



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

### **Minutes – October 10, 2013 Meeting**

Present in Chicago: David Vaught

Present in Springfield: Ed Bedore  
Bill Black  
Larry Ivory

Via Telephone: Rick Morales

The Board started the meeting by confirming attendance at 11:05 a.m.

A motion was made allow Member Morales to participate via the telephone by Member Bedore and was seconded by Member Ivory. The motion was unanimously approved.

A motion was made by Member Bedore to approve the minutes as presented from the September 5, 2013 Board meeting and was seconded by Member Ivory. The motion was unanimously approved.

Next on the agenda was the Statewide Policy on Contract Subsidization. Chairman Vaught stated that the Board has talked about this in previous meetings and asked if any Board Members have any comments. Member Bedore asked Director Carter who would do the auditing to determine the annual gross receipts on the square footage? Has that been put in our policy? Director Carter replied it's not in the policy but, as it comes through Board staff can follow up on those contracts. Member Bedore stated that somebody should be charged with the responsibility of following up. Director Carter replied that if it is acceptable to the Board that the Procurement Policy Board staff will accept that responsibility.

Chairman Vaught stated that he has a question about that standard. Where did we get that standard? Director Carter replied through various research. The last time the Board had the conversation about it, we wanted something that included square foot or a measurement of gross receipts and this seemed to be something that was pretty similar across the board, but it was just a proposal for the members. Chairman Vaught asked if there is there are any other comments on this policy. Is the Board ready to adopt or do we want to have more information on it? Member Bedore stated that the Board has tried to talk about this now for three or four months and had some discussion about whether minimum monthly rent of \$5 a square foot is fair or not. He is not positive of that and the same way with the percent, but we can put this out there and if there is further research that is needed it can always be amended. Member Bedore believes this should get this off the agenda since it has been on for at the least four months. Member Morales added that he agrees with Member Bedore's comment about getting it off the agenda because it has been out there too long. Member Bedore made a motion to adopt this policy with the one amendment of adding the Procurement Policy Board to review or audit the gross receipts and the square footage. Member Morales seconded the motion. The motion was unanimously approved.

Next on the agenda was Statewide Emergency Purchases at Department of Human Services (DHS). In attendance were Matt Grady, Chief Operating Officer of DHS, Matt Hammoudeh, Assistant Secretary of Operations and Bill Strahle, Agency Purchasing Officer (APO). Mr. Strahle stated that DHS is a very large agency, approximately 18 facilities plus multiple service regions. They do try to keep their emergencies to a minimum the best they can and to look at alternatives such as small purchases when they can, but absolutely with repair and maintenance of the facilities, things breaking down and other issues of that nature DHS does have emergencies that they try to get done efficiently and with as much competition as possible. In other

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words, if we have enough time to get a couple of quotes on something we try and do that. Mr. Strahle stated that he would be happy to answer any questions the Board might have on the list of emergencies that was provided to the Board. Chairman Vaught asked if he could summarize the emergency repairs. How many of the 33 emergencies in FY13 was that? Mr. Strahle replied for FY 13 there were 12. Chairman Vaught says that's not the bulk of 33? Mr. Strahle replied he believes the 33 includes CMS lease emergencies. Chairman Vaught asked how many of those do they have. Mr. Strahle replied 10. Mr. Strahle stated that they have 10 lease emergencies, three of them are through the Capital Development Board for a TDF expansion that was required and the remainder of them would be DHS facilities or program emergencies. Chairman Vaught asked if he could tell the Board about the program emergencies. Mr. Strahle replied that they have several different ones. For example, they have chiller emergencies where a chiller breaks down in a building so they would have to get it repaired immediately. They have boiler emergencies where they start them up and they just won't work. Then they have to get them repaired quickly or they break down during the season. They have had broken drain emergencies for water emergencies and things of that nature is what they keep running into. In one case they had a plastic containers and stuff for the wash and everything that they used to serve the residents of their facility. They had a master contract that just wasn't ready to go; DHS had to make an emergency purchase to keep using it, until the master contract was in place. Chairman Vaught asked what about the Statewide mail package delivery. How did that get to be an emergency for \$300,000? Mr. Strahle replied that it was being run through HFS as a multi-agency contract and the contract was not ready in place when the prior one expired, so therefore each agency that was using it had to do an emergency for that and he is not sure on the particulars of why it wasn't done. Mr. Hammoudeh stated that in several of their emergencies they look at the subject matter of the emergency. In fact, a couple of weeks ago you scratch your head and say "why would that be any emergency" and not to be funny, but there was one a couple weeks ago for some food seasoning. Do we really need an emergency for some food seasoning? It's a result of a contract not being ready to execute. Mr. Hammoudeh asked for Mr. Strahle to speak to that. Mr. Strahle replied that he thinks what would be better is what is going on right now. Elgin Mental Health Center has a series of projects going on. In August they were told that they need to move people from the county jail to our mental health facilities. The courts said, do this. What has been going on in the program areas is determining where the best facilities are to do this. In other words, expand enough to handle these people who have been deemed mentally ill who are incarcerated to our facilities, which means that DHS will have to turn other facilities into higher security buildings. Once the program determines what solution we can go to... Now granted, the court said January 1<sup>st</sup>, so it being the middle of August when the court says from now to January 1<sup>st</sup> isn't a lot of time to get a lot of things done. What they have done is identify two facilities to put some people in. One of them is pretty secure and the other one they will have to add security to it. So now they are determining what security they have to do. They have determined that the work that needs to be done has been broken out into categories and now they are soliciting through the small business set aside program vendors that could possibly do the work. They are not declaring an emergency yet. If they can do the work under \$50,000 they are in great stead, but if small business vendors do not respond back to it they can go to non-small business vendors. If they come in over \$50,000 and now they have determined that they don't have time to do an IFB they determine what's there and if it's over \$50,000 they will declare an emergency on the aspects of that, and not the entire project. So they will still have competition on that we can talk to several vendors so that we will have time to do it, but to add a month to six weeks minimum to get an IFB done would probably put the January 1<sup>st</sup> date in jeopardy along with the season actually to do the work outside. That's kind of the process that they go through with emergencies for facilities. Some of course, when water main breaks you have to get someone out there immediately and they work to do that, but in some cases they have three or four days and know that they can do it under \$50,000 they might be able to get a small purchase through and not declare an emergency. In other cases they try to contact as many vendors to get them out there immediately to try to at least get a competitive cost for it. Chairman Vaught asked if there are other questions about these emergencies. Member Bedore asked if he can explain the 10 leases that were emergencies. Mr. Strahle replied unfortunately he could not because CMS handles all of the leases for our buildings and they never go through his office.

Mr. Kanellopoulos volunteered to help answer those questions. Mr. Kanellopoulos, Deputy Director of Property Management at CMS stated that he would have to look at each case because looking at a list it is not going to give Board the facts that they want. For example, there is not an emergency lease award at Yorkville. Yorkville was consolidated into Aurora and he sees that Aurora is also an emergency lease award. He can provide the details on each of these for next month's meeting, but his guess is that the facility they were going

to be consolidating into wasn't ready so they had to extend the existing leases at the locations where they were at and bets that every situation here is just a matter of a consolidation that needed more time. It's possible that there are one or two where multiple RFI's failed and they had to extend an existing lease, but he can get details for the Board on all 10 of those leases for next month's meeting. Member Bedore asked what program they have in affect that will alert them contracts are expiring months in advance. Do you have any program like that? Mr. Strahle replied no, they are working with the CPO's Office to look at master contracts to see what kind of schedule they might have on a timeline to where they are going to bid them out and such so they can be better prepared for them. There are some very specific DHS contracts that CMS would bid out for them. Right now they have two cases that were delegated back to DHS where DHS handles the bid so that they can get it done because CMS gets backed up. Bigger ones and a single one for an agency can be delegated back to us and we can take care of it. They would like to have just a list of those just for DHS or ones that are just a couple of agencies to make sure that DSH is covered for everything and then we can move forward. For bigger contracts like the trash removal contract that expired June 30<sup>th</sup>, CMS had an emergency in place to cover that and let DHS know about it so that we can do the paperwork so that they could continue to do trash removal. Member Bedore commented that DHS has to wait for CMS to give you some type of notification is that what you just said. Mr. Strahle replied that they are trying to find out to make sure that the contracts we do have in place, because they get copies of the contracts sometimes, but they go through the notices to ensure what is just DHS and which ones they are working off of. Member Bedore interjected stating that something he just said really disturbs him, "sometimes". Member Bedore stated that "sometimes" you get the contract from CMS, do these agencies here in the State talk to each other or is CMS a separate Government unto itself? Mr. Strahle replied that CMS puts them on the Procurement Bulletin and DHS pulls it off of there to get all of the dates when they post the award notice. Member Bedore stated that he used the word "sometimes". Mr. Strahle replied to get DHS the contract sometimes they do send them the contract, but other times they go to the Procurement Bulletin and pull it off of it. Mr. Hammoudeh stated that Member Bedore is absolutely right. DHS needs to coordinate more to gage when they see contracts expiring to make sure that the default answer isn't an emergency. But there needs to be more communication and DHS can help track that but the master contract that are expiring at the State agencies under the Governor rely on. Really it is incumbent on DHS to work closer with CMS and make sure we gage those dates and have a plan that ensures services while there is food, security or otherwise that they are just not defaulting to an emergency. Chairman Vaught asked if they use a database for that now or is this all taking people talking on the phone? Mr. Hammoudeh asked Mr. Strahle if there is a system that flags DHS in six months of an expiring master contract. Mr. Strahle replied no there not. That is something that they are working on to go through the Procurement Bulletin to see what is expiring and what they used so they can be prepared and work with CMS and the CPO's Office to determine if a contract is going to completed in time or if they need to take steps to ensure services or if the supplies are still available. Member Bedore stated that this explains a lot why there is a \$135 million worth of emergencies last year. He doesn't think agencies talk to each other. Chairman Vaught asked if there are other questions or comments for DHS.

