



Chairman: David Vaught

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

Minutes – November 5, 2013 Meeting

Present in Springfield: David Vaught
Ed Bedore

Larry Ivory

Present in Chicago: Rick Morales

Absent: Bill Black

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

Chairman Vaught asked if there were any questions or comments on the minutes from October 10, 2013. Member Bedore stated that on the first page, second paragraph, he wanted to add that the Procurement Policy Board would review or audit the gross receipts and/or the square footage. A motion was made by Member Bedore to approve the minutes as amended from the October 10, 2013 Board meeting and was seconded by Member Morales. The motion was unanimously approved.

Next on the agenda was the Introduction of the new Acting Director of CMS, Simone McNeil. Ms. McNeil thanked the Board for inviting her to this meeting. She stated that she knows Chairman Vaught and has worked with him with investment policy in the State Treasurer's Office and also worked with him on the Revenue and Tax Policy questions when he was with the Governor's Office. Ms. McNeil stated that she just met Member Ivory at the BEP Council meeting and met Member Morales this morning. She is also looking forward to meeting Member Bedore and former Representative Black. The PPB and CMS are both interested in procurements that are transparent, efficient and give the taxpayers the greatest value for tax dollars. She looks forward to working with the Board to achieve that goal.

Chairman Vaught replied that he thinks she has got the emphasis in the right place because she has been around State government long enough to know where it needs to be and he is reassured as always. Member Bedore welcomed Ms. McNeil and stated that he is really looking forward to working with CMS and is looking forward to the future. Member Morales stated that he is looking forward to having a positive relationship with CMS and working with her. Chairman Vaught stated that the Board tries to be transparent. He was talking to some people the other day about our minutes, which seems to reflect a lot of discussion and a lot of things that are going on, but he thinks that is a part of transparency. We are a policy Board – that's been our title and policy deserves open discussion both here and elsewhere in State government. The Board hopes they can contribute to that. He thinks the Board has always tried to have a vigorous, cooperative relationship with CMS because CMS is involved in so many of the procurement decisions and he thinks that the Board has had great success. Chairman Vaught stated that it was just noticed in the audit that is about to come out from the Auditor General, that he talks about it in one of the boxes, the interaction between the Board and CMS that has resulted in some positive things in terms of goals that was just stated about efficiency, saving money and so forth and the Board hopes that can continue. Chairman Vaught stated that he thinks there is a lot more potential. There always is in State government, to do things better and keep the idea of reform and efficiency, and transparency going. The Board appreciates Acting Director McNeil coming by to say hello. Chairman Vaught stated that Mr. Kanellopoulos is generally here and they kind of feel like he has a seat at our table. He's here so often the Board has had a very good relationship with him and the credibility of those relationships is usual important.

M:131105

Next on the agenda is CMS Facilities. In attendance was Mr. Kanellopoulos, Deputy Director of Property Management for CMS. Chairman Vaught stated that there was one lease that was just added. Mr. Kanellopoulos replied affirmatively. Mr. Kanellopoulos stated that last month the Board had discussion on DHS emergency procurements and in the list of procurements there were 10 leases the Board asked about. He did provide to the Board the white paper summaries and all of those leases explain the reason for each procurement. Mr. Kanellopoulos stated that he would be happy to answer any questions the Board might have. No questions or comments were made.

Next on the agenda was Lease 5395 for Department of Juvenile Justice (DJJ) at 100 North Western Avenue in Chicago. Mr. Kanellopoulos stated that this is a specialized space for DJJ for their After Care Program. CMS determined that it would be best to negotiate a new lease at this location. DJJ wanted to remain at the location, so CMS negotiated what he believes to be a very good rate at \$9.73 per square foot which does go up during the term. However, due to the location and the purpose of this facility and the difficulty of locating facilities of this kind we thought that was a great rate. There is a \$1.39 amortization for repairs for the facility. This is not office space, this is a Juvenile Justice Center that receives more than just normal wear and tear. This is going to repair broken water fountains, toilet paper dispensers, repairs that are needed due to damage and the work being done to that facility. Overall the rate is very good and he requests that the Board approve this lease.

Member Bedore stated that this is a very good rate and he understands the location. It's ideal for Juvenile Justice and everything tied together over there near the west side of Chicago. He doesn't have a problem with any of that, but he does have a concern with temporary improvements totaling \$98,000 when some of those temporary improvements are cleaning the air conditioning vents. Repair and clean carpeting. Why should the State of Illinois be paying for cleaning carpet? Member Bedore stated that he understands there is a lot of use and that they're dealing with juveniles that can cause problems, but they also understand the old lease. The State has contracted with this owner for over \$15 million. The people of Illinois have paid this owner \$15 million and CMS is saying we should pay for cleaning the air conditioning vents and tiles that were raised at the back door that CMS should replace. Polished broken tiles, patched carpet, and steam clean the carpeting. What are we paying the \$15 million for, the landlord to collect it and put it in his bank?

Mr. Kanellopoulos stated that Exhibit B of the lease lists all of the work that needs to be done in the facility. The amortization doesn't apply to everything on that list. What we're paying for are things like the broken water fountain, toilet paper dispensers – the repairs that are not normal wear and tear. The damage to the carpeting is not normal wear and tear in this case either. The entire list is what the landlord is responsible for; what we're paying for is the stuff that is not normal wear and tear, it's unusual because of the special purpose of what this facility is used for. Chairman Vaught stated that the Board does not have that list then. Mr. Kanellopoulos replied that it is not broken out the way the lease is written. Chairman Vaught asked how CMS came to this \$98,000. Mr. Kanellopoulos replied that it was because they priced out the repairs. The landlord and CMS staff worked to make sure they were reasonable and then they agreed to the cost of those things. Member Bedore asked if CMS would consider putting in new hand rails as maintenance or is that a new item? Mr. Kanellopoulos replied that in this case he doesn't know if that is what we're paying for or not, but.... Member Bedore interjected stating that it says it right here. Mr. Kanellopoulos replied that if they were torn off by the kids then yes. Member Bedore stated that the height and placement of hand rails is so this landlord can be ADA compliant. Mr. Kanellopoulos replied affirmatively. Member Bedore asked why the State is paying for this. Mr. Kanellopoulos replied that we're not, that is not part of the amortization deal. Member Bedore stated that to him it is a new item that is not a repair. He stated that he would like the breakdown of the \$98,000. You tell the Board to go to Exhibit B and it has all these items and it says so this guy can be ADA compliant. What are we giving him the \$15 million for and then we're going to give him another \$2.7 million. Isn't he responsible for having his facility ADA compliant? Mr. Kanellopoulos replied affirmatively. Mr. Kanellopoulos replied that he agreed that CMS didn't provide the Board with a breakdown of what is included and what isn't included in that \$98,000 in comparison to Exhibit B. Chairman Vaught asked if the people who do that are still on the 8th floor. Mr. Kanellopoulos replied he could try to get the information. Chairman Vaught stated that this lease expires November 30th. If the Board is going to act on it today, they're on the 8th floor; it's just a spreadsheet. He is just trying to make sure that this gets expedited because we're going to have a long meeting today. Mr. Kanellopoulos replied he would try to get that itemized list and get it to the Board. Member Bedore stated that he understands that this is

DJJ, but it is all a part of leasing because you talk about how they need additional space because they're going to have an After Care Program and CMS' justification for this space is because they're going to be hiring 12 additional staff for this After Care Program. Mr. Kanellopoulos replied affirmatively. Member Bedore stated that when we go to the next page it states that the agency expects to serve 20 participants in this 90-day cycle program. They're going to hire 12 people to service 20. We must have a lot of money, but that's your justification for giving them this space because they're going to hire 12 people. Member Bedore stated that his question is did anybody bother to question 12 people for 20 participants? Mr. Kanellopoulos replied that CMS closed several Juvenile Justice centers last year and this After Care Program is new. They don't replace those centers, but the functions have been changed. This is a new function that is moving forward after those centers were closed. They're going to hire the 12. It is a 20 participants' ongoing 90-day cycle. Member Bedore replies 12 to 20. Mr. Kanellopoulos asked if Member Bedore has met the 20. Member Bedore replied no, but he is sure they're real rough kids. There's no question about it.

