



Chairman: Jay Stewart

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

### **Minutes – April 10, 2014 Meeting**

Present in Springfield: Jay Stewart  
Ed Bedore  
Bill Black

Present in Chicago: Rick Morales

Absent: Larry Ivory

The Board started the meeting by confirming attendance at 10:00 a.m.

First on the agenda was the approval of the Board meeting minutes from February 6 and February 18<sup>th</sup>, 2014. Chairman Stewart asked if there were any corrections or comments. Member Bedore made a motion that the Board accept the minutes as printed for February 6<sup>th</sup> and February 18<sup>th</sup>, with Member Black seconding the motion. The motion was unanimously approved.

Next item on the agenda was the Department of Human Services (DHS) for a Presentation on Hiring Requirements for the Affordable Care Act (ACA). Chairman Stewart stated that over the course of recent months, perhaps longer, DHS is one of the largest State agencies in State government, they have, whatever it is they have a lot of it and they also have many facilities. They serve citizens all throughout the State all parts of the State, Chicago area, downstate, metro St. Louis area etc. and what the Board has done in the past is they have asked if the Department could come in and as opposed to talk about specific leases, which the Board also reviews to is talk about trying to project forward a little bit. What does the Department see coming in the future in terms of its needs, procurement, maybe looking a little bit at real estate in particular and give the Board the opportunity to ask some questions as opposed to the context of a specific lease where we're all kind of on the clock a little bit. This allows maybe a little bit more of a wide range of discussion to try to understand what's driving DHS' needs. How are they managing and accessing that so perhaps when they come forward on a specific lease we are all a little better educated and understand what's driving the agency's actions and the agency can be sensitive to the concerns that the Board has raised in earlier leases. When the Board gets to a specific lease there is just more shared understanding kind of where everyone is coming from. Today we are very fortunate that we've got the very top level of the Department that has come to speak with us today. Chairman Stewart stated that we have Secretary Michelle Saddler and he can tell you that he's had the pleasure of working with Secretary Saddler when she was in the Office of the Governor and also since she has been the Secretary. She does an excellent job as the Secretary, it is a very challenging agency. It serves some folks who really are in need of help. Often times DHS is the last place for folks to get assistance with sometimes some very significant issues. It has a large work force, it has a large footprint, it has a large budget, and he thinks that Secretary Saddler in difficult times is captain of that ship very ably and pleased that she could come. Chairman Stewart stated that also here is Director Hammoudeh assistant to the Secretary here and others from DHS. He does appreciate all of you taking the time to come speak to the Board today. What he would like to do is let them come up make their presentation and then when they are done if the Board has specific questions they can ask. Obviously if there is something they don't have an answer right at the tip of their fingertips, they can circle back with Director Carter and provide information later.

Representing DHS was Michelle Saddler, Secretary of the Department of Human Services, Kacy Bassett, Chief of Operations at DHS and Matt Hammoudeh, Assistant Director of DHS. Mr. Hammoudeh thanked

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Chairman Stewart and the members of the Board. They are happy to be here to provide supplemental information. As the Chairman referenced, DHS is a larger agency and they have a lot of leases that come up. He has personally worked with this Board for many years. Before he gets started he wanted to introduce the team starting with our leaders Secretary Saddler, our Chief Operating Officer, Kacy Bassett and myself Matt Hammoudeh, Assistant to the Director. Mr. Hammoudeh stated that they gave the Board 3 documents, and in Chicago, Member Morales, it should be getting to you shortly. Our chief of staff is actively running it up the stairs right now, they apologize for the slight delay in getting the paper documents to you and you should have 3 before you. Mr. Hammoudeh stated the Board should have a PowerPoint presentation, spreadsheet that outlines some terminations, and a map showing the counties of the State with numbers written in it. They will be going through those in detail and there will be an opportunity for questions. DHS has worked with the Board and CMS on many initiatives. We are going to go through in detail a lot of things that are important to this Board. They have heard all of the member's concerns, but before we get into all the good detail and the numbers, they want to tell you a little bit more about what DHS does. Mr. Hammoudeh stated that Chairman Stewart said that DHS is big and they are. The folks that rely on DHS need them to be there because as it was indicated they are that safety net for State. With that the Secretary is much more articulate and much better than he is with explaining DHS as a whole. He wanted to give the Secretary an opportunity and then Kacy and Mr. Hammoudeh will dive into the rest.