Member Ivory stated that obviously DHS is the biggest agency in the State and they have looked at the emergency contracts and some of the challenges and he thinks the Board has had some pretty intense conversations trying to figure out how to make things better. Member Ivory asked from your estimation and your experience being at DHS, what are your suggestions on how to make it better? Has DHS taken a close look at some of the inherent problems that they could see from the inside and recommendations that you guys are putting into place to ensure a better process. He is always amazed when he talks to the Department of Transportation and doing disparity studies and he is finding that people have to go look into boxes just to find out what the participation is. It is incredible that in the 21<sup>st</sup> century we're not using technology at nearly the level - we should be able to hit a button and we should be able to get access to information and he is hoping that the State government does a much better job, in terms of technology, because if we have the technology in place to get to the answers then this is 10 times easier in his opinion, but if we don't have that he thinks that we will have problems. He is curious about anything they see on a particular problem that you guys are working on that you think would make this process better? Mr. Strahle replied that he thinks Member Ivory hit it on the head with the database. He thinks that they need something there that is much easier to see everything that is going on and if he is not mistaken, he is not speaking for the CPO Office, but he believes that they are working on things of that nature. From his point on emergencies he thinks it goes back to something that he just hit on also. It is that you have an emergency and you're not bidding it out you're not giving a lot a people a chance to bid on something. That is something that they look at trying to help

competition, small business, and minority female/owned business and things of that nature so they are not just focusing on one vendor coming in because we have to have them right now. The adage of the lack of preparation doesn't make it an emergency for them, it's something that they really push on. One of the things we try and do big at DHS is to let everybody know is to try and be proactive on the thing. You know you're starting up chillers and boilers, why aren't you testing a little bit earlier or when shutting them down realize there is a problem and bid them out and get some people in there to do something. Of the emergencies let's get things worked up better and let's look at the services we have that are master contracts and ensure that we're going to have them at the time and interaction with the agency being CMS and the CPO Office that they might not get this done for whatever reason so let's make sure they have something there that is competitive. Again, transparent and competitive because when emergencies happen it's being posted on the Bulletin three days after the emergency been declared so it has already happened. Sometimes you see some of the same vendors all the time and they see that sometimes with facilities because they're comfortable with them and they show up. It's not really fair and is that the best price. So we're trying to get things out there to have people thinking in terms of let's get a little more knowledgeable and get a little more information ahead of time that may include an emergency, but also allow competition and allow transparency ahead of time before the services are done. No one is questioning it after the fact. Member Ivory stated that competition and transparency inclusion is important and sure hope that they are working towards making sure that is a reality and not just a good conversation, but we have some real serious strategy plans that help us move to that direction. He knows that he'll be talking to them a little bit more on other subject matters in reference to that.

Member Bedore stated that he would like to pose a question regarding comments made today. There are computers and computer programs out there, we're not back in the dark ages, but when we look today we have a lease 6146 in front of us for Kankakee, all the Members have it in their packet and they can go in and look, but there is a picture in here of a private office and it's loaded with files falling on the floor and then there is a conference room and file room. What is this? He guesses we are in the dark ages. All these file cabinets, all these transfer cases loaded with materials, no wonder you don't know when contracts expire. How would anybody know? There's a private office here and he doesn't know how a person can work in there. When are we going to get up to this century as far as data and storage? Not like this. We are paying square footage for storage at the full price. Would you like to have a conference room with all this junk around you? Well that is what DHS has. Mr. Hammoudeh replied that they mentioned this at the last meeting that he is absolutely right and in fact Matt Grady and I were having this discussion about another one of the offices where the conference room is full of boxes. DHS has done two things, granted they are not moving fast enough on removing the legacy paper. In the last 2 years they have printed digitally approximately 10 million pieces of paper that in the past years would have been filed and put in a box and put in a room. They are actively moving legacy paper to a warehouse on the north end of Chicago and waiting for the retention requirements to expire so that we can destroy and shred that paper. DHS is actively locating big rooms of paper, and it's more for them and he echoes Member Bedore's comment, when we walk into a conference room and see boxes and file cabinets in spaces meant for case work to help people and to do work of the agency. Instead they can't because they are surrounded by paper. They are committed to doing away with that not only over the next couple of years, in fact, the good news is that they are not printing that same paper and filing it and retaining it in the offices, but your note unfortunately is still a reality. They do have rooms in areas that are viable work spaces that they are removing the paper; however, they have not implemented technology solution for that purpose. Mr. Hammoudeh stated to your former question a system that brings them to this century that announces six months in advance before it expires or a year in advance gives them a red flag and says you might be in trouble if you don't do some due diligence or research some competition or plan for this contract. That system and the visibility to BEP spend or other compliance issues that needs to be a reality as referenced by the Board. Mr. Grady stated that CMS has also appeared before this body and talked about some of the successes that DHS has made in terms of going from legacy paper to other ways of filing and things of that nature. They have made quite a bit of progress and are not stopping and are continuing on. What Member Bedore is speaking of is one of those staging areas where they are going to take that paper and get it taken care of so that conference room that he is looking at is a snap-shop point in time kind of picture. Chairman Vaught asked if there are any other questions or comments from the Board.

Chairman Vaught asked how much procurement staffing do they have at DHS, in terms of personnel. Mr. Hammoudeh replied they have a good small team and asked Mr. Strahle what are your numbers? Mr. Hammoudeh stated that Mr. Strahle is the head of office comparably to agency our size and they have 1/3 or a



quarter of the procurement staff that would help us get to the point of proper due diligence and fiduciary responsibility. Mr. Strahle replied that there is himself and 4 other excellent people who do procurements for DHS, which are the best procurement staff in the state. Mr. Hammoudeh asked how many PBCs go through DHS. Mr. Strahle replied approximately 1300 which is a \$2 billion worth of obligated contracts. Chairman Vaught asked if \$2 billion is the life of the contract number or an annual number. Mr. Strahle replied that it is an annual number that includes both Procurement Code and grants purchase of care, items of that nature. It does not include Medicaid or anything in the non-obligated world of healthcare. Chairman Vaught asked if he could break down the Procurement Code, purchase of care, grants out of that \$2 billion, roughly. Mr. Strahle replied that he thinks that it is an approximately a 1/3 to 2/3 with the Procurement Code being a 1/3. He stated that he could send the Board actual figures. Chairman Vaught stated that he would appreciate the follow up. It just helps the Board to have context because \$2 billion is a huge number. Mr. Strahle replied that it was. Mr. Hammoudeh stated that it is a huge number and honestly the due diligence that he knows this Board would like to see needs to be intensified and he needs to give Mr. Strahle more resources. Because after every one of these contracts that they look at, as this Board knows, you can spend days and weeks reviewing it looking at options and figuring out what's the best for the State, but unfortunately they just don't have the resources or the systems to get that done.

Member Ivory stated that when there is an incredible shortage of staff that has an impact upon procurement, how you guys resolve this problem. He understands the State fiscal problem and all the other things that go along with that. What are we going to do about that, what is the strategy, in terms of giving you more help to be more efficient with the four or five people that you have? Mr. Strahle replied that one of the things that procurement is, it is very difficult for someone to walk in and to be able to do the job immediately because there are so many perimeters and so many different governing bodies of any given procurement that it takes literally almost a year before you feel comfortable with the acronyms that we have. He has been lucky because he has people that have been there long enough that they understand things, we are having the programs areas, even the facilities, be more proactive by letting us know what going on. Many of their procurements are reoccurrences especially the purchase of care and grants are things that have happened in the past that they have seen before so we can ask questions on. Either they know what it is or we're saying hey we have seen this before can we do something different. They're trying to get started earlier on things so they can get true, but in order for someone to help us out, just adding a body right now to help us through the procurement season that starts after January 1<sup>st</sup> isn't going to be a lot of help just because of the nature of everything that is being done. But if you go back again into a better automated system or something more electronic, they do a lot of forms with electronic signatures instead of scanning. You would be surprised, not only do we not have boxes in our office of paper, but they move it a whole lot faster from ourselves to CMS or the CPO's Office for approvals, and it makes things more efficient. Member Ivory stated that he hopes that no one gets sick for any long period of time because you will be in real trouble. Mr. Grady stated that Mr. Strahle has a stellar team working with him and they just recently promoted and recruited someone from another area who has procurement experience to work in that area, which brought his staff up to 5. They are very serious about looking at their systems because consistence is the key and they can save a lot of money and resources in terms of people. Mr. Grady stated that's one thing that they are trying to do right now. Right now their resources have been kind of strained, and one of the reasons it's been strained is because of the Affordable Care Act. In terms of their systems' resources DHS is trying to free up, where we've launch the Affordable Care Act, so it should free up some resources, but don't be surprised if you see us come you with other requests asking for systems dollars. Mr. Hammoudeh stated that they do plan to add some resources to help Mr. Strahle and he's writing a manual to help the agency navigate procurement use best practices, etc. Mr. Strahle stated that keeping his staff happy so they will stick around is always a plus. Chairman Vaught stated that he thinks this has been very helpful to the Board. Unless there are other staff members who have questions or comments he appreciates DHS coming in.

Next on the agenda was Rules Review on the Capital Development Board (CDB) on Procurement/Contracts. In attendance were Jim Underwood, Director of Capital Development Board, Fred Hahn, CPO for the Capital Development Board, Lorri Rosenfeldt, Deputy Chief Procurement Officer, Tom Klein, General Counsel with CDB, Don Broughton, Contracts Administrator, Mike Wilson, Deputy Director of Operations, and Gilbert Villegas, Chief of Staff at CDB. Mr. Hahn thanked the Board for considering their rules that are before the Board today, 44 Ill. Admin. Code 8. They are in an effort to develop some fairly comprehensive Rules for the procurement of construction and construction of professional and related services under the offices of CDB.

