roles of the Procurement Policy Board and the Executive Ethics Commission with respect to procurement matters. I know we both look forward to a productive and cooperative relationship between the Commission and the Board.

It is in that spirit that I write to you about a troubling matter that recently came to my attention. In reviewing a transcript of the Board's September 5, 2013 meeting, I saw comments that were erroneously attributed to me. Specifically, although not a model of clarity, the transcript indicates that I "acknowledge[d] that there is a problem with [the EEC's] Executive Director..." Another passage likewise appears to suggest that I found fault with our Executive Director. Upon the contrary, I am of the view that our Executive Director has acquitted himself professionally and with integrity throughout his tenure. He has my fullest confidence and that of the entire Commission. I would be grateful if you would arrange for this clarification to be admitted into the record at the Board's next meeting.

In the meantime, let me emphasize the desire of the Commission to have a strong working relationship with the Board. We were particularly pleased to meet your Executive Director at our last session. It appears we are both blessed to have Directors of the highest caliber.

Sincerely yours,

Gil M. Soffer, Chairman

cc: Aaron Carter, Executive Director ✓
Ed Bedore, Procurement Policy Board Member
Ricardo Morales, Procurement Policy Board Member
Larry Ivory, Procurement Policy Board Member
Bill Black, Procurement Policy Board Member