Secretary Saddler thanked the Board, Chairman and the staff for having them here today. She is very excited to be meeting the Board and for the first time and they welcome the opportunity to tell the Board a little bit about the broader picture of DHS. DHS is one of the State's largest agencies, they serve 2.8 million people each and every day. Secretary Saddler stated that on slide 2 is our mission and she shared with the Board that in 1997 six legacy agencies were combined to form the Department of Human Services. This was done following a study by McKenzie and the goal was to create a more integrated system of service delivery. Their mission talks about self-sufficiency and health and independence and they strive to do that through a number of different programs. On slide 3, you all have heard of the General Assembly's move towards budgeting for results. There are 9 desired Statewide outcomes and DHS contributes to 5 of those Statewide outcomes as defined by the budgeting for results commission. We strive to meet the needs or serve the needs of the most vulnerable among us in the State of Illinois. We seek to increase stability and self-sufficiency for families and individuals and we do so through education, employment, and training opportunities and prevention programs like after school programs for youth, care for high risk moms who are pregnant and subsequent pregnancy prevention, many, many programs. They have guiding principles as you see from the things they do, the kinds of things they do, the kinds of outcomes, Statewide desired outcomes that they tribute, to they are and she believes they should be, a values driven agency. Their over-arching value is to create a culture of caring for the people they serve and for one another. It is little corny, and frankly it's hard to always convey, because over the past 10 years they have been in a environment of budget reductions, they say "no" a lot and yet they are trying to do the best they can with the resources that they have and to demonstrate caring who need assistance in their lives. They have 5 guiding principles and those are characterized by the acronym "PRIDE". DHS is a large agency, but they cannot do the work by themselves. The first letter in the acronym is "partnership". Of the entire DHS pie and they have a total spend, a GRF spend of about \$3.2 billion this current fiscal year, of their total pie only ¼ of their dollars are expended on State administered programs, State staff, State offices, State facilities, the hospitals, the State operating Development Centers, their FCRC's, and our Rehab Centers, all of that is fit within ¼ of their budget. The other ¾ of the pie are community partners, providers, etc., but yet the remaining parts of our acronym "re-balancing" that indicate that they are trying to shift more of the State investment from institutional care into community based care. Community based care for people who need specialized or residential care. Generally speaking many, many studies repeatedly show that care for an individual with residential and specialized needs, care in the community is more cost effective and also provides better outcomes, generally. So that's known as rebalancing, integrated delivery of Human Services, they want to treat a person as a person not as a list a check list of different needs, they want ideally someone to be able to come into a office and tell them about themselves. Previously a person would come in the office and tell the staff about themselves and they would say, well you can apply for transitional assistant here, cash assistance and food stamps but you're going to have to go across the hall or down the street to apply for Medicaid, we need to send you across town to apply for XYZ benefits. So they want to provide services in an integrated way. "D" stands for "data driven program evaluation" and they ask a question, do our programs make a difference. They don't want to have programs just because they have done them historically. They need to make a difference and they need to be empirically

proven to make a difference. And last the “E” stands for “effective” and/or “efficient” for Human Service. In a long standing environment of reductions we as DHS stand together with many others, frankly including the Board in the fight to maintain core Human Services. They need to make sure that Human Services does not go away because we as a community will be worse off without them. Secretary Saddler stated that she thinks that Kacy Basset will be leading in the rest of the presentation. Mr. Bassett is their newly Chief Operating Officer and they are very pleased to have him and believe many of you have met him before.