We have been working on these rules for quite a while. Ensured drafts of them with industry partners emerged he believes. He has had some good comments back and incorporated them into some redrafting and filed their first notice August 2, 2013. After filing first notice they received comments from perhaps a dozen or 14 different entities. The total number of comments from them was about 130 and they have accepted the majority of those comments, which were 80 of them. He disagreed with about 38 and there are still some areas that need to be talked about in the future. There were specific comments made by Procurement Policy Board. They were good suggestions and many of them were along the lines of incorporating or changing the language to better incorporate the rules as expressed in the General Services rules, and in fact that largely what this effort has done is incorporated or padded itself after the General Service rules, which are closely related or worded to the Higher Education rules. They have some uniformity between the three rules. However, there are some differences in here for the construction portfolio. Ms. Rosenfeldt added that with the regards to with the comments received by the PPB. They were able accept all of those comments as they move towards the second notice they will be incorporating all of the recommendations of the PPB.

Director Underwood stated that CDB is grateful for this invitation to come before the Board to discuss proposed rules with Chief Procurement Officer of Construction. CDB believes that the adoption of formal rules will promote clarity and consistency in a procurement process. However, CDB believes in some aspects of proposed rules as written in the first notice blur the line between CDB and CPO authority and that portions of the proposed rules fall outside the statutory authority of the CPO. CDB feels strongly that decisions requiring construction expertise should be made by construction staff and that questions requiring procurements should be made procurement staff. Since the proposed rules that as drafted give the current staff authority over decisions that require construction expertise. We did receive a revised copy of the proposed rules yesterday after 4 p.m. and have not had time to evaluate whether any of those changes satisfy are concerns, but CDB is here today to answer any questions and get more detail.

Chairman Vaught stated he didn't know how far the Board wants to get into specifics, but it sounds like there were changes and the Board doesn't have those yet, correct? Director Carter replied no they just submitted the change draft to the CDB, but CPO Hahn agreed to make all the changes that the staff recommended. Chairman Vaught says he understands that in terms of the staff, but the Executive Director said he had changes that he hoped would be but made he hadn't had a chance to review those so we're kind of in the dark about what those are aren't we? Director Carter replied that he is fairly confident that CDB's concerns weren't addressed and that still goes down to what I guess I would call jurisdictional concerns, would be the best way to that but that some of the other concerns they had we felt were in line with the rules and we put that is our draft as well.

Member Ivory stated that after listening to the Director's comment is that he made a point in reference to that they were making some type of an evaluation construction people understand construction it makes sense to him. He would recommend that the Board makes sure they understand the rules before voting on it. Chairman Vaught asked if there other Board questions or concerns that we need to take up today. Member Black when looking through the 100 some pages he finds no reference to Project Labor Agreements. Have you incorporated that in any of your rules? It's often done and some people like it and some don't, but he didn't see any reference to Project Labor Agreements and what that does is say that anybody who works on that who might be a non-union contractor he could have 1 or 2 of his skilled workers on the job, but all others must be hired out of the union hall. He has seen some work done well and has seen some not so well. He has had people call him on occasion and say they didn't have a problem with it, and he has had some non-union businesses that say they have a big problem with it. He doesn't know whether CDB has ever incorporated that in any language, but they are much more common now than they were 15 years ago. CPO Hahn replied that he thought that they had a general reference to Project Labor Agreements in term of specifications. He doesn't think it would be extensive enough that would address what you getting at. They can take a look at that and get something in there. He thinks we're getting back to the authority argument and CDB is going to say the CPO has no authority to put anything in these rules about the use Project Labor Agreements. Member Black stated that there are often questions about how Project Labor Agreements take place on certain projects and people will bid particularly subs, and at the meeting where they're notify this, this and this they go to a meeting and say by the way this is covered under a Project Labor Agreement. And a non-union company will often say we didn't know that and then using his people, all of them, he or she is generally limited and the agreement usually spells out, maybe the general foreman, or one of his quality assurance people and

everybody else working on his particular section on the subcontract would have to come out of the hall and the general superintendent often says I don't know these people. I don't know their level of qualification, obviously if they're a journeyman they're qualified, but I don't know the way they work, I don't know how quickly they work this may really destroy my financial figures based on something that I just wasn't aware of. There has been some question on whether or not if they can withdraw from that because they didn't know this was Project Labor Agreement and is not prepared to agree to that. CPO Hahn replied that should not be occurring on CDB projects so the use of a Project Labor Agreement is part of the advertisement when we solicit the contract in the actual verbiage of the Project Labor Agreement is contained in the specifications. Mr. Broughton stated that the Project Labor Agreements there actually as the word defines specific to a project, so as CPO Hahn was saying is correct. When there is a Project Labor Agreement it is included in the plans and specifications in the bid document so when the project is advertised and the bid documents are available to the public through the Procurement Bulletin those documents do contain a reference, a sort of preamble of what is required of prime contractors in bidding with us as well as the subcontractors regarding Project Labor Agreements and a copy of the Project Labor Agreement with the signature pages, which will spell out for them what exactly they're bound to and what they need to sign is included in the project itself. Where you were referring to some sub contractors may not be aware of that, in his observation would be either maybe they are not looking at the bid documents as all subcontractors should when they put together a price and it could also be that the prime contractors are not conveying that information to them to make sure they are aware of that. Member Black stated that he is glad he said that. His impression of that, because he knows the Danville Correction Center was a Project Labor Agreement and he thought it was made very clear in the bid documents that's the way it would be and nobody complained about that, but they have had some subsequent repair work on the Civic Center or to a community college building, where some of the subs probably didn't look at the overall thing, they just looked at what they were going to bid on and then find out. As long as there is constructive notice of the Project Labor Agreement within in the implied or the actual written rule he doesn't have any major problems with that. It's what he runs into, just what you mention – a subcontractor who didn't look over the overall project took a look at his particular area and thinks they can do this for this amount of money and gets the bid and then is told by the prime you're okay with the Project Labor Agreement and he's like, oh he didn't know that. He just wants to make sure there is constructive notice so that no sub will come back and say wait a minute, that changes the way he would have bid had if he known that. Mr. Broughton replied that you will see from time to time where bidders as well as subs maybe don't look at all the documents. The documents are very thick, there might be a paragraph that addresses some law, or some Act, or some rule in regards to the Project Labor Agreement again, with the PLA call it being in the document it's about a 22 page document, so it's not like it's a paragraph hidden somewhere. In his opinion it's relatively easy for someone who cruises through the bid documents, even a cursory review should be able to see that it's there. Member Black asked if he is confident that constructive notices are already included and it's not something that we need to pay a great deal attention to at this point. Mr. Broughton replied he thinks as far as the notice and what they have in the documents he thinks that it's the responsibility of someone who is bidding on any type of procurement with the State of Illinois they should take a look at any type of documents and see what they are getting themselves into. CPO Hahn stated that he thinks there is a caveat to this and thinks the caveat comes from, and he believes it's true that working on the contractors end of things, but CBD recently began implementing the use of Project Labor Agreements on its architect and engineering contracts and there is a lot of discussion and some controversy on that. He thinks those discussions have to air out and have to come up with something, but that is an area of concern.

Chairman Vaught stated he would like to have the Board's Executive Director and whoever gets the Board these new revisions so the Board can look at them quickly before our next meeting. Is it possible that we do that? Director Carter replied absolutely. He would also ask that CDB take a look at whatever remaining concerns that have a list of those as well, so he can supply those to the Board. Ms. Rosenfeldt stated that she would like to make a comment going back to Member Ivory's comment about the role of the CPO Office as it relates to procurement. Of those kinds of determinations that should be construction and those specific to procurement. One of the things they did in their revised version is that they changed one of the words as it relates to our authority to make determinations and instead of using the words CPO Office "shall determine" what the specifications contain. We changed that to "shall approve" what these specifications contain and the reason that they did that and the reason why the CPO's Office wants to participate in these determinations is to prevent those kinds of circumstances where a specification might be restrictive and might be written specifically for one particular vendor which doesn't work to achieve the greatest amount competitiveness. She

thinks that is at the heart of the role of what the CPO's Office should be as intended to be as it relates to specifications for construction. Member Ivory thanked her for the clarity. That is an important comment that you just made. The Board will take a look at the information and keep moving forward.

Member Bedore asked if they address community colleges. The Board has been talking about these issues for years on the community colleges is there anything specific in these rules that will clarify CDB's authority over this so there is not confusion in the future. CPO Hahn replied that he doesn't believe there is. He believes there will be lingering questions about the community colleges and thinks it's going to go back to who has the authority to say what. Member Bedore said that maybe the Board should be talking about these rules and maybe we should be talking some legislation. What you're saying is these rules are not going to cover the community colleges so a year from now Ed Bedore, Bill, and Larry are going to have these same questions that they have had for the last year or so and this isn't going to answer it. CPO Hahn replied they do cover the community colleges, but it's not going to change the way things are currently happening. They have had discussions with Director Carter about a few things that could be changed, some way changes could be made I think we have even discussed, at least generally, some legislative ways to do that. Member Bedore stated that he would hoped that the Board's Executive Director would certainly come up with something for the spring session because he doesn't want to keep talking about issues that should be taken care of. CPO Hahn replied he did have legislation in the 2011 session and it didn't make it anywhere, but it would have addressed the community colleges. Member Bedore stated that he understands the legislators there are listening to their local community rather than the overall good, not that any Representative would ever do that. Member Bedore stated getting back to the comments he would hope since the Board hasn't seen what the new proposals are, but would hope they keep in mind that SB51 real did give some really authority to the CPO's and it should be kept with the CPO's.