Chairman Vaught stated that he heard this discussion before, back when he was at GOMB. He said that the Board can have DJJ come in and explain this if the Board wants, but they are very convinced that this After Care Program is a more effective use of money and that they're actually going to reduce expenditures with it and therefore save cost overall. That is their rationale. He doesn't know all the details of it, but DJJ can come and explain it to us if we want to hear that. Chairman Vaught stated that since Member Black is not here and he knows that he is concerned about these termination clauses that take effect after 36 months. Can you respond why this on termination clause is for 36 months, is that a part of the amortization. Mr. Kanellopoulos replied that CMS will be on the hook for the amortization if they move out early so CMS traded the three years to get a better rate, but in their mind they are going to spend the time there because they're paying for the work. Chairman Vaught stated that he understands and then asked about the tax escalator clause in the white paper. It appears to him that the current lease is not currently paying taxes and nowhere that said no payment was requested, but you anticipate that we are going to pay an escalator of taxes in the first year of the new lease. Why would that be? Why would we be paying a property tax escalator in the first year? He understands escalators come in when property taxes go up beyond what is current. He doesn't understand why that's in the first year and also doesn't understand why if they had an escalator in the past why there wasn't one last year. He is just confused by that. Mr. Kanellopoulos replied just because they haven't come in doesn't mean that they're not going to come in. They don't have them as of right now. The reason there is \$0.82 added is that during the negotiation they negotiated the rate and the landlord wanted to keep the same tax escalation as 2007 base year because taxes have gone up so much and their policy is that they don't do that. So in response to that, CMS negotiated the \$0.82 and broke it out separately. They still believe the rate is low. Changing the base here was the last item left to complete this lease and the \$0.82 was negotiated to complete this deal. He believes that this rate is still incredibly cheap considering the location. Chairman Vaught stated that he is also saying even though it doesn't show on the white paper that escalator already existed so that \$0.82 in that sense is not an increase it is just a continuation of the escalator provisions of the prior lease and in the current lease. Mr. Kanellopoulos replied affirmatively and the Chicago taxes have gone up a lot. Chairman Vaught stated that it looks like when you show \$0.82 that's a change, but it really is not a change. Mr. Kanellopoulos replied no we just don't have the tax bills yet. Chairman Vaught stated that the Board will have to look at that sheet before we act on this lease. Member Bedore stated that during that explanation he remembered a question he forgot to ask. CMS is going from \$10.58 to \$13.09 in the first year. That's a 23% increase. Mr. Kanellopoulos replied the \$1.39 is the amortization. Then the \$0.82 is just a flat rate – there won't be any property taxes going up or the reimbursement won't go up. Member Bedore stated that you say there's no request for FY13. Mr. Kanellopoulos replied that the tax bills have not come in yet. CMS receives it once the bill has been paid by the landlords and then it gets submitted to CMS. Member Bedore stated that they're past due in Cook County. Mr. Kanellopoulos replied they have to show CMS the bill and proof of payment and then they have to submit them. Member Bedore stated that it is in spring and September he believes. Mr. Kanellopoulos replied they only deal with it when it comes in. They don't call them to remind them. Member Bedore asked if he could tell the Board what it was in 2012. Mr. Kanellopoulos replied that he should be able to get that to the Board. Member Bedore stated so the Board could have some idea compared to the \$0.82. Chairman Vaught stated that he thought he asked you a question and CMS was going to try get an answer to the Board at this meeting, those numbers over the last 6 years and we're saying about \$50 million or so compared to what it was 6 years in rent and 2 million less square feet and it was asked what the goal for next year? Mr. Kanellopoulos replied correct. Chairman Vaught asked if he doesn't know what the goals are for next year

is? Are you saying that you don't have a goal at all? Mr. Kanellopoulos replied that he doesn't know how everything will all balance out so he can't give a good goal at this time. Chairman Vaught says yes, but on the other hand IDES is supposed to go to a more efficient delivery model, so they're offsetting that item. Mr. Kanellopoulos replied they also keep that top secret until they determine what offices are going to close. Chairman Vaught stated that he understands that there is always a bunch of moving factors. There are still leases that come in with a high square footage count that are already in existing leases and CMS had one the other day where they were doing some expanded hiring because there was so much sprawl within the building that you could fill the sprawl up and they didn't have to add an additional lease to do that. Chairman Vaught thinks from the prospective that the Board has here they still see a lot of potential. There are also leases that have been around for years that haven't come up for renewal in a while and he thinks as they head toward the budget there ought to be a goal. The Governor makes his budget speech in February and by then CMS should know what agency budgets are and what plans are, and how much money we can save to devote to those other purposes that are still very much in need out there.

Member Bedore stated that on next month's agenda he would like to see the Auditor General's report with a full discussion of his recommendations and their response or disagreement with them. He thinks the Board's staff should really go over this and give the Board a detailed report of some areas that the Auditor General feels there could be improvement. Chairman Vaught asked if they had those on CD for the Auditor General report. Mr. Kanellopoulos replied that he was ready to respond today to any questions you might have. Member Bedore stated that the Board just got the report and really hasn't had time to digest it. Mr. Kanellopoulos stated that he will get that information the Board requested and talk about this later on the agenda. No further questions or comments were made.

Next on the agenda was CDB Single Prime Request for the Military Affairs Aviation Support and Readiness Center in Kankakee. In attendance was Ron Wright, Construction Administrator with the Capital Development Board (CDB). Mr. Wright stated that they have three Single Prime requests before the Board today for their consideration. The first one is at the construction of the Army Aviation Support facility in Kankakee. Mr. Wright stated that this is a federally funded project to produce a 168,000 square foot Readiness Center and Aviation Support facility that includes approximately 64,000 square feet for administrative space, classrooms, lockers, restrooms and maintenance space and 104,000 of that square footage is for the support facility, hanger, classrooms, administrative and maintenance space. It will be security, communications wiring, rough ends and also the scope award provides for site improvements, including exterior lighting, parking areas, roadways, fuel storage, dispensing systems, and the purchase of moveable equipment. These are federal funds and the designer of record is Bailey Edward Design out of Champaign, IL. The total project budget is \$52.552 million. Their construction cost is \$43.513 million. Mr. Wright stated that he is respectfully requesting an approval for this Single Prime project. Mr. Wright stated that the Department of Military Affairs has produced a letter from Colonel Scott requesting this project delivery method in support of the request.

Member Bedore asked if it was 100% federal funds. Mr. Wright replied affirmatively. Member Bedore stated that whether they're federal dollars, State dollars or they all taxpayers' dollars. He noticed the Aviation Support Facility, what is the rough cost of that of the \$52 million? Mr. Wright replied of the \$52 million of \$104,000 of that \$168,000 that would be roughly 60% of the construction budget. Member Bedore stated so it's roughly 60% of the \$52 million. Mr. Wright replied that of the \$52 million it covers design. Member Bedore stated that the question he has is if anybody looked at the Aviation Support facilities in this great City Springfield. The United States Air Force built all these new buildings and hangers and everything else now that they are sitting there with guards to prevent people going in. So we are going to build another one. Mr. Wright stated that as they moved the facility out of Midway, which Colonel Scott and his team were planning over a 2 year period, they looked at facilities in Illinois. They went to other States to see what to build, what would be affective and how they came from a military perspective to select it, he doesn't believe that CDB determined that, but he can find out. Colonel Scott wasn't available today, but he could follow-up if the Board would like. Member Bedore stated that it is a logical question. The United States Air Force spent millions of dollars to build this facility in Springfield and then a couple years later shut it down and now we're going to build another facility for Aviation Support of 60% of the \$52 million in Kankakee. He understands that Kankakee is closer to Midway airport and is closer for the Colonel, where he lives, but what's wrong with Springfield? Major Chuck Evans, retired from the Department of Military Affairs, stated

that at the facility at Midway right now they don't have enough space. They have \$22 million helicopters that are sitting in the cold right now because they cannot expand at Midway, there is no room. This facility will allow them to expand plus get a few more helicopters. He thinks they will have Evacuation Units that are going to be coming in as well. They will also have three more, three-man helicopter units coming in too. They will need to be sheltered as well at the new facility. Member Bedore stated that he is not questioning the need to get out of Midway Airport. He is questioning because there is a facility that was built by the United States government, paid for by the taxpayers and its sitting there now unused and now you're going to build another facility. He understands that it's convenient for the pilots, the Colonel, the General who live in the Chicagoland area, to go to Kankakee rather come so far south to Springfield. He understands that and understands somewhat the military mentality. The same thing we did when they transferred from out of O'Hare down to Southern IL. That didn't go over well with the higher echelon. It's nice to live close to where your Air National Guard and everything else is, that is fine, but we also have to consider a facility that is sitting there unused. You're talking about administrative space. Has anybody looked at that building over there? It's a beautiful facility and what three, four stories high. It could handle all of the administrative people you ever want plus the other additional facility they added. He raised this as a question and thinks it is outside the purview of this Board, but he is appalled that they're going to do something in Kankakee when they have a facility that would give you a head start that is abandoned in Springfield.

Mr. Wright stated that with the Board's permission they would like to bring back an answer to their question. It is Air Force property and this is part of the Department of Military Affairs, which are two different branches, but they want to answer the question. He would like to talk to Colonel Scott and the TAG and bring back a written answer with the Board's permission. Chairman Vaught asked if they want to defer this to the next meeting or do you want to do this later today. Mr. Wright stated that he believes that he can produce an email later today with an answer, but would prefer not to defer if possible. Member Bedore stated that he is sure it will be an explanation that moving to Springfield they would have to change something and the Federal Government doesn't like this or that. He understands that is what the answer is going to be from the Colonel. It's going to be that they would have to modify this building, but what Member Bedore is saying is that it is a brand new building and to let it sit there and deteriorate just so the Colonel is closer to Chicago is beyond him.