Mr. Bassett thanked Secretary Saddler, Chairman Stewart and the members of the Board for this opportunity. Continuing on slide 6 and in the vein of efficiency he wanted to note that what the Board sees in front of them is what they currently operate, 85 family community resource centers, 46 divisions of rehabilitation offices, 7 State-operated developmental centers, 7 State psychiatric hospitals, and 3 residential schools. Why does he bring up the word efficient? Within the last 3 years, he believes that they had over a 116 family community resource centers and now 85. We had over 53 divisions of rehabilitation offices as you see on the slide, 46. They have closed 2 State-operated development centers and they have closed 2 State psychiatric hospitals. So are they moving forward in the vein of efficiency? He would say yes. Later on in this presentation they will go over some numbers as it relates to leases. Slide 7, he wanted to note on this slide that they continued to work with their partner CMS. They are aggressively looking at lease options as it relates to savings. Slide 8, and the key note here is, he has been over these numbers specifically, but bullet point 2, since 2009 they have closed over 42 facilities. Secretary Saddler added that when they say 2009 they used that as a starting point because that’s when the Quinn administration came in. Governor Quinn was appointed in January 2009 and she became Secretary in October of that same year. Mr. Bassett thanked the Secretary for the clarity. He thinks this is a good time, the Board has a spreadsheet in front of them, which is titled “Termination Since 1/29/09”. If you look at the totals at that spreadsheet on page 3, you will see the numbers related to slide 8, the reduction of billable square feet, which is 407,452 and the total of annual savings \$6,763,030. These equate to \$4,405,930 which will be base rent savings. In continuation on slide 9, again, a review of space needs, again with our partner CMS, the overall reduction of 375,842 square feet, which is a 23% reduction and an estimated annual savings of \$11,221,289. Secretary Saddler also pointed out that this 375.8 thousand square feet is separate and in addition to those 407,000 billable square feet so this is separate and in addition to the closures.

Mr. Hammoudeh stated if he may, it was mentioned our partner CMS, that a lot of these initiatives and he started this by saying that, started from this Board and he wanted to give that credit to the members of the Board that communicated to them that the State needs to be more efficient, that they need to look at their space standards, they need to look at how many employees they have in a building, all the way down to how many electronic devices are in that building. All of those initiatives, since the multifunctional device initiative kicked off were a result of this Board delving and reminding the State agencies and our partner CMS that the taxpayers and the stakeholders needed more due diligence to ensure that they were looking at potential savings. He just wanted to thank the Board for its many reminders that the State is in a drier fiscal condition and they need to be diligent in looking at these numbers.

Mr. Bassett stated that he couldn’t have said it better himself. He thinks slide 10 was summarized a great deal as the last bullet point set states, it is evident that they’ve done a great deal prompted by this Board working with their partner CMS to become more efficient. Secretary Saddler added that she would like to share a story with the Board on slides 11 and 12 and going forward. Over the past 10 years DHS has lost more than 40% of its caseworkers. Last year in budget presentations DHS described this loss. Slide 11 shows graphically their cases versus caseworkers, and as you can see the top line are the cases that they need in their family community resource centers and the bottom lines are the caseworkers. Last year in 2013 is when they had reached the low point on the lower line of the caseworkers. They were able to make the case to the General Assembly that they needed to begin rebuilding in order to serve the needs of the people of Illinois, and they gave them the green light to start rebuilding the number of caseworkers that they had. Slide 12 shows that in finer detail, the first numerical column shows where they were in fiscal year 2000. They had approximately 795 total cases in their local offices. We had about 3,200 caseworkers on board for an average case load of about 247. That’s 247 cases per worker, 247 families, not individuals, but families. By last year’s budget season, they had seen an increase in their total cases and from 2013 back from 2000 up to 2013 that represented 120% increase in their total cases, at the same time the number of caseworkers had decline by 41% resulting in a overall per caseworker caseload increase of more than 275%. The average