Member Ivory stated that he brought up the subject about the community colleges, which has been debated with the Board for quite some time. He is still struggling with that issue and this was not on the docket today, but he surely wants to make sure this clarification and maybe he could talk to Director Carter, CPO Hahn, or talk with Director Underwood or someone. He is still having a problem with the community college, in terms of their ability to comply and looking across the board and seeing based upon our data and information that they fundamentally have just outright, in my opinion, have not been inclusive at all to any real degree. He thinks that Director Underwood has the authority to change that, he doesn't think it requires a law change? Member Ivory wants to know if he is missing something on this conversation here. Maybe we don't need to get into it today, but it is a topic we should talk about. Director Underwood replied that he believes that they have delegated that authority over the years it's always been done like that. It would have to be an internal policy change we would need to be discussed with those above him. Mr. Klein is our expert on the rules and the laws that govern us, is that correct? Mr. Klein replied affirmatively. As far as he knows historically the selection of architects for both community colleges and university projects have been delegated to the universities and community colleges. They have been working on legislation that would change the way that community colleges make their selections. It would require them to go through a QBS process rather than just relying...right now they have legislation that says if they have a satisfactory relationship with a firm they can just use that firm without opening it up. CDB is working on legislation to change that and require them to go through a QBS process. Member Ivory stated for clarification, CDB has been doing it this way for a period of time. Does CDB have the authority to change that because it's been done that way for a period of time doesn't mean that it has to be that way. For example the Secretary of Transportation has some authority. Policy has been done a certain way for 30 years, it doesn't mean that she doesn't have the power to change that policy. She has that power to change that policy. He is trying to get clear to the fact, Director Underwood do you have that power and does CDB have the power regardless of what's been done for 100 - 150 years. This process we all know is flawed and we agreed to it, we have talked about it and we have yet to resolve the issue. We are going back to the colleges back and forth and we still don't have any real conclusion to this problem. He thinks it's a major problem that we ought to do something about. Member Ivory stated that he doesn't think it needs to be legislated to get it fixed. Director Underwood replied to give him a month and he'll have a definite answer on that. He stated there is SB2363 that Senator Martinez has a bill out there that would change the way community colleges do their selection to mirror the way Higher Ed and the way CDB does them. There were no further questions or comment.



Next on the agenda was the Rules Review for CMS – Veterans’ Business Program. In attendance was Michelle Jackson Deputy General Counsel at CMS and Paul Cerpa, Deputy Director of Department of Veteran Affairs. Director Carter stated that the Board held this over from last month’s meeting. There’s some material in your supplemental information that shows where the current vendors are, what kind of category they’re under, and representatives from CMS as well as Department of Veterans Affairs are back this month to give the Board an update on where we are with the rules, as well as go over the material that they provided us on where the current vendors are. Michelle Jackson, Deputy General Counsel at CMS stated that she is here to discuss the Veterans Rules. CMS provided information previously from the Department of Veteran Affairs, which was a comprehensive aspect of their outreach efforts that had been made in regards to increasing our number of veteran’s small business. CMS also provided information as requested with the numbers of veteran’s small business that they currently have certify. As of today they have 50 certified veteran owned small businesses and veteran owned service disabled veteran owned small business; three in northern Illinois, five in southern Illinois and 42 in Chicago Metro. What the Board has is a report of all those listings and those businesses with commodity codes so each business with that commodity code of that particular business that it is certified in. Also, the Board has a more concise document in front of you, which is the specific commodity code for which they now have three or more certified veteran owned small business listed. Ms. Jackson asked if there are any questions in regards to our numbers. Member Bedore asked if their total number of certified vendors is 50. Ms. Jackson replied that the total number is 50 and believes there are approximately 10 more that are going through the certification process. You may recall that there are 137 veteran small business registered with the Federal Department of Veterans Affairs and they have made outreach to all of those that we don’t already have certified and are reaching out to them so we can recognize their status within Illinois. Member Bedore asked how many did they have last month? Ms. Jackson replied that last month when we were before you I believe there were 36. Member Bedore asked when they say southern Illinois what point of reference is that geographically. Is it south of I-80 or south of Springfield? Director Cerpa replied in essence it would be South of I-80. He can break down the counties for the Board if they would like. Member Bedore said no that was alright. Member Bedore stated that there are five for the entire State south of I-80. To him that’s really pushing southern Illinois. To him that’s central Illinois and then southern Illinois. So Decatur, Champaign, Springfield, Carbondale, Edwardsville, Carlinville, every city south of I-80. He thinks that even includes Kankakee. Member Bedore stated that he is sorry, but their outreach program to him isn’t working. Ms. Jackson replied that they will keep adding to it. Last week there was a meeting that all of the CPOs chaired to get feedback from the vendor community as to how the veteran’s small business program is working and to accept their ideas regarding outreach. There were comments that they were glad to have these particular types of events. They will continue to do that as we have stated. That event was here at the Thompson Center in Chicago. Member Bedore stated that they had it at the Thompson Center. Ms. Jackson stated that it was also in Springfield. Director Cerpa stated that it was a video conference between Springfield and Chicago. Member Bedore stated that he forgot a couple of other important cities like Peoria and Danville and we have five. Ms. Jackson replied they will continue at it. Member Bedore stated that he certainly hopes so. Ms. Jackson replied they want to increase the numbers. They have sent letters to all 137 not already in their database to ask them to fill out the registration form. They don’t have an update as of today, but can’t tell how many of them have completed the registration paper work. It’s a 2 page document that they need to sign and send back and they will recognize them. She can’t tell the Board out of the 137 how many are in southern Illinois, but she can definitely provide that information. Member Bedore asked that they change the terminology on southern Illinois, its central Illinois and Southern Illinois. Ms. Jackson replied so noted. In addition to the outreach efforts that have been ongoing and will continue they have also worked in conjunction with the Tollway Authority, IDOT, CDB and with the CPO’s Office because after we receive comments from the first notice filing of the rules, the rules were filed on June 14, 2013 and we receive comments from JCAR and the CPO’s office. From those communications they then worked collaboratively and have now filed our second notice rule. She provided a copy of that and apologized for the delay. It was filed yesterday and she provided a copy of it to Director Carter and Mr. Blount. Member Bedore stated that he doesn’t have it, but I’m glad you brought it into the office yesterday knowing full well that our Board meeting notice was posted 10 days ago. Ms. Jackson replied that so you know that one of the main concerns that has been raised by this Board was the concern as to the vendor pool, possibly not being enough vendors for there to be a competitive market and so working with the CPO’s Office, IDOT, Tollway, and CDB they came up with that they would attempt to ensure that CMS does not create a bottleneck in the system. CMS is proposing in the rules that they delegate to the construction agencies as well as other State agencies the authority to exempt a specific procurement from a veterans goal if that is not a competitive

market and also the ability to grant a waiver once a goal has been placed on a solicitation in the event that a prime bidder or offeror reports that they were unable to meet whatever the stated goal for the solicitation is. The agencies themselves will be able, after documentation, to grant to exemption or the waiver and then they will just have to report that information on a quarterly basis to CMS. That is how they have revised the rules to attempt to answer those concerns. Member Bedore stated that they are going to have to have waivers because you have five vendors south of I-80 so when you do a regional bid and there is nobody from Peoria, Danville, Springfield or Decatur on your list of five possible vendors that may not be into construction or may not be in the specific area that you're going to bid. You're going to have to have waivers because you haven't done the outreach. There is no way in the world that CMS can do bidding for regions with five vendors and then we don't know where these five vendors are in this central/southern Illinois. Forgot where they're located we don't know if they're all in advertising or these five are all into vending machines. CMS is going to have to have waivers there's no other way this program could work. Mr. Cerpa replied that they understand that and obviously the small number of veteran owned firms does create a challenge to the program. When they talk about waivers we have to be able to distinguish to both a request from the agency to dispense with a consideration with a veterans bill on a contract on the initial phase of preparing a solicitation not to the point where there is a goal established on the contract and it is being solicited and the prime contractor then has to request the waiver. He would agree that you with the limited number of veteran owned firms in a particular region or for that matter the availability of those individuals on that particular type of contract. It would then demonstrate a goal could not then be applied specifically for veteran participation. In that respect there is a process in place called the decision memorandum whereby the agency requests to not apply a veteran's program goal on there. CMS certainly doesn't want to sit back and spend all their time dealing with waivers on a regular basis. That certainly would backlog the process by putting a goal on the contract without the availability of veteran owned firms. Recognizing that that is the small number that they have had they have had an increase we believe by virtue of the veterans home that has gone out for bid through CDB. Additionally, they have changed legislation that has allowed minority owned firms to now become veterans. They have also had discussions with Cook County with the only other municipality within the State that has a veteran owned program. They too however, though are challenged with a very small number. His last discussion with them he believed they indicated only having 50 veteran owned firms within their overall database and their program has been in place along the same lines as 2 years as well. It is challenging, but we believe that the legislation that has changed, that has certainly contributed to the increase as well as our dialog with other veteran's business organizations such as Elite. They have partnered with IDVA across the State as far north as Rockford all the way down south to Marion. They have had presentations in VFW halls; they have had dialogue as well with these organizations. The word is getting out, the interest increasing and they believe that those efforts will promote not only a larger number, but more success within the program.