Chairman Vaught stated that the Board should wait until they get an answer. It seems like our meetings are getting longer, which is not all bad, but then they will have an answer. Mr. Wright stated that he will work to achieve that during the course of this meeting. Member Morales asked in regards to any overruns, would that be the responsibility of the Federal Government as well, and has CDB estimated or anticipated any over runs and what that might be? Mr. Wright replied that this contract is bid firm fixed, and they have a change order contingency amount with the Federal Government and working through email they get part of the design, and get the other part of the money when we go to construction. For new construction coming out of the ground we like to keep our change orders under 5%. We live within our budget and rarely add more money unless they change the scope so they do not anticipate an overrun.

Member Ivory stated that we have had some conversation within CDB about the Single Prime contracting and the other alternatives. What is the goal that you have on this particular project? He doesn't see any of that on here. Does it not have a goal? Mr. Wright replied that it does have goals. It hasn't been requested in the past, but certainly the share, it's designed right now through multiple prime. If CDB obtains the permission of this Board they can easily change the front end of these documents by about 3 paragraphs and make it Single Prime, all the 30 divisions of work remain constant shop drawings, etc. The five multiple prime goals range from general, heating, electrical, plumbing, ventilation and fire protection from 7% up to 15%. If they obtain permission from this Board to do a Single Prime, Mr. Martinez in their Fair Employment Program will set an overall goal and combine those together. They don't have any yet because they don't have permission, but right now the goals are set for a multiple prime job. Member Ivory asked if he is saying that at the end of this process, if the Board votes for a single prime contracting, the goals that you have, whether it be this way or the other way would pretty much be the same? Mr. Wright replied he would leave that Mr. Martinez, but what he believes has happened in the past on our current jobs in Bloomington, IBCC, and Governors State is a blend of those goals into one overall goal for the Single Prime and then encourages breakout of other parts of that job to be met. Traditionally they have been a little higher because you're combining sprinkler and ventilation goals that are like the ones that I just mentioned 7 % and

8% to a blended 15% with the general, he pulls them together. He takes the regional aspect on the kind of work. He thinks on a whole, it would likely be the larger, which is what history has shown us. No further questions or comments were made.

Next on the agenda was the Single Prime request for the Lincoln's Challenge Academy in Rantoul. Mr. Wright stated that they are asking for the Board's consideration of the Single Prime of the capital improvements for Lincoln's Challenge Academy in Rantoul, Illinois. This is a construction of about 136,000 square foot buildings. There are numerous buildings here, one of them is a 17,000 square foot education building, another is an 89,000 square foot residential/administrative building, another is a 30,000 square foot gym and logistics building. They talked about the construction of concrete cast in place, foundations, slab, joists. The gym building will be a pre-engineered metal building and there is demolition of existing buildings that have to occur first at the site just so you understand a little of the fundamentals of the project. The designer of record is Ratio Architects out of Champaign, Illinois. The total project cost \$38.14 million our estimated construction budget is \$32 million and this is a State funded project. It will be going for a LEED silver on an energy efficiency environmental concern.

Member Bedore asked if this Lincoln Academy is a part of the junior college. Major Evans replied that this is a separate State program. It benefits those personnel in the State that don't have a high school diploma that are high risk people and we take those students and we turn them into GED graduates and a lot of these people, they are graduating a couple hundred every class. They are taking these people and turning them into outstanding soldiers, they put them into the military, they also put them back into society and they're producing and doing well all diverse. It doesn't matter what ethnicity or anything like that. It's very diverse and is a very good program. Member Bedore asked if they live there. Major Evans replied no, they come from all over the State. Member Bedore asked if they bus them in. Major Evans replied that their parents drop them off. It is just a program were they come and prep up for the GED courses, they go through like a drill sergeant instructor program where they put them through their paces and get them ready for it and they take the test and go through testing. It is a well funded program that is producing...Member Bedore stated that it's just a question of Rantoul, he doesn't picture a metropolitan area out there that would generate students other than Champaign. Where is your draw to get people to go to Rantoul? Major Evans replied that a lot of them are from Chicago. It is not specific it is just placed in Rantoul because they had space there whenever the air Force left. They had space to put the actual school there so that's where it came up when it was first developed. It just started from that specific location and they draw from all over the State. Member Bedore stated that this goes back to his original question are they housed there? Chuck replied yes while they go to school there, they are housed there. Member Bedore stated he asked that question earlier. Major Evans replied he was sorry he didn't understand the question. With this construction there will be two housing units that can actually be expanded upon.

Member Ivory stated that he is very familiar with Lincoln's Challenge. They have performed at our events several different times and the students are challenged students, but through the program that you have in terms of the attention that is given, he has seen some incredible students that were headed in the wrong direction and through this organization those students have really turned life around I commend it because I'm very familiar with your program.

Member Morales asked if he could expand on the comment on the scope of work of the demolition of the existing buildings as funds permit will also be included. What does that mean exactly? Major Evans replied the city of Rantoul has a party on a couple of buildings that they want taken down money permitting. The first part of this is to build the school house, build the administration building, and build the gym. That's the first part, but there is one building that has to be demolished to do that. The rest of the buildings that the Village of Rantoul wants demolished they can demo if we have enough funds. That's what the subject of demolition is. Member Morales asked that if they don't go down are they an eye sore or is it going to cost us money to maintain. Whose responsibility are they? Major Evans replied right now they're the Village's responsibility. He thinks they're included in the lease, but there's nothing that is included to them. They're not heated, not cooled, they're just sitting there getting worse all the time. They do want to demo them and by all means if they can demo them they will. He's even looked for additional funding for years out to try to get additional funding if they can't do it with this project, but do it some other time. Member Bedore made a

motion that the request for Single Prime is approved and was seconded by Member Ivory. With a vote of 4-0 the motion was approved.

Next on the agenda was the Single Prime request for the New Science Building and Renovation at the College of Lake County. Mr. Wright stated that this is a new building as well as a renovation project. The new 42,000 square foot building has chemistry, electronics, engineering, and labs. The Chemistry Department will be expanding four labs in existing buildings to five in the new.

They talk about the photonics program as a new venture for the College of Lake County and Micronics being located from a smaller existing space. The new addition has a large atrium, new south entry and as to the renovation part of the work the microbiology, anatomy, and physiology, gets a second lab and these departments more than double in size. Biology is adding one lab to the program. A large double section classroom is being developed along with a smaller classroom that is being relocated. The total area of renovation space is 25,000 square feet and the combined total of new and renovated space provided will be 67,000 square feet. The designer of record is Legat Architects out of Chicago and the total project budget is a State funded \$24.9 million, \$17.569 million the State share and the local share from the Community College is \$7.356 million. The construction budget that is being brought before the Board today is for \$21,784,900 and this will be LEED Platinum the college sets a high standard for energy efficiency and environmental concern so this is the highest LEED goal that they can go for.

Member Ivory asked if they will be selecting the general contractor and if this will be a single prime contractor as you stated, but on the engineering side you have goals on the engineering as well as the construction side, is that correct? Mr. Wright replied that the selection of this designer was done December 14, 2011. Mr. Wright stated that as they go forward on CDB projects there are goals for engineering and architects, minority and female goals. This project was over two years old before that was instituted.

Member Bedore asked how they arrived at \$17 million State share and \$7 million local share. Is there a formula? How did they arrive at that? Mr. Wright believes it is 75% State funded then the colleges match 25% hard dollars so it's a 75%/25% mix. Member Bedore asked if that applied to all Junior Colleges. Mr. Wright replied that when they do their community colleges, it is 75%/25% for State partnered projects.

Chairman Vaught stated the prime contractor is not selected yet, correct, this is just the engineering design. Does this have anything to do with the preference we see in the statute for community colleges and they can make decisions based on prior relationships? This will be purely CDB selection. Mr. Wright replied that this is CDB contract managed by them and this is a sealed low bid award. This is not selected by the community college. Member Bedore makes the motion that the Board approves this Single Prime request for the College of Lake County in Grays Lake, IL and was seconded by Member Ivory. With a vote of 4-0 it was unanimously approved.