caseload was in excess of 900 per caseworker, with some case loads in certain heavily laden offices above 2,600 cases per worker. They figured out that this resulted that if someone never took breaks, that they could spend 45 minutes, per year, per case. So they made the case that this was completely an untenable caseload for DHS workers to be carrying and frankly the members of the General Assembly knew about this full well because constituents were calling them saying that they can never get into the local offices, they sit there and wait for hours. The PRIDE Initiative came from her visiting their local offices before she came to DHS and it became one of her life's missions to make their local offices better places for the people that they serve, as well as for the workers. They worked with CMS, they worked with this Board, to get out of offices that she would call ghetto offices, to come into cleaner facilities. So let's go forward to where we are now after we have been given a year to hire some new workers. Previously and they can share details, it's very difficult for DHS to hire people. There is a lot of bureaucracy, but they worked with CMS, they worked with the Unions to streamline in every way that they could. They went from hiring an average of 45 people per month to an average then of hiring total hires of 186 per month, and they have raised that even more. That is total hires, their net, because of attrition is much lower, but they have really increased so they have brought in about 800 workers this year, so that now their average case load has gone from 926 to about 705. That's good, so in terms of change from 2000, instead of a 275% increase it's only a 185% increase. Secretary Saddler stated the cases have continued to increase and they project that by next year instead of 1.7 million cases, they will be handling more than 2 million cases. They don't know what's going to happen with the budget next year, but she does want to share these last two columns with the Board. With the help of CMS, the General Assembly and the Board, they have been able to increase the number of their on-board caseworkers, and accommodate them and their citizens so that the average caseload has declined a little bit, not as good as where we used to be, but they are making some improvements. With this green light they have been bringing new people on, slide 13 shows the net new hires, net of attrition. So during FY14 this shows their total hires in the Division of Family and Community Services is 963. Secretary Saddler stated that she feels they are on a path of progress towards serving the State's priorities. Secretary Saddler asked if Mr. Bassett would share with the Board what DHS is considering as priorities. Mr. Bassett replied absolutely. He knows that the Board surely has questions. He is not going to go over each bullet point, but what he would like to point out is the top 6 and this is almost in order. The top 6, these particular needs are needs where they would consider intensive, as far new hires, new headcount. If you look at those top 6 bullet points, the Integrated Eligibility System, new hires there. The EEV, we are going to need to hire there. The Medicaid expansion, new hires, the call center, which they have hired 100, and again the long-term care applications, new hires. So with anticipated needs it's definitely difficult, not impossible, to anticipate what their lease demand is going to be. Mr. Bassett thinks working with CMS, they will be able to get there. Secretary Saddler stated that the IES the Integrated Eligibility System Applications for Benefits Eligibility, otherwise known as ABE. This is the new computer system that has allowed them, this is a new computer system for benefits eligibility. Because of what's going on at the federal level they were able to pay for this system with 96% federal dollars. This enables them to try to keep their noses above water with the caseworkers that they have or striving to have. They are not saying that they need all of the caseworkers or need the same case load as we have before. They are investing in technology so they can do it more efficiently. EEV and IMRP, that's the Medicaid redetermination project as mandated by the Smart Act, Medicaid expansion also called for by the General Assembly, these are all mandated priorities, which are staff intensive. Mr. Hammoudeh thanked the Secretary and wanted to reference the map that shows anticipated needs translated into personnel. Members of the Board, specifically Member Bedore, were asking DHS what are you hiring, and where so the Board can look holistically at the DHS portfolio and make sure they are making smart decisions. They gave the Board a map with numbers written in it that are the anticipated hires through the end of this fiscal year, given these anticipated needs. Personnel is working feverishly to make those numbers a reality and that is the clearest picture they can give the Board, as to where they see the expansion of the headcount for the current fiscal year. Secretary Saddler stated that with the headcount and hiring requests that are seen on the map, for the current fiscal year, they do not know what they will be able to do in FY15. If the State does not find a funding mechanism, DHS would be looking at a decrease from what we need of \$898 million, which will clearly inhibit their ability, not only to hire, but to serve people of Illinois. If DHS receives the funding that they need, they would look to hire about 500 more people in their Family Community Resource Centers. Mr. Bassett wanted to recap and open it up for questions. Slide 15, they have made progress, he thinks the numbers show that from what the Board has in front of them, the termination spreadsheet, they continue to work with CMS as partners and continue to take recommendations from this Board seriously, and then follow through with those recommendations and

they are going to continue to implement good space standards, again working with our partners. Secretary Saddler stated that in terms of those next steps, DHS welcomes any questions the Board may have.