Chairman Vaught stated that this sounds like the same situation that we just had with CDB where we had a recently revised draft and we're going to have to pick it up next month. Are there other things that we want to inquire about today? Will the Board be able to get that soon before the meeting so we have time to review it? Member Black stated that he has been trying to match up these commodities numbers and they don't seem to make any sense to him. What are these commodities numbers? They don't match. If he goes to one in data it has a different number in data on the other page. Member Black stated that he has two hand outs all kinds of commodities numbers and he is trying to figure out what the commodity number means. Ms. Jackson replied the commodity numbers are the industry code and sub-sectors. So they will be different numbers because it is broken down into subsections. Someone may be in advertising, but may not be certified advertising for miscellaneous, as an example. What she did was took all of the commodities codes for which they have for the veterans small business certified and then she only pulled down and gave the Board a snap-shot document. Those specificity commodity codes, which may be a sub-sector that have three or more certified veteran owned small business in our database. Member Black asked how many pages it would be if he asked for translation pages that would tell him what these commodity numbers mean. Would that mean more paper than what we would want to spend the money for? Ms. Jackson replied that where you see next to it commodity description that is what it means. We can perhaps get more information for the Board as it pertains to that, but is the commodity number and then the description that's how you have it. Member Black stated that he is looking on your sheet and appreciates the snap-shot sheet the first one is advertising miscellaneous and then on the other sheet it has different commodities numbers under services, advertising. That's what is throwing me off here. Ms. Jackson replied because those are two different commodity codes. If you look down on the listing that says Rocket Productions as the vendor and then if you look at the 3<sup>rd</sup> Rocket Productions is

certified in several different commodity codes or numbers. If you look they have on their 3<sup>rd</sup> one, they have advertising miscellaneous. That is the exact same number as the commodity number that is listed on the snapshot. Ms. Jackson stated that they are one of the three in that, but there are not any other ones listed. In services, advertising and graphics, they do not have more than three because they're not listed on the snapshot. Ms. Jackson stated that what she can do if it is helpful, which she doesn't have herself, but will try and find a more descriptive language or definitions for each of the commodities descriptions. What the Board has is what she has, but she will attempt to get more information if that is something the Board would like. Member Black stated that he would appreciate that. Member Black stated that since this state of war that we've been in, he doesn't have the figures but would say about 65% of the Illinois National Guard Units have been called to active duty. As he recalls of days long ago he thinks if they serve 180 on active federalized duty active duty they are then classified as veterans for all veterans' benefits, etc. The 33<sup>rd</sup> brigade out of Springfield he thinks activated most of their troopers. It would seem to him and assume that you have met with the General or the proper person in the Illinois National Guard because he would think that we would have more veterans. He knows that we have had several killed and knows several have wounded than we have had in the history of the State, probably since WWII. Has CMS met with these people that have the database who knows where there people are? They would have a database to show who was wounded and where they live. He checked with the Administrator of the Danville Veterans Administration, which is called the Illiana because they are right on the boarder of Indiana - the Illiana Medical Services Facility. As far as he knew nobody has contacted him about this particular program and they have programs for everything including education, homelessness and are becoming very big in some of mental health issues. Member Black asked if anyone has contacted them about the Illinois preference for veteran's business owners. He says not that he knew of. They may have contacted someone on his staff. They are the largest single employer in the Danville area and he knows a lot of those people and they do a great job with a lot of those veterans and he thinks if their outreach could include some of those people they could be a great help on giving you directions. The outreach has to go to the people who know the groups that we're trying to reach. Surely the General or some of his staff would have a list of people who are classified as veterans or disabled veterans, veteran's hospitals. The Danville facility operates several outpatient clinics in Peoria and the surrounding area. He thinks they would be a wealth of information and the Director didn't say nobody had contacted he just wasn't aware of it and then he said he would be interested in that program. Once they get them acclimated and attend to their wounds and the emotional issues that some are having obviously, what they would like to do is integrate them back into the work force. He thinks that's the final piece of the puzzle that is going to make these people the contributing members of society that we all want. Rodrigo Garcia, Assistant Director for the Illinois Department of Veteran Affairs stated that in conjunction with CMS they have definitely reached out to General Krumrei and have begun to do of some that outreach, not only through the various headquarter units that are in Springfield, but also through the various National Guard units that are in the communities in the State of Illinois and we have made it a point when we have hosted some of these events that we have invited not only those Veterans Services Organizations in the area, but both reserve and active duty units along with National Guard Units as well. What they've seen based on surveys that they have done on existing veteran owned businesses that they know that are out there, but are not certified with the State and the top three reasons that they hear, based on their informal survey, has been the lack of opportunities for the State of Illinois in terms of goals being placed on contracts as well as the lack of prompt payment that they're receiving from the State of Illinois. As well as what used to be as they perceived as an extreme length of time in terms of processing because they were getting confused with the Federal VA which tends to take about 3-6 months to process and CMS, which is 4-8 weeks. Once they began to do the legislation that allows minority veterans to be classified both as minority as well veteran owned firms as well a the reciprocity agreement with Federal VA even though Federal VA does not respect the State of Illinois certification. They will accept their's because they are trying to lower the barriers for some of these services members. Now the big issue that they keep hearing is the lack goals and the goals are not being placed because we're still moving ahead with the rules once the rules are finalized goals will be placed on contracts. Just from the Chicago home where we open up the bids October 1<sup>st</sup> for that Chicago Veterans Home they had potentially an increase of 10-20 firms just in Chicago because of that contract alone. DVA feels as they continue to move forward and do additional outreach throughout Illinois, their next event is the second week of December. They will continue to advocate not only for goals being placed, but also for continuing outreach and he would definitely take the Board's recommendations. He will make sure that they reach out continually including the Illiana VA system. There are some large VA facilities, about five in the State of Illinois, and they will continue to work some of these Federal entities. Mr. Garcia stated that he will also say that they are also working with the National

Guard and a Security Grant from the Small Business Administration (SBA). They were half way through the process and unfortunately obviously, as everyone knows, SBA is currently shutdown at the moment, to bring a Veteran's Business Outreach Center to the State of Illinois to have dedicated full time resources to this issue as to opposed to using a member of our staff who already had multiple responsibilities on their plate. He thinks that this will also do wonders for this program. Chairman Vaught stated that he wanted to apologize for the delay at the last meeting and know that you were there and had a conflict and didn't get to talk with the Board. He appreciates him coming back and it helps to hear from to the Department of Veterans, not just CMS, on what everyone is doing here. He thinks that he makes a very excellent point about sometimes you have to have everything perfect before you start and sometimes you have to step off, that's what we used to say in the Army, step off right one other concept, get moving. Member Black said he appreciated the update.

Member Ivory commented that he sees this as an incredible opportunity. The reason for saying that is he too is a past military guy from the United States Marine Corp. We can't go and change to past, we can't fix it, it is done, but we can focus on the present and future and what he wants to do is be a real encourager to all of you to work hard to be more even more committed and he has seen some progress in a very short period of time and wants to commend you for that. Member Ivory stated that from a historical basis that when we had a contract with the Department of Transportation when they built I-74 they had a troubled track record with minorities in construction. Because in most cases African Americans and other minorities didn't believe it was a legitimate opportunity and when people don't believe it is legitimate opportunity they don't waste their time, they don't bid, they don't put the time and energy into it. He thinks that the pendulum has shifted and we need to do far more, in his opinion, for those who are getting the contract. We have to celebrate that so other veterans can see there is legitimate opportunity. He thinks we need to look at the marketing piece, in terms of, when people see there is an opportunity he thinks people will be more excited about moving forward. He knows when we did that we had the highest minority participation in the whole State of Illinois, because we worked together as a team to really show people that we were a legitimate opportunity and what we had found by talking to constituents is that they didn't believe it was an opportunity so why go through the process of getting certified, doing any of these things because they didn't see an opportunity. What he would say to you is keep up the work, stay focused on the objective, don't worry about the past, but let's make sure we make the veterans and our soldiers who fight and die for this country proud of the work that we're going to do to make sure there is an opportunity. When we take a look at statistical data, this is an opportunity, because when you see a place where there is no participation and you get out there and talk to veterans and say they could start a company and get a couple of people to start a company and guess what in this strategic gulf area we have no presence and if you get some presence because we have these goals, you will create an opportunity for yourself. Member Ivory wants to speak to the issue – move forward, stay focused, and don't give up.

Member Bedore stated that he might have misunderstood what was just said about getting federal grant. It was stated that the person handling the outreach is over worked with other duties and so you want a contract with the federal government. Did he hear that correctly? Mr. Garcia replied to some degree. What he mentioned is they are currently in discussions with the Small Business Administration to secure a grant in order to set up a Veteran Business Outreach Center whose sole purpose is to not only to advocate on behalf of veteran owned businesses in the State of Illinois, but also ensure that they do significant outreach throughout the State using federal monies and those State monies. Member Bedore stated that he appreciates what Member Ivory just said about not looking back, but let's remember this is 2 years and 2 months later and you're looking to get a grant so you can do outreach. Where have you been for 2 years and 2 months with one person doing outreach that's overloaded with other projects? Veterans Affairs has 1,300 employees. Isn't this a top priority? It was just stated that this person is over worked, has other projects, and were looking to get a grant so we can do out reach. If that the case hang it up, goodbye. Mr. Garcia replied that they do have 1,300 employees and however, about 1,100 of them are in our Veteran's homes. They are nurses, doctors, they are practical nurses and it wouldn't be practical to ask them to make this a priority. However, they have utilized other staff members to do some of this outreach in varies parts of the State. They do have a variety of services officers throughout the State of Illinois and they do continue to use them us as a beacon of their community to get to do outreach on this particular event. When we're talking about that one person they are talking about outreach related to specific events. They can still do outreach in terms of emails, letters, phone calls. He has had multiple veteran owned businesses ask him to remove them from the list, because they're getting too many emails, too many letters, they already know about the program they're not interested in the program



until they start seeing legitimate goals being placed on these contracts. Mr. Garcia would definitely take the Board's advice and make sure to do additional outreach because we always look for initiative outreach practices as well. Member Bedore stated that he doesn't think that we need to rely on the Federal Government, which is shut down to do our outreach program. Between you and 1,100 or 200 employees in the administration in your Department and all of CMS and of all the PR people in this government he doesn't think they need the federal government to give you a grant to do outreach to veterans. I'm sorry that's a cop out. Chairman Vaught stated that he thinks they have gone over this one well and are going to have it again next month.