Mr. Wright stated that per the Board's request they were able to contact Colonel Scott, as he is located in Springfield and with regards to Kankakee and the reasons why it must be located in Northern Illinois to support mission requirements for those helicopters and for those services that are provided and also MILCON who allocates the federal dollars has already said and reviewed this location from the federal level. If they change it they risk losing the federal money. Major Evans confirmed that they will lose the federal funds. Mr. Wright stated that he thinks the primary question was why Springfield verses Kankakee. Major Evans replied that at the time the base was still fully functioning when they started the project. Member Bedore asked which base, here? Major Evans replied the ASF up in Chicago. When they started the design basis on this, it was put in the federal system several years out before it's selected to be designed, so when it was put back in it was at the top of the list and the Air Force base that was here in Springfield was still functionally fully. Member Bedore stated it was never considered because it was fully functioning. Well that's not a good answer then. That's not an answer at all. Mr. Wright stated that they need the Board's guidance where to go from here on the request for Kankakee. Member Morales asked for clarification that the answer was it must be located in Northern Illinois to service whatever area was said, otherwise this program is not funded, is that correct? Major Evans replies affirmatively. Member Morales stated so that's the real answer. Chairman Vaught stated that this is not a question for the Board. We're dealing with a single prime issue and can't change the Federal Government decision about location as much as we might

want to. Chairman Vaught then suggested that the Board take up the question that is before the Board. The Board received the only answer they could get and he appreciates the answer, whether the Board likes it or not. Member Ivory made a motion to move forward with the approval of the Single Prime request and was seconded by Member Morales. With a 3-1 vote and Member Bedore voting “no” the motion was approved.

Next on the agenda was the Illinois State Police Fuel Card breakdown. Director Carter stated that this was requested by Member Black. There were some questions regarding the amount of fuel cards that the Illinois State Police have. Will Walker with CMS has worked with PPB staff to provide a list of all of the ISP vehicles for the Board. Mr. Walker is available if there are any questions on the breakdown.

Chairman Vaught stated that when Member Black gets back from Europe he may have questions about this. Chairman Vaught asked Mr. Walker if he could tell the Board a little more about the question that arose at the University of Illinois, which has even more small purchase type cards out there and they had some internal control problems. Can you give the Board a little bit more detail on how the CMS system works in creating accountability control in these cases when people are buying in some cases thousands of gallons of gasoline a year. What would keep them, for instance from showing up with their car and they have a couple extra gas cans in the back that they can take home and put in their other car. What’s the control mechanism on appropriate use of the card? Mr. Walker replied, good question. There are two fuel systems really with the State that they oversee and manage through CMS. First is the WEX card, which is the Wright Express Card. It is a credit card that is given and is able to purchase gas with that at any commercial fuel account. That card also enables you to do small purchases. For example, to repair things that are small like wiper blades, light bulbs, something small under \$75.00 to be able to put in the car immediately. Predominantly that card is designed for fuel purchases at any commercial account throughout the State of Illinois. There are limits on those cards as well. It depends on the type of vehicle and the equipment that is used, but typically those limits are \$75 or \$150 on the card so they cannot exceed that. There are reports that CMS gets from the WEX Fuel Company that each agency is supposed to review twice a year and look for inconsistency. Look for excessive fuel amounts and the one thing about thieves they are pretty greedy, they don’t stop and fuel one little gas tank here and there. Really there’s nothing you can do to prevent the small minor theft, you can only try to manage it from a high level, but typically they get reports so fuel mileage, fuel usage on those vehicles are suppose to be monitored on that report and then make adjustments and report to CMS. The other fuel system that CMS has is the in-house fuel system through CMS where they have 13 garages that have fuel pumps and fuel tanks. They use a separate credit card that is an internal credit card that they use to manage that. Those are only about 25% of the fuel purchases that we do for the State. Predominantly the fuel purchases are done through the commercial account through WEX.

Chairman Vaught asked if on the first card system if those cards are assigned to each vehicle? Mr. Walker replied affirmatively. They are not assigned to an individual; they’re assigned to the car. Chairman Vaught stated so then when the card gets used you know who logged out the vehicle. Mr. Walker replied affirmatively. It’s a pin number for that vehicle that is assigned to that car and they are also supposed to type in the mileage as well and kind of monitor what kind of fuel usage that’s going on, how many miles per gallon they are getting, what kind of tank is in the car. They’re supposed to set up some kind of parameters. They have some general rules that they’re supposed to follow and each agency can set up tighter rules if they choose to and if there are any consistencies or lost or stolen cards or anything that is outside parameters that they established they are supposed to report to CMS twice a year. Chairman Vaught stated that some of these are multiple agency cars and some of these are permanently assigned to agencies? Mr. Walker replied affirmatively. That’s really all the cars and he thinks the report the Board has is with the State Police and it shows a multitude of cars and there are some trucks. Chairman Vaught asked if the agencies have any discretion if they want to, permanently assign that car to an individual. Mr. Walker replied affirmatively. They can’t just do it because they want to because of a title they have. They have to have a reason for it. For example, if it’s a specialty used vehicle like a police car that has certain equipment that’s in the car or lights for that type of thing or a pickup truck that is specially equipped to do a specific task. They have to have a reason or that person has a job that requires them to be in multiple places every day. They have to have a certain cause to assign an individual car.

Member Bedore asked if this list is mainly patrol cars. Mr. Walker replied affirmatively. That's most of the cars that are out there are patrol cars. Member Bedore asked what is a Ford F35 TK, is that a truck? Mr. Walker replied that without looking at the report he is assuming that TK is for a truck and it's probably a pickup truck that they use out there. Some other cars could be SUV type vehicle. That is their coding system on there because this report is straight from the State Police and they code to keep track of stuff. Member Bedore stated that he just picked that one because it's the largest one page 6 – \$42,000 compared to the average looks like \$5,000 - \$6,000. Mr. Walker replied that the Board would have to reach out to the State Police and ask for some specifics and see what the fuel is.

Chairman Vaught stated that this is just State Police, there is no comparable report for other agencies or CMS as a whole? Mr. Walker replied he can break it out any way the Board wants to. Chairman Vaught stated that they just apparently asked for the State Police so that's okay, but this kind of information is available so you have it, the agencies have it, and this is data generated in the system in the tanks or pumps that you own. Mr. Walker replied affirmatively, but the two systems don't talk to each other. Their system does not talk to the WEX system so it's a bit of a problem with the State and one of the things they focus on trying to upgrade our system internally with the State so that way they don't have two different systems, they have one complete system so they can manage the fuel system a little bit better. Mr. Walker stated that his focus and attention has been on upgrading the equipment, not so much managing the individual fuel needs with the agencies. He leaves the fuel management, if you will, up to each agency at this point and time. They haven't really tackled that problem. Chairman Vaught asked if the total is 2 million gallons. Mr. Walker replied he believed so at the bottom it's about \$7 million dollars. It is in gallons and in dollars. Chairman Vaught asked if this was an annual report. Mr. Walker replied affirmatively. That is a fiscal year report. Chairman Vaught asked how much of a total number does this represent. Mr. Walker replied they do about \$33 million in fuel collectively. That includes the WEX system and their system. The WEX system alone is about \$23 million so they're doing about 2 million gallons that's about \$7 million. He believes that is what is in front of you so that represents what they're buying and State Police is unique in the fact that they do about 95% of their fuel purchases through the WEX program. Their use in the garage is very limited.

Member Bedore asked what the overall gas purchase for the State is. Mr. Walker replied that it is about \$33 million. That's what he oversees and doesn't include, for example, what the Universities might use or other constitutional offices. He is only referring to the offices under the Governor and CMS. Member Bedore said that the biggest user would be the Illinois State Police and IDOT. Mr. Walker replied that IDOT is predominately diesel fuel. They have gas pumps in a lot of their yards spread throughout the State, so they mostly have diesel which is for their trucks. Chairman Vaught asked if the \$35 million included the diesel. Mr. Walker replied affirmatively. Chairman Vaught asked if the electric cars are big yet. Mr. Walker replied that the electric cars don't use any gas. Chairman Vaught stated that he understood and that is a good one.

Member Bedore stated that Member Black may have some questions on this. Chairman Vaught asked if Mr. Walker will be around. Mr. Walker replied if the new Acting Director Simone McNeal entitles him to be. Mr. Walker stated that their focus with vehicles has mostly been through purchasing vehicles and upgrading the fleet trying to get some of the junk off the roads. One of their goals in the next couple years is to begin to tackle the fuel issue and upgrading the fuel pumps and have one system in which they can manage the fuel system better. That is one of their goals for the next couple of years. Chairman Vaught stated that at least part of CMS has goals. Chairman Vaught thanked Mr. Walker for the update and will make sure that Member Black gets that update. No more questions or comments were made.

Next on the agenda was the Department of Human Services (DHS) Procurement Total Breakout. In attendance was Bill Strahle, Agency Purchasing Officer (APO) with DHS. Director Carter stated Mr. Strahle provided these numbers upon Board request after the last meeting. It provides the Board with a breakout, as you see on the relevant categories, the things that would fall under the Procurement Code and things that would fall under the purchase of care, grant purchases, and so forth. Director Carter stated that Mr. Strahle is here to answer any questions and explain the report further.