Chairman Stewart thanked Secretary Saddler and the rest of her team for a nice overview, particularly with the spreadsheet and map. He thinks they will open it up to Board questions, but he just has a couple and will let other Board members jump in when they wish. It was mentioned that next year is a little hard to predict at this point, given that number we're still working on FY15 budget, but if DHS doesn't get the revenue that they like what, obviously it would have impacts on the operations of the department, but to extent the space is that he is presuming you'll have less employees not more, but presuming you have staff and others who manage the space and he knows it is hard to predict, specifically he is not going to ask which facilities, but how do you see if DHS doesn't get what they need or what you ask for what do you see, in terms of, he knows it would affect a lot of delivery of services, but to the extent they can give the Board an idea of what they think it means on space, obviously you have to pay landlords and other things. Secretary Saddler replied that she wanted to make sure she understood his question. If the State ends up with the "not recommended budget"? Chairman Stewart replied correct. Secretary Saddler stated that if the State ends up with the not recommended budget, DHS will have to cut \$898 million from the needed level, what they need to maintain current operations, not to expand, but to maintain current operation. They will have to layoff approximately 3,100 employees and in terms of the space, that they do not know, that would be more of a CMS question in terms of the leases that they would be getting out of. The cut represents approximately 12 ½ % reduction from the current FY14 appropriation. It represents a larger percentage for what they need, but if you consider a 12 ½% reduction across the board, there would still be individuals in many of our offices and they would still be spread across the State so presumably some of their space, some of their footprint, could be reduced, but that would depend on which leases would allow for contraction, as opposed to elimination. Chairman Stewart thanked Secretary Saddler. Chairman Stewart asked Mr. Bassett when he was talking about the top 6 priorities, are they all statutory? These were things that the Department was instructed as priorities, as opposed to policy initiatives and department itself just initiated. Mr. Bassett replied absolutely. Mr. Hammoudeh stated he wanted to elaborate that many of those initiatives are cross-agency initiatives with their sister agencies. HFS, the Medicaid Initiative is definitely is one that is co-mingled with the functions of their local offices. Medicaid reform and the determinations and redeterminations and all the other fun parts of the Smart Act that require constant working of the Medicaid files, that is going to have a ripple effect across multiple agencies and it's likely to have greater fiscal impact because of what will result. Secretary Saddler stated a couple of things that Assistant Secretary Hammoudeh is alluding to is number one, we all know about the Smart Act and that is intended to have a reduction in Medicaid costs of about \$2.6 billion dollars. She knows they are not there yet, as you heard Director Hamos testify that 6% of overall Medicaid costs have been reduced, but she also testified in her appropriation hearing the other day that managing Medicaid costs across the State requires that the Department of Human Services have sufficient resources to screen Medicaid applicants. 90% of the Medicaid applications come through DHS, 10% are done by Healthcare and Family Services, so if they have, for instance if they get the additional dollars they need next year, that 500, which is an expenditure of about of about \$29 million, \$29 million in additional staff translates into hundreds of millions in managing our State's healthcare costs. That is the first thing that Mr. Hammoudeh is alluding to. It's a large investment and an investment in DHS helps them with the States overall healthcare costs. The second thing and this might not be quite as relevant, but the second thing that Mr. Hammoudeh alluded to is with the decreases that my come next year, very unfortunately, because more than 90% of all our programs are mandated by either State or federal if they cut those they risk, and in many cases definitely will be losing hundreds of millions of dollars in Medicaid match. Chairman Stewart asked on ABE and the EEV that was mentioned earlier, would it be fair to characterize a sort of IT based solutions to trying to drive some efficiencies into the various healthcare delivery services, but presumably there is support staff and then again, IT is always tricky as perhaps one time to set the system up, but then there's a continuing headcount for maintenance. Does it spike a little bit then maybe drop or is all that being done by a vendor or is your staff just be the maintenance folks. Secretary Saddler replied that the really exciting and wonderful thing this year that has happened is that although ACA was a controversial and continues to be a controversial initiative across the country they have the opportunity to replace four major legacy systems with this advent of the ACA. Through the Affordable Care Act they have access to funding that allowed them to replace their systems with 96% federal dollars. So the feds essentially replaced our legacy systems under the umbrella of being able to serve Medicaid customers. So all of their IT for what will become the basis of their eligibility system on into the future was paid by the feds 96%. They are leveraging this opportunity and then Chairman,