Next on the agenda was CMS Facilities. In attendance was Nick Kanellopoulos, Deputy Director of Property Management at CMS. Mr. Kanellopoulos stated that there was one question from last month's meeting regarding the Franklin Life Building. He believes when he gave the headcount numbers Member Bedore asked about people working on other shifts rather than the day shift and how that affected the headcount numbers at Franklin Life and he also thinks he asked how many people work in the warehouse. Mr. Kanellopoulos stated that the only part of the building that has multiple shifts is the District 9 headquarters that are on the 1<sup>st</sup> floor of the main building. There they have 17 employees that work the evening shift and 10 employees that work the midnight shift. Those numbers fluctuate depending on transfers and hires, but that's generally the numbers and there are 10 employees that work in the warehouse. There are five that work in the print shop, there are two that do logistics and three operate the Statewide evidence vaults. Member Bedore stated that when you give your initial headcount he would hope they would subtract those people from your total headcount. Mr. Kanellopoulos replied going forward they will keep track of those numbers and report them when requested. Chairman Vaught wanted to know about the capital plans for that building of those unutilized spaces that used to be cafeterias. Mr. Kanellopoulos stated that the cafeteria they turned into multiple conference rooms that he believes they have completed in making three of them video conference rooms that can be used by everyone in the building. The Gaming Board is going to add 49 headcount to the building and they are finalizing plans for the improvements required to create the space for them. That part will be done by CMS; it's not a capital project. They are also finishing up work for ISP for the additional FOID and concealed carry employees that they're bringing on. Again, that was done by CMS. Those are the main projects going on. Chairman Vaught asked about that second kitchen? Remember there was a cafeteria and then on the other floor it was an executive kitchen with all that kitchen equipment – is all that still in there, being used for storage for 10 years? Mr. Kanellopoulos asked if he was referring to the director's floor, he would have to check. He doesn't know the status of that equipment or what is going on. Chairman Vaught says it wasn't as big as the cafeteria floor I understand, but there was some space there that had a lot of equipment that no one planned to use and it has some potential. Mr. Kanellopoulos replied that he'll find out and report back.

Next on the agenda was the Clarification on 30 ILCS 500/40-20 (e). Mr. Kanellopoulos stated that since the last meeting, he knows there was at least one conference between Todd Turner, Legal Counsel for the Board and Susan Kim who is the Deputy General Counsel for Property Management at CMS. He knows they have sent an email to Mr. Turner with their position on the interpretation of the statute. Nothing has changed since the discussion last month. Chairman Vaught stated that the Board has drafted an amended statute. The Board believes they need to change this statute if we are going to have these disagreements with CMS and so perhaps we should have CMS look at that statute to see what they think of it because the Board wants it to implement the legislature's original intent. This is a statute they suggested here. This is a policy body that represents the procurement officers and they don't want to have disagreements about interpreting statutes where they know what the intent was and CMS wants to be technical about. Chairman Vaught thinks that's the next step that they ought to pursue is to have CMS look at the Board's draft and see what they think of it. See if it makes it very clear that when you amend a lease that is a lease. Chairman Vaught stated he is just suggesting another step and if CMS doesn't like their statute then they can talk about the differences in it. Mr. Kanellopoulos replied that he will be glad to take a look and have CMS legal staff take a look at it too. Chairman Vaught replied that CMS needs to have their legislative staffs and their procurement staff take a look and people want to have a good relationship with the Procurement Policy Board and have them take a look. Chairman Vaught stated that the legal people can go back upstairs as far as I'm concerned in my opinion. Let's not be over legalistic okay, let's be practical. Director Carter stated that he would get it to them. Chairman Vaught says he has a general question, the Board has heard these lease reviews and CMS is working heading toward another budget. Mr. Kanellopoulos replied affirmatively. Chairman Vaught stated

that CMS had about \$20 million or so roughly the first year in savings that the Board worked hard with CMS on in a very successful way, \$20 million and all that got reprioritized to more important things than rent. Then it was \$30 million and \$40 million and then it was \$50 million. Those were all annualized numbers. That's a \$140 million that had been devoted to other purposes that were higher priorities than renting assets space. Are we going to have a new target for consolidations in rental savings in the next budget or we going to stop at \$50 million? Mr. Kanellopoulos replied that he thinks that they are currently at an end. You use the word savings, he uses the word cost reduction and right now they stand at about \$55 million. CMS feels that there are other large projects, in this fiscal year that should be completed in this fiscal year that should yield additional lease reductions. However, there is also going to be additional space added by DHS for the Affordable Care Act, Medicaid Redetermination Program and those additional hires have to be housed and not all of those hires can be housed in a existing space. He doesn't know as he sits here today how that will affect the bottom line for the next year from today, but he will continue to report to the Board the process they are making. Because of those two things he cannot tell the Board if they have a goal, but we hope to continue to increase the cost reductions.

Member Bedore stated that he thinks that he received an e-mail regarding the lease in Urbana? Mr. Kanellopoulos replied affirmatively. It is the DCFS lease on Race Street in Urbana. Member Bedore stated that here is a lease going back to what the Chairman Vaught is talking about saving money. Here is a lease that is going up 10%. Why in today's world would we add to a lease of 10% increase in the rate? He doesn't follow that at all when in the same period of time you renegotiated a lease here in Springfield on Capitol Street, Illinois Commerce Commission, which is in a great building four blocks from the Capitol. CMS renegotiated that lease and it wasn't even due, but renegotiated anyway from \$11.30 down to \$10.00 dollars a square foot for a prime building blocks from the State Capitol. Everybody loves the building, it's been renovated, \$10 square foot and here we go over to Race Street in Urbana and you have \$14.59. That's a 10% increase from their \$13.26. Why would you give them a 10% increase? Mr. Kanellopoulos replied that he is not sure what he is looking at, but the rate for Race Street is \$13.00. There 2 things going on here. CMS has a lease that was entered into roughly 5 years ago and the initial term of the lease was \$14.59 for the first two years, \$14.74 for the next years, \$14.89 and then the first year of the renewal period is suppose \$15.19. CMS amended that lease and CMS sent that to the Board August 22<sup>nd</sup>. CMS amended the lease because they wanted to review it, but we negotiated reduction from that point would have been \$14.89, because we're still in the 5<sup>th</sup> year of the lease not the 6<sup>th</sup>, down to \$13.00. Chairman Vaught interrupted stating that he thinks that there is some confusion and was told by staff here that there is a mistake on PPB fax sheet that reversed the two numbers, so were showing an increase, when it should have been a decrease. That's what Mr. Kanellopoulos is saying and it's consisted of what the staff is saying we have a mistake. Member Bedore stated that he withdraws his comments.

Next on the agenda was Lease Review for DHS Lease #6146 at 285 North Schuyler Avenue in Kankakee. Mr. Kanellopoulos stated that CMS is asking for the Board's approval on this lease. This lease houses the Family Community Resource Center (FCRC) and also houses the Department of Rehabilitative Services (DRS) office. They were consolidated into this location in 2008. Also, in February, CMS terminated a DHS lease in Watseka and that office was consolidated into this office. Chairman Vaught asked if that include the 44 now. Mr. Kanellopoulos replied affirmatively. To go back to an issue Member Bedore brought up in the pictures, it was noted the number of files, you also noted there was a conference room that had a lot of files stored in it. He visited the office this week and met with the LOA. The reason why those files are in that office is because they are the Watseka files and they are going slowly through them to purge the files that don't need to be there. It has been discussed in these meetings previously. DHS now has a policy that any client can go to any office for services. The Watseka office closes and in all likelihood not everyone is going to Kankakee for services hence a lot of those files. Once they sign up for services at another office those files can be taken off site so that process is ongoing, but slow. They expect a lot less files going forward and expect the conference room will contain no more files, but they're working through them slowly. Part of the reason for that they added another office's staff and files to this location. That eliminated \$104,000 in costs for the Watseka office. CMS also negotiated with this new lease a reduction of the base rent at \$1.00 per square foot, which is an 11.6% reduction. Along the past year they consolidated a new office here and it works very well for DHS and it also looked like every bus in Kankakee stops around the street from this location. Member Bedore stated that this is a very good lease. The square footage, the price reduction, everything looks great. Mr. Kanellopoulos replied that he'll stop talking and will ask for the Board's approval.