Chairman Vaught asked if Mr. Strahle wanted to start out with any comments. Mr. Strahle replied that he is prepared to answer any questions the Board might have. Chairman Vaught stated that he thinks this is very helpful, but he thinks it's interesting that when they think of this from a procurement perspective we have \$2

billion, which is an annual for FY13? Mr. Strahle replied affirmatively. Chairman Vaught stated that it is interesting that billions in one plus \$236 million, that's a billion three something, so over a billion three of their almost \$2 billion are essentially exceptions to the Procurement Code. Chairman Vaught asked if he is interpreting that correctly. Mr. Strahle replied affirmatively. Chairman Vaught stated that the question the Board has, and he doesn't know if they have the data on it or not, but at one point there was a very broad definition that went back to the Ryan administration, which is on their website, that allowed the purchase of care exemption to be used for other purposes if at least half of the total procurement was purchase of care. DHS could literally spend a million dollars on purchase of care and another \$900,000 dollars on something that wasn't purchase of care. That seems to be a pretty stretched definition of that exception being used to inquire other things. He does understand that has been changed, but does DHS have a rule on that? Mr. Strahle replied no. The 50% was never quantified in a rule. It was more of a rule of thumb, but from what he understands now is HB2 has formed a committee that is looking at these exact same things so they can grant purchase of care and also the federal guidelines for everything. Federal rules are out there to ensure that they are following them and to bring that into more of a procurement aspect of it. He's been hearing different things from it nothing official, but the HB is very specific on the committee looking at the Grants Recovery Act, and trying to do extra things that are looking at these exact same things.

Member Bedore stated that the Board talked about this in the past. The revolving door where you're not allowed to go out.....does that apply to grants? Mr. Strahle replied that he is not sure. He read the Inspector General report where they looked at a lot of revolving door situations. The EEC looked at those, so most of my information is geared from that. He cannot answer that one specifically. Member Bedore stated that all this points out is that there are some very large dollars that as you might say, goes underneath the radar. Chairman Vaught stated that he has a follow-up to Member Bedore's question. He thinks it's their understanding if you are a contract person at CDB or IDOT or anywhere else and you're dealing with the issues of contracts on procurement system that you do have a revolving door restriction, it's in the statute, sometimes it could be waived based on certain circumstances, but generally there is a one year waiting period. From his understanding on all grants, including grants at DHS, that does not apply so a person that is involved in grant recovery, or involved in making the grant decision, or supervising the grants, they are free without any clearance from EEC or any anybody else to immediately leave their work at DHS and go to work for one of the agencies to which DHS makes grants. If you have something to dispute regarding that understanding please let him know. Strahle replied he doesn't. Chairman Vaught stated if you learn in the future of that, it would be interesting to know if there were any internal procedures within DHS. The purchase of care things you stated was not in a rule form it hadn't been to JCAR it was essentially a policy of DHS. Chairman Vaught stated that what he is asking, is if there are these policies that the Board doesn't know about and JCAR doesn't know about that somehow regulate or protect the grant making process from that revolving door problem the Board would love to know about that. It may be some kind of internal policy where DHS doesn't allow that to happen, or takes steps to prevent that from being abusive in any way. It is certainly possible as a manager to make sure those things don't happen, even if there is no statute or rule. If you know about that or if there are other policies the Board should know about, the Board would love to hear about that just as a follow up. Mr. Strahle replied from DHS's aspect, what they have always done is that they understand that has been a rule of thumb of 50%, but they have always looked at every procurement official with the PBC system as that's just a starting point because obviously 50% doing direct care for a client versus or 51% or 49% for other things. What are those other things? Many times we ask for breakdowns to determine the administrative cost. Their CFO, Carol Kraus, is very active in dropping down administrative costs for a lot of different things especially under grants recovery. They were taking things that were 30%/35% dropping them down to 10%. We're very active in that for quantifying something through JCAR he doesn't believe they've done that, but he will check on that and report back to Director Carter and he can pass it on to the Board. Chairman Vaught stated that they would appreciate that, they don't want to make presumption on some big problem if they're not, but these numbers just stand out on the page. They are pretty big numbers and he thinks a million dollars is a lot of money. Mr. Strahle replied and when you push a button, you're approving it, your names on it, you take pause. Chairman Vaught stated that the Board appreciates DHS' answers they provided to the Board and appreciates this data. No further questions or comments were made.

Next on the agenda is the Statewide Emergency Procurement – Department of Public Health (DPH). In attendance was Gary Robinson, Chief Fiscal Officer/Agency Procurement Officer with DPH. Director Carter

stated that at the Board's request DPH is present today to talk about their emergencies from FY13 and to answer any questions the Board might have. Chairman Vaught stated that the Board appreciates them coming. The Board has been trying to go through a few agencies seeing these very large emergency numbers just to get the different perspective from different agencies where they are and how they are different. They are just trying to understand this, so that's the reason they asked DPH to come in. He believes the Board has already had DHS and IDOT has been here. Could you give the Board an intro to the data that was requested by the Board on emergency procurements and why there accruing at DPH. Mr. Robinson stated that prior to all the attention given to emergency procurements of the past months, DPH has never been a big user or proponent for that matter of emergency procurements. In their agency to get an emergency procurement you have to get past him and they have been very strict at DPH and their reporting requirements for the Auditor General and he thinks the CPO's Office will conquer that. They haven't, at least historically, been much of a player in the emergency area. However, the list before the Board does seem longer than it has in the past, but he would like to add that one particular contract and one particular program makes up the vast majority of the list that you have in front of you. He is referring to the Newborn Screening Program that they operate at the DPH. We're mandated by the General Assembly to test each and every newborn infant for a battery of genetic diseases. When in fact a positive result occurs and it's confirmed up with a follow up test. Physicians prescribe special infant formula, which infants have to take immediately to defer and eliminate the onset of developmentally disabled conditions, mental retardation primarily. This is an emergency situation that simply put, when they do not have a contract in place they have to buy this medical formula. What has occurred is unfortunate and we're all a team here, and he's been here for other meetings, and reviewed your minutes and this is a cooperative effort to reduce emergencies by the Board and CMS and proper planning, but unfortunately in this particular CMS – lead procurement has had some unfortunate stumbles. As of today as he sits here before the Board, they are on the third solicitation to competitively procure these medical formula products. While they have been having some starts and stops, mostly in this calendar year they have had three emergency procurements for five different vendors that have each been specific brand name connections with this formula. If you look at this list of 15, 10 or 11 of them are all related to this newborn screening program and the Department, as Chairman Vaught knows back in OMB, their Department has a pretty broad range of programs that it administers, but this one is clearly falling into the emergency category. If they don't have a contract they have to produce the product. The Board will see many different initial emergencies and unfortunate extensions. DPH is in the process of a 4 – month extension. The bid is on the street so hopefully this chapter will be behind us shortly. Mr. Robinson also added before he's available for questions, that every other emergency procurement that they have on the list is now over and done and all of these contracts have been competitively procured and are under contract. They have no continuing emergencies other than the newborn screening program.

Chairman Vaught asked if there are any questions from the Board for the Public Health emergencies issues. Chairman Vaught asked how did mail services turn into an emergency. Mr. Robinson replied that it works well with his presentation because it's also involved with the newborn screening program. DPH also pays for the labels for all of these samples that go from each and every hospital or physician's office to our State laboratory in Chicago. Mr. Robinson stated that this is actually a good idea not gone bad. They piggyback with their sister agencies at HFS and DHS for joint ground transportation, which was UPS previously. They were at a bid at the disposal of HFS, which is the lead agency in preparing these solicitations. He thinks they got a bit behind and consequently all three agencies had to do a UPS emergency, but for DPH it was because they have to supply these labels and they don't want to indict the US Postal Service, but UPS or FEDEX, those ground transportation services get their perishable tests to our laboratories as soon as possible, so that was one that all three agencies had to do one, but as of now has been bid. He believes that UPS did receive the competitive award, but that's no longer available. Chairman Vaught stated that he mentioned CMS there and saying, well, CMS was the problem. CMS didn't contribute to the problem? Mr. Robinson replied that he tried not to say them. Chairman Vaught stated that he knows he was very careful about that, but there is a coordination problem here. Based on SB51 there is a required coordination with the CPOs and the agencies that didn't exist before, and CMS is still in the mix on many of these master contracts and these other contracts, which means there is some type of triple coordination situation and then of course we have multiple agencies involved like was stated here with HFS and DHS and there's another layer of that kind of interaction. What he is asking, not to single out CMS, what is going on in the interactions here that seems to contribute to some of these things going into emergencies when maybe if the system was a little simpler then it wouldn't turn into a emergency. Mr. Robinson replied he knows when you are dealing with other agencies,

and he was here well before SB 51, and things were a little simpler back then, but of course they had other issues. The Procurement Code got tightened and not streamlined, but added these extra protections to avoid pay for play or fraud or other similar theft, the worst part of the procurement process. It has become much more complicated, but with the Board's guidance and also with the CPO office, agencies have been schooled about doing a better job of planning and starting everything a bit early and working and knowing there CMS buyers much more closely, so things would not be a surprise. He thinks we're doing that in Public Health and some of the CPO meetings that he has attended he knows some of the other agencies are doing that as well. It's unfortunate, but on the particular newborn screening one he doesn't want to blame Murphy's Law specifically for our procurement problems, but they did have a couple of unfortunate stumbles or they wouldn't have had to have a lot of these emergencies because they did plan ahead. Their agency, CMS, and everyone knew that these formula products were being renewed for the last time, and they needed to be competitively bid. He doesn't know if that exactly met Matt Brown's guidance, but it was at least seven or eight months before the end of the renewal. It was just unfortunate they did have some BEP problems, with some unresponsive U-plans that had to be rebid. Then we had some Secretary of State registration problems, which he was told was a non-curable or incurable thing so it had to be rebid again.