you referred to ongoing cost. The people that work on Medicaid, on the Medicaid expansion, they get 75% reimbursement for those staff and then for the other staff that deal with SNAP and TANF, etc. and old Medicaid they are reimbursed at a 50% level so there a lot of leveraging going on here.

Member Bedore stated that one of the questions that he had asked a couple of months ago was how many people were hired under the Affordable Care Act? Secretary Saddles replied that she wanted to think carefully about this because she doesn't want to leave anything out. DHS did hire 100 people to manage their call center. They have a call center in Chicago at 5050 N. Broadway and that call center is available not only for Medicaid applicants, but their customers across the State. However, all of the other staff that they have hired has been hired in an effort to rebuild that 40% that they lost over the past 10 years. They would have hired those, given the General Assembly's green light, even if they didn't have Medicaid expansion. Member Bedore stated that when a lease comes before the Board as they have seen in the last 6 months. They saw a lease in Chicago he believes it was on Broadway and he thinks it listed a couple 100 people for the Affordable Care Act and how you are telling me that its 100. Secretary Saddler replied affirmatively. Member Bedore stated that the Board sees it lease after lease that DHS needs more space because of the Affordable Care Act. He is asking a simple question, how many people has DHS hired for the Affordable Care Act? Secretary Saddler replied 100. Member Bedore stated well the leases that the Board has approved where it states 100, 200 for the Affordable Care Act were all bogus. Secretary Saddler replied that she did notice on the agenda for today's meeting something on the hiring needs for the Affordable Care Act, which is really a misnomer. All of these hires have been for the purpose of rebuilding towards a somewhat manageable average caseload. They would have done this even without expansion of Medicaid. Certainly the dramatic influx of Medicaid applications exacerbates the problem of very low staffing ratios, low staffing to cases and in terms of the leases being titled Affordable Care Act that is something that... Secretary Saddler asked if Mr. Hammoudeh could answer that. Mr. Hammoudeh replied that he is not trying to blow smoke, when folks reference the Affordable Care Act it's kind of become this conglomerate phrase to say everything that the Smart Act requires, everything that the Medicaid determination/redetermination formally required and now anything that is a new result is because of the ACA expansion. He thinks when space requests come in and say this is for ACA... Secretary Saddler interjected stating that the Smart Act wasn't part of the ACA. Mr. Hammoudeh replied right, so what it should say is the comprehensive picture of what the Secretary described the work that needs to be done at the local offices. He believes sometimes whether it's a misnomer or some confusion, ACA becomes the reason that you see a space request come for a lease, but the accurate answer is what Secretary Saddler describes, it's the overall mission of the Agency. The hires that they have seen and the expansion that they have seen is because of the caseworker ratio that is identified on slide 12. DHS was at a point where because of hiring issues and the bureaucracy, without special initiatives the headcount to perform regularly mandated statutorily required functions the staff for those functions became deficient and the hiring and what the Board sees, if you see something that looks like expansion, it really is DHS filling headcount in legacy periods have been vacant for a variety of reasons and have caused systemic effects. They started hiring initiatives with CMS to rectify that huge caseload the Secretary referenced and at the same time ACA and the Smart Act, it all came together. So when their staff, and if they put that on space request he apologizes. He wants to make sure they include all reasons because sometimes it's the easy thing to say we need space for ACA, however, the real answer is they had obligations and statutory requirements that they are required to continue to meet and over the last few years because of the huge attrition in staff they have now tried to make right and put the resources where they need to be in order to perform these functions. Not necessarily ACA, all though sometimes whether it's their paper that represents that or their staff that isn't the whole picture.