Member Black stated he just has one question about this lease. If he reads this correctly the prior notice of cancelation can only take place after this lease has been in force for 36 months is that correct? Mr. Kanellopoulos replied affirmatively. Member Black stated then why was the lease in Danville handled just the opposite? It had a 30 day cancellation notice. Mr. Kanellopoulos replied they try to get as aggressive a schedule as possible. In this case the landlord is going to do some work balancing the HVAC, paint, clean carpets, do some repairs, plus he gave them a rent reduction. There is no indication from the agency that they will move from this office because they have been there quite a while. One of the functions has been there since 1965. The landlord, in exchange for what he's doing, asked for three years firm so CMS agreed to it when looking at the totality of the deal. Member Black asked what the landlord is doing when he says balance HVAC. Is it just reworking it so there may be some space that didn't acquaint discharge ducts or what? What does that mean balance heating ventilating and air conditioner? Mr. Kanellopoulos replied yes going through and making sure it's operating properly. Sometimes just normal time going it's not as effective in some areas and too effective in some areas and you can imagine you get a lot of employee complaints if it's too hot or cold, but it does cost money and take time to do that. Member Black stated repair roof leaks. Why would you even enter into a lease if the building roof leaked? Mr. Kanellopoulos replied that there are issues, there's never been an issue with water on the floor, but you do see effects of water from some of the ceiling tiles. That issue has not caused any damage to any State property at the location, but the landlord is going to do repairs so there is not further evidence that could lead to a more serious problem. All you see now is just some water and filtration in the ceiling tiles. Member Black stated that he just said the same thing at the DHS lease in Danville. Before you signed this lease he assumed the language means that you will certify and or the landlord and you will agree that he has to certify all these repairs before you actually sign the lease correct? Mr. Kanellopoulos replied that typically the landlord has 90 days from the execution of the lease to paint and obviously they hold him to that, but typically there is time built in beginning at the lease term for the work to be done. Member Black stated he would hate to think CMS would enter into a lease, because he used to own rental property and tried to do it in accordance with the way people should be treated, but he has met many landlords who said "oh you sign the lease and I'll repair the roof" that might have been 20 years ago and roof hadn't been repaired since so your due diligence, he thinks, would make sure that all of these proposed improvements would be done before you actually sign the lease. Mr. Kanellopoulos replied that they monitor and make sure the work is done within the time frame that's in the lease. Also, State leases give them several remedies in case landlords don't comply whether it is to declare a default in a move or we can even do the work our self and abate and take the money out the rent if they would prefer that. CMS' remedies are quite extreme unlike a regular office lease so we typically don't have any problems. Member Black stated that he appreciates that and said that it was interesting when he toured the DHS building in Danville. They also had some evidence of water seeping from the ceiling and many boxes and file cabinets. They must have had about 150 4 drawer file cabinets in the middle of this room and he thinks at that time they were told a lot of those were from the Watseka office because some people from Watseka choose to come to the Danville office and some would go to the Kankakee office, but you can only use the reason those boxes are lying all over place once or twice. He doesn't think anybody went down to the Marion office, but he would have to check. Mr. Kanellopoulos replied that as he stated under current DHS policy a client can go to any office for services. In all likelihood different clients chose different offices when Watseka closed. Member Black stated that he agrees there is no question that they did, but he finds it fascinating that he sat here three months ago and the lease was ready to be signed in Danville and didn't meet some of the square footage rules that this Board has tried to adhere to in the past and was told by people who understand this process better than he does that cancellation notice meant that office was going to be closed. That was said 90 days ago and it was announced Tuesday that the office in fact would be closed. The office that was closed the day before was in Decatur was the unemployment office in Decatur. So the first two unemployment offices that were closed, Decatur and Danville, ranked number one and number two in the unemployment rate in the State of Illinois. Now he understands what you're trying to do and save money and they can do this online or by mail. Member Black stated that Indiana is doing just the opposite. They are making people come in to recertify in person. We're going the other way and he knows he can give one particular case were a gentleman spent all winter in Florida and had his girlfriend file the forms for him in the mail and bragged about it and finally got caught after three or four years because he never had to certify in person. So we're going just the opposite way that Indiana is going. His only concern is what's done is done, but he would think if you have some plan, and he assumes they do, that they would begin shutting down unemployment offices in areas of low employment and in areas where doing things online is a little simpler. When you have got a 14% unemployment rate he surely hopes no one in that department thinks that they all will have computers and they all understand the online process. No

they don't. What the Director said that they are going to concentrate on employment not unemployment. Member Black certainly hopes so, but when you have got 14% unemployment there must be some reason for that. Probably a lack of jobs, but I'm just from the old school. Member Black stated that his thinking was if you're going change the way you do business start where the unemployment rate is the lowest and the last few offices that you would close would be those with the highest. So now the two cities with the highest employment rate in Illinois were the first two cities to be told that their unemployment office would close by the end of the month. He stated that he has learned now to take a better look at some of these leases and he is not blaming him, but it's really created some uncertainty in his home town of Danville. The unemployed don't know what exactly they're going to do and some of the employees don't know what exactly they're going to do. They were told and it was printed in the newspaper that nobody would lose their job. Well some of the workers have been to a county fair and didn't fall off of the back of a turnip truck asked how are they going to save any money if nobody is going to lose their job. They were trying to figure out how they were going to save more, but we will see how it works. Member Black said he felt duty bound to say that because it was certainly met with a great deal of consternation in Danville and he was listening to WSOY in Decatur on the way over this morning and it was quite the topic of conversation on one of their talk shows this morning as well. We will see how the plan works and will go from there.

Member Bedore stated that he probably spoke too soon earlier. After listening to my colleague here for this three year cancellation one of the reasons that CMS used is because the owner has to do leak repairs on the roof. That's not our problem – that's his problem. If he has a leaky roof that's his problem and why CMS should give three years no cancellation because he has to spend money to improve his building. Over the life of this lease this owner is going to get \$1.3 million. He is sure this owner can afford \$20,000 or \$30,000 to fix the roof. So giving him a three year no cancellation because he has to do work to his/her building is outrageous. He raised this before, it's no concern of ours that he/she has to spend money to repair a roof. That is their building. It doesn't meet code so for CMS to say that they had to give them a three year no cancellation he thinks it is wrong and to say other expenses such as cleaning the carpet, they been there for 10 years. They should be putting in new carpets. Member Bedore has to agree with the person sitting next to him. CMS really should have looked at this cancellation part before granting it. Mr. Kanellopoulos replied that they did and traded it for the reduction in rent. They are currently paying...Member Bedore interrupted stating that he understands that, but CMS used the argument that they had to balance the air conditioning, repair the roof, and they had to clean the carpets. So CMS had to give them a three year no cancellation because the owner is going to be spending money. The State is spending money \$1.3 million. Mr. Kanellopoulos replied that he also stated that it was to get the rent reduction....Member Bedore interrupted saying he understands that part, but he does not understand the other part. CMS has said this before about repairing the roof for other leases. That to him is nonsense. That is their building and they should be keeping the upkeep of their building and should never enter into anything what cost, never. Putting in new windows, repairing a roof, that's the owner's expense and it shouldn't come into the CMS lease at all. This goes back quite a few years CMS did that to the building on Washington Street. They put in new windows we had to pay for it. Why, the windows leak that's the owner's problem.

Chairman Vaught stated he does have one further question. The question really raises in his mind the other side of the coin. It appears Director Rowell over at Employment Security is trying to close office and use a more computer based system. It appears to him that he just heard from Mr. Kanellopoulos that because of the Affordable Care Act DHS may have to add space. He doesn't understand that, but is trying to understand it. Member Bedore stated that they already added space in Chicago. Chairman Vaught stated that he understands and that they went to the General Assembly and got an increase in their headcount to implement the Affordable Care Act, but in this particular office it says here that we are going to have 13,500 new clients under the Affordable Care Act, correct. Mr. Kanellopoulos replied affirmatively. Chairman Vaught stated that if he is not correct that they show up one time to qualify for Medicaid and after that they don't get their services here, they get their services in hospitals, doctor's offices, etc. So why would that cause an increase in space or personnel just because there is some extra people coming in to do Medicaid. These offices already do Medicaid, correct. Mr. Kanellopoulos replied affirmatively. So this a marginal change, correct? Chairman Vaught asked if he said that nearly 1,300 clients are expected under the Affordable Care Act. Is that the increase or is that the total?



Mr. Grady replied that it is an increase. Chairman Vaught stated that there are a lot more than 32,500 clients already under Medicaid, correct? Mr. Grady replied affirmatively. It's also that expansion of that program so we're expanding the call center there and that is why.... Chairman Vaught interrupted stating that there is going to be a call center in Kankakee? Mr. Grady replied affirmatively. Chairman Vaught stated so that is part of the where the 13,500 came from. So what DHS is doing it is acting in a way similar to Director Rowell because you're moving people with technology into a call center or a computer based system it just happens to be in Kankakee? Mr. Grady replied affirmatively. Chairman Vaught stated that it seems to him that might perhaps result in a more efficient space allocation. He is just trying to understand. They seem to pull two directions and of course he understands that DHS is trying to achieve efficiencies in the Medicaid Program too and not just the rent and Medicaid costs a lot more than the rent. Chairman Vaught stated that he was just trying to get some better understanding of that as it related to this 13,500. Mr. Grady replied that is what is happening. Chairman Vaught asked if there are other questions on this lease? He believes this one takes a Board motion. Member Bedore stated that they are having a problem with this lease and are not sure what they want to do. He is a little unhappy with the three years, even though it looks like a pretty good lease. After these item were pointed out about the air conditioning, the roof leaking and cleaning carpets he doesn't know why we have no cancellation. A person spends money to repair their building. That is what CMS is paying rent for. Member Bedore stated that he has a problem with the no cancellation, that's just his opinion. He knows you said the agency said they would probably want to stay there, but maybe they won't have the funding to be there in the future. Chairman Vaught stated that the Board needs to give an answer one way or the other so Mr. Kanellopoulos knows what to do. He likes it because it saves money, but you usually do too. Member Bedore replied that he does. Member Bedore wanted Mr. Kanellopoulos to note that he will not vote for something like this in the future. For them to repair their building and use it as an excuse why we can't cancel this lease as we normally would, he thinks is bogus. To fix a roof that's their problem – we're giving them State money of \$1.3 million to have a building that is maintained in a proper condition that would meet the standard and codes. Chairman Vaught asked if that was the 10 years number, correct? Member Bedore replied affirmatively. Member Bedore said ok, so it's \$600, 000 for 5 years. Chairman Vaught agreed it's a lot of money. Member Bedore stated a leaking roof \$20,000, \$30,000, \$40,000, plus you think that the owners would want to maintain this building instead of having it deteriorate. Member Bedore stated that he would make a motion that we approve it, but would hope that Mr. Kanellopoulos notes that in the future to use those as excuses will not fly with him. Member Ivory seconded the motion. Chairman Vaught stated that this one has been moved and seconded and wanted the record to reflect that Member Morales had to leave the meeting, but there are still four present and the Board still has a quorum. With a vote of 3-1 and Member Black voting no the motion passed. Chairman Vaught wanted the minutes to reflect that the Board has some skepticism about the cancellation clause.