The bid is on the street now, it comes down very shortly and hopefully this item will not be back. Chairman Vaught asked if these expiring contracts, especially those that involve multiple agencies, were tracked in the PBC system today so they could use the PBC system to anticipate the expiration of contracts that may be renewed or rebid. Mr. Robinson replied that he believes the PBC system does include the beginning and ending date and the number of renewals so it would be in there individually. He doesn't think it aggregates for either themselves or CMS to look at. They have, and he thinks most agencies are now doing contract inventory much more closely, which does layout the start, and the stops so that everyone has enough information in front of them to know that they better get started on this particular renewal. He thinks this Board has done so and he knows the CPO's office has really pushed agencies to have active contract inventories so there are no more surprises or to help limit the number of them. Chairman Vaught asked if that IT system is visible to the CPO's or the other agencies? Mr. Robinson replied that he doesn't believe that the Remedy system is visible to the CPO's office. Chairman Vaught asked if he knew of any other improvements in the IT area that need to be made to the PBC system based on his experience with it. Mr. Robinson replied that he thinks it was touched on not so much the transparency, but how many other people can see the PBC system. It actually, from his years of experience when it was first created, it really has captured individual procurements from start to finish with a lot of history and a lot of approval steps and he thinks that's been all good. Whoever designed the BPC system long ago did a very good job. The problem, and it's been heard before, is that it is a CMS system that the agencies use, but it's not necessarily the system that the CPO's office uses so there isn't quite the intersection of those two systems and that's something that the agencies struggle with. DPH still uses it very religiously and believes CMS still does. Chairman Vaught asked, based on his experience with procurements, does he see procedures or situations in the procurement process where there is potential for streamlining or speeding up the process so the new process under SB51 could move a little faster now that we have had some experience with and it's a little smoother so we would get quicker, easier way to understand, not to do away with any of the safeguards, but just a little more efficient system. Is there potential for that? Mr. Robinson replied that he thinks there are some intersections that can be crossed more quickly. He appreciates the question and he doesn't want to provide a quick answer to that, but if the Board would permit him, he would like to give that question some thought and maybe share with Mr. Blount a short list of their try and misses. Chairman Vaught stated that would be helpful. He doesn't want to go and on if other Members have questions, but he thinks hearing this from people that have been involved in the system, as you have, is useful to the Board and hearing the different perspectives of different agencies has also been pretty useful because they're not all the same. That is one of the complexities of it. Chairman Vaught stated that the Board would appreciate him getting back on those ideas, because there's been SB51 passed in 2009..... Mr. Robinson interjected saying just as a long as the Board doesn't put his ideas on some big screen. Chairman Vaught stated clearly the Board has heard about some work that's already being done by some legislative committees and others, but there's room for improvement here. Member Bedore stated that he thinks it would be helpful if the Board staff went out and contacted some of these agencies that have been here before them. That was a very good question that he just asked and thinks it will be helpful to hear from the people that are in the trenches. Chairman Vaught thanked Mr. Robinson for coming. No further questions or comment were made.

Next on the agenda was the Rules Review for the EEC on Exparte Communications. Chairman Vaught stated that the rules that are in front of the Board had some recent revisions that they know have been made, but yet not received so he thinks the Board is going to put that one over unless anybody has questions or comments about the EEC Rules. This is a result of our Executive Director doing some direct work with them about some of our concerns with their rules, which he thinks has been very helpful.

Next on the agenda was Rules Review for the CPO the Capital Development Board (CDB) on Procurement/Contracts. In attendance were Jim Underwood, Director of the 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. Director Carter states he has to give some credit in front of the Board to our Assistant Director Will Blount. He's actually acted as a bit of a mediator with this process between the CPO and the agency to narrow down the list from where it was last time, to where it is now and both agencies and the CPO share their perspective on the outstanding concerns. For the Board it really looked like it was four items left, where they are with the small purchase threshold and then three categories on what the Board would consider jurisdictional issues, including dispute resolution, the QBS Act and the, Design-Build Act. They have narrowed it down and the list is very short, but the ones that are remaining are four very big issues that are outstanding and he thinks we are pretty far apart on these. Both CDB and the CPO will share their perspective and maybe it's best to start with small purchase threshold and then go from there.

CPO Hahn stated that they debated for quite a while on what to do about the small purchase level either to adjust it to the \$70,000 figure that both Higher Education and General Services have or to leave it at approximately \$41,000. They have chosen at this point to leave it at the \$41,000. He wanted to point out that the CPO for IDOT has maintained his small purchase limit at \$30,000. One of the things we're trying to do with the small purchase threshold is eventually work it into a change order process. That at some point change orders would moved differently if the change order process were adjusted. He thinks that directly relates to the small purchase threshold. It relates certainty when a contract or change order exceeds the small purchase threshold it has to be sent to the Board for review and right now while that process works effectively it is an additional process that does affect a number of change orders. Director Carter asked if CDB wanted to respond to that. Mr. Broughton stated that in regards to raising the threshold, CDB's approach in this is to try and be consistent with some of the other agencies. They are an agency that primarily deals with building vertical construction. You do see some of that within CMS to a point, and you certainly see some of that in Higher Education. They were really looking to be consistent there. They do understand that IDOT and their CPO have kept it at \$30,000. Although both of them are primarily engaged in construction with very different for CDB verses IDOT is that for a lot of small needs that IDOT has construction-wise they have sort of a full service maintenance resource they have to say to fix a guardrails when something is damaged on the bridge, or out on the highway, those sort of things. CDB does not have that; they do not have trade people working for them. Anything that needs to be done on behalf of an agency that CDB would have control over, they have to hire that out. They feel there is a difference in the need between those two agencies. As far as our records go, since July, 1 2010 when SB51 became effective, as far as separate contracts that were awarded and that would fall in between the \$41,000 and the \$70,000 level, have been approximately 70 contracts, which amounts to about 20 a year. We're not talking a large amount, but what happens is rather when they have immediate needs for an agency that may not fall into the category of an emergency, and as your Board has expressed the Board wants to see those reduced, but there is an immediate need. The threshold allows them to go into a competitive procurement type of situation where we generally select three or more firms to invite them into a geographic area to bid that work competitively and it basically allows us to expedite the process to take care of a need rather quickly that needs to be taken care as soon as possible, but doesn't really meet that definition of an emergency. Mr. Broughton stated that CDB thinks that it's the prerogative of the CPO and his decision, but because of those reasons he stated and because they want to be consistent with the other CPO's, that is why they feel this makes sense.

Chairman Vaught says that on this issue he knows on this material that the Board took an action to raise that purchase level here, at the Board level, to \$70,000 back in 2008, but are there Board member questions or comments on this small purchase issue where there is a difference of opinion?

Member Bedore stated that he is having a rough time remembering back to 2008 and why there was an argument on why the Board raised it to \$70,000. He doesn't see this \$41,000 cap put on by the CPO a real burden. We have 20 per year, how much of a burden is that? Mr. Broughton replied we're not talking a lot of contracts here, but again he apologized for repeating himself, but when CDB has situations where something happens to a facility and something needs to be dealt with rather soon so you can avoid getting into an emergency. There could be a lot of reasons it could be something with roofing, or something with the chiller or boiler, whatever it might be, even this Board has questioned agencies here on what constitutes an emergency to move forward. Sometimes when you have that immediate need and you need to go forward as soon as possible and then you can't, that is where he thinks sometimes you see agencies, such as CDB, ask what is an emergency and what isn't. They feel like a lot of those situations fall into this \$41,000 to \$70,000 range that allows them to address situations in a very timely matter, and again, when they deal with these situations we're not handing a \$50,000 or \$60,000 dollar contract to someone they would be, and this has been general practice, narrowing down to an invited list of firms and a particular geographic area where a facility might be located and seek competitive bidding, but we're able to do that very quickly. We may give them 3, 4, 5 calendar days versus the minimum 14 days or more with the Procurement Code as far as posting. What this allows them to do is it gives them a tool for expediency when it's necessary.