Next on the agenda was the Statewide Purchasing Card Use. Director Carter stated at the last meeting the Board requested staff look at the overall numbers for the University P-cards as well as the gas cards for the Universities, and any P-cards or gas cards held by Executive Agencies under the Governor. The report in the Board's packet and supplemental material has the totals on it. You will see the numbers for every University as well as the agencies under the Governor where no P-cards were reported for the Executive Agencies, but they do have gas cards. Chairman Vaught asked if he could give the Board anything more. He sees policy here on the credit card... Director Carter stated that he did also include rules as a follow-up question on gas card use. That's in the supplemental material as well. Chairman Vaught stated that it is his understanding that CMS vehicles also has a database system that also tracks cards I believe in real time. So when a person uses a card and they have to put in an identifying code that identifies who they are as well as the use of the card and then that goes back into the system. Do the universities have anything comparable to that that tracks their P card? Member Bedore stated that he thinks they should be talking about the Universities. Present is the distinguished former Board member of the Procurement Board, Mike Bass. Member Bedore thinks the Board should deal with the Universities first. Mr. Bass replied that it is good to see you as well. Chairman Vaught stated that perhaps he can answer his question because he thinks this control system thing is important. Mr. Bass replied that what they have when the gas card is used is that you're required to put in at the pump the mileage and driver identification number in order to have the purchase approved. They are decentralized so the information is key to the C vocal or account code of the department that has the control of the car and that is monitored at that level. Chairman Vaught asked if there is anything comparable on the other P-cards. Mr. Bass replied that the P-card in and of itself there as considerable policies and procedures related to it. It was

initially initiated during a time of getting rid of ineffectiveness and an efficiency model for small purchases. They do have a flow within their system that identifies transactions both on the unit level and then up to the system level. Like in any level of organization that has a lot of incidents or a lot of cards there will be issues that will arise that will be in internal control and we have to go back and look at that. He would state to the Board today that fundamentally, he knows that there was one issue that came up and he can talk more about that if the Board wants to on the meeting that he was not present at the last time in the next two months and hopefully by some point in December. The Board has seen their numbers University of Illinois as close to 5,100 P-cards that are in our system across all the campus that is in use and the units. The University's Board has directed his office to bring back a report that will dramatically reduce the number of cards that they have and also articulate in some ways why they do that. They have an e-procurement system that we want people move into with a small purchase commodities that are most of the items that are bought under the procurement card and to assess the relative need for a units availability to have a P-card. They have issues in their University where they have satellite offices, extension offices that are not near the mother houses near the campus at all and they may have a need to be able to transact those small item issues, but every analysis that we're going through now is to with respond to their Board and he will come back to this Board and he will articulate to you what their results were. The University's intent is to move down in a dramatic fashion the number of P-cards that they have outstanding. Chairman Vaught stated that is was very helpful. Are there any other questions the Board would like to discuss? Member Bedore stated that he would think as Mr. Bass has said 5,100 and they have 8,600 cards out there. How has that grown over the years? Mr. Bass replied that actually it's a small reduction when we were here, when Comptroller Knorr, and his predecessor in this position were here in 2010, when talking about P-cards they had 5,700 P-cards, but we're not talking about a small reduction here and this is an issue that is more effective for us to help people go through the procurement system on commodities buys, sourcing contracts, and they need to push that there. He will be very frank with the Board that there is a revenue side to P-cards. They receive rebates on the number of cards that they have had in particular the value that they push through to the cards. In the beginning more cards may have driven more value, it's not the case anymore, and they can use it for a remittance card on the back end, control organization kind of thing and push a lot of volume. Essentially, end the transaction, pay the transaction on the limited amount of cards and get revenue out of that. It's not just reducing the number of cards that he needs to bring forward to the Board it is what are the impacts of both positive on the side of control and where are they on revenue that supports our AP and our sourcing office as well. Member Bedore asked how it works for a normal credit card you get, your bill you have 30 days to pay it. How do you pay these within 30 days without getting charged interest? Mr. Bass replied at a very high level the University of Illinois has the wherewithal to be able to fundamentally make our payments in a timely matter and then we bill the State. Member Bedore stated so the University pays it? Mr. Bass replied affirmatively. He is going to be very frank about this, but most of the time that means if I have a \$600,000 - \$40 million appropriation there are times where they will be carrying anywhere from a \$300 to a \$500 million receivable with the State during the fiscal year. That's just the reality of it. Member Bedore stated that he was wondering how that would work because he knows they couldn't pay it in 30 days. Mr. Bass stated that the Board heard that one of the things about people that may not want to get involved on State contracts because they know how the payment cycle is with the State. They have ability to on their projects to have the money to fund that so our cycle is considerably lower than them. So that is not a barrier in that and should not be a barrier to the minority and veteran's preference kind of things. Member Bedore asked how they do the set aside programs. How do you do that with a P-card? Mr. Bass replied they don't. He will check for certain, but at least he is not aware of that and if that is incorrect we will reinforce that when we comes back. Member Bedore asked how they do it with a gas card for private cars. Mr. Bass replied that the use of the cards is related to the departmental car. These are University automobiles. Member Bedore stated that they have 11,092 cars? Mr. Bass replied that each car has a gas card. Mr. Bass stated that he wasn't sure if the Board remembered that it was a couple years ago or maybe 18 months ago, they had big fleet. The card is tied to the car and anyone that drives it and anyone who drives the car and uses their own card to put gas on in the car and then coming in for employee reimbursement form. Member Bedore stated that the whole P-card is under review right now. Mr. Bass replied affirmatively and when he says the utilization and in particular the number is what they are focusing on. Mr. Bass stated when they get that done they will have the Board review it and whatever PPB meeting is next in line they will come back and talk to the Board about what they have done. No further questions or comments were made.

Member Black stated that he had question that Director Carter might be able to get an answer on. He was looking at this earlier, these P cards and gas cards, and Member Bedore and he were talking. When you get down here to the Illinois State Police, and I understand why they have them, but they have 2,845 gas cards. He doesn't think they have 2,845 cars. He is just curious because that's a lot of cards. Director Carter stated that he will follow up. Member Black stated that he thought at one time there were only 1,200 cars and half of those were in the shop. Director Carter stated that he is not sure off hand, but will follow up and get a more detailed report just on ISP for the Board. Member Black replied that he would appreciate that. Member Bedore stated that along that line if you could also the number of 14,000 gas cards for State employees, excluding the Universities. What is the number of these 14,000? Are they for private cars or for State cars? Director Carter replied that there's no cards assigned to personal use vehicles, he asked that specifically. Chairman Vaught asked does each card have a vehicle, is that the basis idea? Director Carter replied that he'll have to follow up with Will Walker. He wasn't available for this meeting, but he said there were no personal use cards, but assigned to a car. Mr. Grady stated that at DHS they have a card that is assigned to a State car and that card stays in the car.

Next on the agenda was the Procurement Policy Board Policy Resolution. Director Carter stated that the draft before the Board is a conglomeration of items that members have asked about and talking about in the previous months. In speaking with Chairman Vaught he thought it would be a good idea to go with a resolution about the item they may want and that would lead into our legislative draft for the coming session. Today is probably a good opportunity there is some items listed if there is something that is missing or that the Board my like it can added and bring it back for further discussion and then we can start drafting some legislation off of the draft we have here. Chairman Vaught asked if there are comments, corrections or additions for the draft. Member Bedore asked if they have any comments or anything to any material to back up somebody. Director Carter replied that he knows he had some questions and he is working on the questions for him on 1(a) and 1(b) and is working on the back up for him on that. Member Bedore stated it is just so we have some idea what you're talking about and what's behind this and what it would take to reallocate resources. What are we talking about here is this a major overhaul? Chairman Vaught stated that he will give him the background of what he understands on this, he had the impression in a different role working on the budget that there was a little shooting in the dark so to speak in terms of how to staff the CPO when SB51 passed. Part of that difficulty was communicating with the Executive Director of the EEC, which he thinks some of the Board has also experienced in other contexts. He is not confident at all that the allocations of resources was correct – we just heard from DHS that they have 5 people working procurement and doesn't think CMS has changed their staffing much at all even though that was a major change in their responsibility for procurement. Those adopted in SB51. If the Board can facilitate or help encourage a greater discussion between the EEC and the budget people both in the Governor's office and in the General Assembly we might find a more efficient way to utilize these staffs. That is the background that he knows about. Member Bedore stated he is in full agreement with him. This is a very good draft of a policy and would think the Board would all agree on the majority of these. It's just the matter of getting to know more what's behind one sentence. Chairman Vaught stated that he hopes that if the Board wants to do it, this also creates work assignments for the staff and the Executive Director to come up with that background and supporting ideas. He thinks we do have to do it before the next session gets started in earnest and the budget gets started in earnest, and the Board only has two or three months to do that. He would hope that Director Carter would have some time to devote to this. He may want to comment on that, in terms of, on how pressed he is already. Director Carter replied that Member Bedore has expressed to him some of the interest he has in these and some of the information he wants. He is working on that, he just needed a little bit more time than the time he had before the meeting today. He'll have background on these items as well as a draft the Board can look at on how this would equate to possible statutory changes in that way we can have it all out there together. Member Bedore stated that he can imagine many of these are going to lead to changes in the State statute or they could. Director Carter replied affirmatively. Member Bedore stated that he doesn't think any of us are opposed to it. Chairman Vaught stated that somebody made a point in this meeting about making sure the general interest of the taxpayers and the efficient of the operation of the procurement operation is advanced and you know sometime the individual interest out there, whether it be internal to State government in agencies, or whether it be vendors or whoever are pulling/pushing a little but on this and sometimes maybe we should use the efforts of this Board to create a more solid consensus to support these things that need to be done. Member Bedore stated that he agrees there has always been this contention from the CPO. There is the old line departments that want it their way and the CPO and he knows a lot of them have problems with Matt

Brown and understands that. In all sincerity a lot of agencies have not really looked at the CPO as a help. They look it is as infringing on their area so anything the Board can do to help this and if it needs to be changes in State statute he is all for it. Chairman Vaught stated that the staff will keep working on it. Director Carter stated that by next month he will have backup information on pieces that are out there are out and will also have a rough draft of the legislative changes that would match the policy. Chairman Vaught asked if they have any discussion on legislation now or we just need to set a meeting date. Director Carter replied that he doesn't have anything to add. He heard from some of the staff an earlier meeting in November might be beneficial.

The next Board meeting is set for Tuesday, November 5, 2013 pending Board confirmation.

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