Chairman Vaught asked if he is essentially saying that this large amount of deferred maintenance is pushing more of these projects closer and closer to emergencies and the sooner you get to them the less they cost. Mr. Broughton replied that it can happen sometimes because a lot of them of what they see in their emergencies is when a chiller goes out at a facility where there is 24-hour occupancy or a boiler goes out in the winter time, many times roofing systems fail, they patch them over and over where there is maintenance money and they just plain fail. They are seeing more of that being caused by the deferred maintenance, caused by not being able to be addressed yet. Member Bedore asked if he sees any room for compromise making \$41,000, \$45,000 or \$50,000. Mr. Broughton replied that he thinks from their perspective any increase that they get from the CPO will be welcome. Member Bedore stated, for example, if you raise it to say \$50,000 what would that do to the 20, cut it in half? Mr. Broughton replied he couldn't give an exact answer, but it may. CDB sees lots of those purchases in that \$70,000 tend to be around a \$50,000 or \$60,000 range, but again it's looking at consistency. If the other CPO's are looking at \$70,000 and they're involved in some type of vertical construction, they're involved with some of the same facilities we're involved with, and again in consistency and how everyone uses the Code....Member Bedore stated that maybe what you're recommending is that this Board ought to go back and revisit the \$70,000 after SB51. That could be under discussion here. Maybe the Board went too high. Mr. Broughton replied that he thinks that probably some discussion from the other two CPOs on how it's worked for them would probably.... Member Bedore stated but you have IDOT at \$30,000. Mr. Broughton replied that again, with IDOT, when there is a need where something.... Member Bedore stated that he heard what he was saying that they do their stuff internally, but maybe this Board, before SB51, set it at \$70,000. Maybe that should be \$60,000 or \$50,000 now. He doesn't know and maybe it should be something the Board should look at. CDB is raising an issue that everybody else is at \$70,000. Expect for IDOT and some other ones that we don't know about, but he doesn't know where to come in on this. Mr. Broughton stated that he doesn't want to characterize CDB wants to be at \$70,000 because of other people are when we talk about what numbers that should be. There is one established and there is some consistency, but what he is saying is that with some of their needs that we are seeing out there, they are exceeding the \$41,000 not by a lot and he thinks by raising it, it will give them the tool to get in there to deal with those situations in a competitive manner, but also in an expedited manner.

Director Carter asked what he thinks their average time is for getting an approval on these contracts, and with some decent communication couldn't you get one of these approved within a couple hours if you had to. Mr. Broughton replied as far as the small project thresholds the cooperation that they have with the CPO's office has worked pretty well. There are times when they have some discussions about the needs, but once both sides have determined this is what has got to happen, those get turned around rather quickly. CDB actually makes recommendations on the firms that we plan to invite and those get reviewed by the CPOs so they makes sure that there's a very fair competitive nature. As far as getting those approved that has happened. What trouble they are having in this issue is that it's very easy for us to reach that \$41,000 dollar limit on a lot of these issues and then that kind of stops them and then they go to a more formalized advertisement process, which takes a little longer. Member Bedore stated that it stops them there, but to

getting it resolved it goes very quickly. Mr. Broughton replied that what he is saying is that as far as the ones that the costs are under \$41,000, when CDB works with the CPO in those situations, those have gone real well. What he is saying is that for those projects where the cost is going to exceed that \$41,000 number they're not working with the CPO on an expedited matter because that's the threshold so then they go into un-advertised situation which is also competitive, but because of following everything in the Procurement Code it does take longer to do.

Member Ivory stated that he wanted to make sure he was clear on the \$40,000. Member Ivory stated that Chairman Vaught said earlier that in 2008 we agreed on the \$70,000 threshold for some reason? Chairman Vaught replied for reasons they can't remember. Member Ivory asked how they do in reference to, for example, the \$40,000 threshold and now you have a \$70,000 threshold. How are you doing in terms of diversity in those issues where you didn't have to go through the process? Mr. Broughton replied generally on these very small projects they don't have goals established. The threshold for CDB on certainly putting a MB/FB goals is a \$250,000 project although we do look at some that are smaller than that, but in the invitation process when they invite three or more contractors, it does give them the ability to look at a geographical area and they have the ability to make sure that a MB – or an FB-owned contractor in that area could certainly be considered. Member Ivory stated that the question can be considered as open-ended. He is looking for a reason to support this and one of the things that he keeps struggling with this across the State is more inclusion and he doesn't think that he has been given a good answer. From his perspective in terms of the \$40,000 to \$70,000, he is still trying to find a reason in terms of his vote up or down as to what value is guarded from being one side of the issue to the other. He doesn't know if there is any other thing that Mr. Villegas wants to speak in terms of this issue because he knows Mr. Villegas is a person that is very sensitive to the minority goal and so is James Cockrell. He would like to find out if there is something else that he is missing here that they would like to share.

Chairman Vaught stated that he thinks that the Board could move on to one of these other issues and asked if CPO Hahn wanted to add anything on the small purchase? Member Ivory stated that Mr. Villegas is going to respond. Mr. Villegas replied again that with these emergencies contracts, he thinks that they give them an opportunity to take a look and make sure that they do have some diversity. Again, they mentioned about 20 contracts that were procured in that manner. He is not saying that we're looking for more of those emergency contracts, but as those opportunities arise he has installed in our staff that they do want to make sure there is inclusion and that is something that he's been preaching to our staff and they get the message. He is not sure, but guesses it would depend on where these emergencies are at. They have been fortunate not to have emergencies in the Chicago area where a lot of those firms are located. Emergencies have occurred in those areas where there is a huge pool of minority firms that they can just pluck out. Again they picked three and of those three maybe there is a minority or female firm and maybe the other 2 are not. Then again they solicit them for their bid and if they're competitive we're going to select them. Member Ivory stated that his only question is in reference to the issue of selection and when you go and select you have a competitive bid process you don't have to have the same Procurement Code guidelines that it tweaks the procurement guidelines that we currently have so you can do as you choose as long as you have three competitive bids. In most cases, if you're going to have minority goal you have to have three people in that same geographical location or something like that. This is required so if you have one minority firm that was competitive then that person could, or could not be issued that particular contract. Under the Procurement Code you would have to have at least several people in that arena in order to set a goal in reference to that, correct? Mr. Villegas replied affirmatively. Member Ivory stated that it does give them some kind of competition, if you utilize it, as a means of trying to balance out the whole process in terms of greater inclusion. You could use that? Mr. Villegas replied affirmatively. CPO Hahn wanted to add that he thinks they could do a better job at doing that. One of the concerns that they have is that they tend to see the same vendors when there is an inability to bid.

The next issue in regards to the rules was Dispute Resolution. Mr. Klein stated that there is a section of the proposed rules dealing with resolutions of disputes that he has not been able to find in any of the CPO's rules that would require settlement of any dispute that relates to the contract to be approved at the CPO's office. This raises a concern in that it goes beyond the Procurement Code because it's not limited to disputes that address procurement issues. As he reads it, if you have a dispute three years after a project is closed out and there is something wrong with the contract and they are taking action against the contractor and agreed to a

settlement with the contract or they have to get the CPO's office approval of that. When all the issues in that dispute would be contractor related none of them will be procurement related. The question would be was the construction done properly. For example, we had a dispute with a contractor regarding the Thomson Correctional Center that they settled several years ago where the ceiling collapsed. It was nothing to do with the Procurement Code or any procurement issues. They went to mediation and CDB ended up being paid \$750,000 to settle that issue to compensate for the loss of the ceiling collapse. As he reads the rule, CDB would have had to go to the CPO's office and gotten approval of that settlement, which he doesn't believe is provided in the Procurement Code. It also just leads to practical problems, such as alerting all parties in the mediation that they can reach an agreement today, but he's going to go back and show every agreement to the CPO's Office and he's not sure whether or not they're going to approve it. The reaction he would have certainly gotten from opposing counsel would be that they would not be negotiating with them because that is not a negotiation with good faith. From that perspective as well he doesn't see how this can work. There are also some individual provisions of the proposed rule that he is not sure how they would work. For example, for a smaller dispute up to \$50,000, the rules appear to say that it has to be resolved within 60 days. He is not sure if that means we get to the 60-day mark and we have not resolved the dispute if we're now just now barred from settling it and they must now go through the litigation process or if that means that once we get to the 60-day mark we have to settle it because that's what the rules says. There are a lot of concerns there.

CPO Hahn stated that he believes that Section 20-75 of the Code does give the Chief Procurement Officer the authority in contractor controversies and disputes in some areas other than protests with the solicitations, but it's a broader area than what goes wrong in a procurement effort. It includes contract controversies and contract disputes, this is just as the statutory language says and he looks at it from a standpoint of what he calls a busted procurement. If a vendor says this is not what you procured, you are procuring something different and are entitled to more money he thinks that is a procurement function that involves CPO.

Chairman Vaught stated that he is confusing him because he didn't quote the statute word for word. CPO Hahn replied that he didn't have that in front of him. Chairman Vaught stated that he is looking at the statute and didn't hear what he said was in the statute. It's causing him concern and making it hard to understand what you're saying. CPO Hahn replied that he thinks it could come to a variety of things. Obviously protested solicitation of awards, contract controversies, debarment and suspension of contractors and resolving other procurement related disputes. Chairman Vaught stated that it also says, which you left out another word in the statute, which is procedures. It seems to him what he is hearing from CDB is this goes beyond procedures into subjective decisions about contracts that might even reside with the Attorney General. You're talking about resolving legal disputes about a contract that doesn't seem to be a procurement thing at all. CPO Hahn replied he thinks he is talking about resolving procurement disputes. That is the intent of this Section 20-75. Chairman Vaught asked if there were any other comments or questions on this.

Member Bedore stated that a comment was made about 60 days and what if it's not resolved in 60 days? CPO Hahn replied he thinks you would have to do something different with it. Ms. Rosenfeldt stated that it actually says is "shall utilize expedited process of ADR to conclude the dispute in 60 days or less". So she thinks the idea is to move it into ADR and to use the ADR and resolve it in 60 days or less. Chairman Vaught stated that he also has a procedural concern, but we are going to have two Board members that have to leave soon so we're not going to have time to get through all these issues today because we're going to lose our quorum. He just wanted to let the audience know in advance that they're just about to run out of time, but the other concern that he has here on this issue is that this is a juridical issue whether the Procurement Code applied. From what he has heard from CDB and his own concern just looking at the language of the Procurement Code of what it means. That's a judicial issue that it seems it was not an agreement on this he thinks their rule is in trouble because you're going to the very heart of what the statute means, which is what JCAR is not going to like anyway and we're here for procurement. We're the procurement people we're not the Attorney General on resolving contract disputes and he thinks the other Board members can express the opinion they want on this, but mediating those kinds of issues which they been a little involved in with the Board staff, which he can appreciate. He thinks it's very difficult for the Board to undertake and it seems since we're going to run out of time that perhaps the Board should engage the staff with CDB in that a little bit further, but it kind of seems like from the Board's jurisdiction is can't they go on these procurement

issues where there is an agreement and cut off these disputed issues in terms of this rule. There are a lot of things in these rules where there is agreement between the CPO and CDB, some of which did get resolved in your meeting with the PPB. He doesn't want to tell you what your positions ought to be, but it seems the Board could move forward pretty readily now on those portions and just take out all these jurisdictional disputes and then you would have a rule that we could go forward on. Now if other members of the Board want to express something on that or if he contradicted somebody else's understanding or view otherwise we're going to have to come back next month anyway. He is just trying to suggest maybe for CDB to consider that as a way forward in this period between now and next month.

Member Bedore stated that he agrees. He didn't wear his referee shirt today so he would think that they would continue working and come back because we're not going to be able to get through this today. Not that it is their fault. It is strictly on the Board since they're going to lose their quorum. He would strongly urge CDB to go back and see what they can do and what they can't and then move ahead on the portion that you can. Then maybe legislation or whatever else there is that maybe would rectify this, but right now he agrees with Chairman Vaught.

Member Morales stated he apologies to the Board and to the participants here today because he is one of the individuals that needs to leave to make another appointment, but like Member Bedore says there are some issues that need to be addressed before the Board can do any further discussion on this and it would be a good idea for staff to be involved as well. CPO Hahn stated that Mr. Blount was very helpful when working with him and CDB and will they continue to do so.

Next on the agenda was the Rules Review on CMS Veteran Program Rules. Chairman Vaught stated that clearly from the memo the Board received from the staff both sides did work hard on many issues to reach an agreement and he does appreciate that and they think the Board, generally with all agencies, have helped facilitate that a little bit and he wants to keep doing that, but they see some that they're going a little deep beyond the Board. That's why he made the comments that he made and if the Board made progress and could agree on some of them, but that is up to CDB to continue to work on. The Board's staff will be happy to continue to assist or at least get the Board prepared for the next round.

Mr. Kanellopoulos came back to the Board with the breakout of the \$98,000 in improvements for lease #5395 in Chicago. Mr. Kanellopoulos stated that what CMS is paying for is the replacement and repair of carpet. He knows the short side talks about parolee side and EB side. Those are terms from when this was a DOC facility not DJJ. It is not a parole office anymore so baseboards, tile, painting, and the hand dryers are new, not repairs and a sink that was damaged. Member Bedore interrupted that if they're new they're to get the landlord to ADA compliance. Mr. Kanellopoulos replied no, the ADA....Member Bedore stated that you said the hand rails. Mr. Kanellopoulos replied no, the hand dryers are new. The things that were not included that were on the Exhibit B are to clean all HVAC vents, replace damaged ceiling tiles.... Member Bedore stated that this is what they're going to do - \$98,000. Mr. Kanellopoulos replied affirmatively. Member Bedore stated and they're going to steam clean the carpet, and that's a capital improvement that the State of Illinois should be paying for even though the person received \$15 million. Steam cleaning carpets and patching carpets, how could you ever consider that to be a capital improvement? Mr. Kanellopoulos replied that it is not a capital improvement it is a temporary, but....Member Bedore interjects that he doesn't care. How can they charge the citizens of Illinois for steam cleaning and patching.

Chairman Vaught stated that he thinks what we're saying is one of these is going to come before the Board and get turned down. I think we understand this is a pretty good lease and thinks the Board is still inclined to go ahead and approve it today, but they have to make sure that other people at CMS understand this. Mr. Kanellopoulos stated that his final point is this is not due to normal wear and tear. Chairman Vaught stated let's not argue this. The Board wants to say very briefly and perhaps have you come back when we do a resolution of the Board to thank you for your almost perfect attendance because having your creditability and your hard work has been a huge assistance to the Board so they at least want to say that today while we're pressed for time, but if the folks will allow you to come back when you're not at CMS we will make that more formal he hopes because there is almost a seat here for you because you have been here so much. Member Bedore stated that he has been very straight forward and he appreciates that even though some of them may have given him a rough time. Chairman Vaught asked if they're going to act on this lease. The

Board either sends him back to do another emergency procurement or the Board is going to have to approve it. Member Bedore stated that he is just having a rough time approving painting and steam cleaning carpet. Chairman Vaught replied that is why he said their discussion is sending a message to CMS that there is no getting around this if it's today, it's today.

Member Morales stated that temporary repairs should just be called maintenance because that's what it is. Chairman Vaught stated that he doesn't think there is any disagreement among Board members on that. The question is, is the Board going to turn it down today or give him a warning and turn it down the next time they show up with this stuff. Chairman Vaught stated that he would like to see Mr. Kanellopoulos go out on a positive note than turning down his last lease. Mr. Kanellopoulos stated why start now? Member Bedore made the motion to accept the lease as presented and was seconded by Member Morales. With a 3-0 vote the motion was approved.

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 at the Department of Veterans Affairs (DVA). Director Carter stated that from the staff perspective on these rules the Department of Central Management Services have amended the rules included in the second notice they processed for exempting certain contracts from the goal. He knows there is still some concerns out there from the CPO's office and he thinks from the Board's perspective the CPO's concerns can be addressed with JCAR and the staff recommend a certification of no objection.

Chairman Vaught asked if there are comments or other concerns from the Board on this. Member Bedore stated that he understands giving the waivers is because we don't have enough participants. Before he votes, where are numbers at today? Mr. Cerpa replied that they are at 53 currently and have 10 pending approval this week so by the end of the week we're looking at 63. Member Bedore stated that last month it was stated that DVA had this poor gentleman that is overwhelmed and he's running the program for outreach, but he has multiple responsibilities and they can't ask much of him because he is spread so thin. So of the thousands of State employees we can only find one person that's overloaded and that's the reason we went up one Veteran's group in a month, one. DVA ought to be ashamed of themselves. Mr. Cerpa stated that he believes that comment came from IDVA not from CMS, however.... Member Bedore interrupted saying he doesn't care who it came from, it took that person who was honest and said we have one person doing the outreach and he's over-burdened and we are going to rely on the Federal Government grant and that you are applying for a grant to do outreach. Thousands of State employees and we have to go to the Federal Government to get this program working. What a disgrace, you've gone up one person, one month, one person. Member Bedore stated that this is outrageous. Chairman Vaught stated that it was better, but DVA didn't even come back. Member Bedore replied yes, but they're the ones that are doing the outreach. That's what the Board was told at the last month's meeting. It states it in the minutes that he is over-burdened and we have to go the Federal Government and got side-tracked because the Federal Government was shutdown. How many thousands of State employees and you can only find one person that can only give this an hour or so a day. This is a disgrace. Chairman Vaught stated that nobody's disagreeing with him and he knows that if Member Black was here he would provide even more comments, but we are a little over. The staff tells us they have fixed the rules the Board was concerned about. Chairman Vaught asked if the Board is ready for a motion. Member Bedore stated that he would make a motion because they have to get this in here because they don't have the people. Member Bedore made a motion to accept the rules as amended and was seconded by Member Ivory. With a 4-0 vote the motion was approved.

Chairman Vaught stated that the rules have been approved and he appreciates the work that CMS has done on this and the adverse conditions that have been well described by Member Bedore. Member Bedore stated that he would like this on the agenda next month to talk about the program.

Motion to adjourn was made by Member Ivory and was seconded by Member Bedore. The motion was unanimously approved.