Director Carter stated that he thinks part of the confusion that Member Bedore is taking about is Mr. Grady tended to represent some of these hires as ACA and think even as high as a number of 1000 and that was an answer to some of the questions when CMS was presenting, so he thinks that is some of the confusion. Mr. Grady was representing some of those hires and for the Affordable Care Act and that's where they got it and that's part of the picture. Secretary Saddler thanked Director Carter and asked for their indulgence in holding on to this to refer to and they are all happy to come back at any point to be prepared to answer any questions. Slide 12 does show that they are still below the number of caseworkers that we had in the year 2000 and its shows that they are still way above, 185% above, the average caseload that we had in the year 2000. So that's all current rebuilding. Going forward the slide called anticipated needs does show their priorities and show the things that they are contending with. Some of those are ACA related, but even if those were to go away they would still be in the process of rebuilding our team.

Member Bedore stated that he still goes back to, if you have less employees then why do the leases come to us labeled ACA and you need it for expansion? Secretary Saddler replied they need to rebuild and she thinks that's a better word as you see in the earlier slides and she thinks that.... Member Bedore interjects saying no when he says expansion he means expansion of their lease space. Secretary Saddler replied yes, she believes, but she would need CMS to say this, but she believes that clearly DHS is one of agencies that had the most closures, the largest reduction in footprint due to those closures, consolidation, and lease re-negotiation. Member Bedore stated that there's no question about that because DHS has the most, which goes without saying. He wishes he had all the minutes here where DHS asked for additional space because of the ACA. Well now you're saying, well it's not really that it was other, but on the other hand you're saying your number of employees is way down. Well then, if you bring them up where they were why do you need the additional space? I'm totally baffled on this. Secretary Saddler replied their employee count went down, they shrank their footprint and then once they were given the green light to rebuild they had no place to put them. Member Bedore asked if they could put them into places that the people are no longer there. Secretary Saddler replied that they are no longer there and then they reduce the space after they left. Member Bedore stated that he'll bring up this one lease and he will just say it's in the middle of the State, where DHS asked for \$650,000 worth of remodeling to accommodate 104 employees. 104 employees and you have 20 private offices and 5 conference rooms on one floor. He doesn't know how they can justify that. When you're pleading for money to get more employees, how you can spend \$650,000 dollars is beyond me and giving all these private offices and conference rooms he really just doesn't understand that.

Chairman Stewart stated that he wanted to follow up on Member Bedore's point, in general he knows DHS provides many different services so he is assuming there are some different space needs depending on the service provided. To the Members' point, what's the metric, what's the method, what's the process by which the agency determines, obviously simple things like square footage, but more to the point that Member Bedore is making, what is the metric, what's the rational. DHS has talked about data driven assessment for programs, what sort of data driven metric or assessment do you apply towards space needs including specifically, what's the method by which we need "X" number of private offices, we need "Y" number, and he understands that is going to be different for every space, but he's talking in general terms that the Board can follow up on specifics perhaps later. Is it pulled out of a hat, is there metric, how is that determined?

Mr. Hammoudeh replied he would be happy to describe it with his counterparts at CMS to keep him honest, there are a lot of metrics used and the process starts with a space request that is submitted to the statutory authority, their partner CMS, who reviews the programmatic need, the headcount, and the offices and the cubical requests. He can personally say even in the Clinton Building in Chicago, they have moved more people out of offices based on job categories if the bargaining unit rules permit them to do so. What drives office needs is usually confidentiality. They get many audit findings where the auditor's walk through and say, well I saw a social security number and ID and that's a PII Breach you need to lock that office, you need to make sure all that is secured. These local offices are replete with a lot of PII. Chairman Stewart asked if that is from the Auditor General or federal auditors or both. Mr. Hammoudeh replied both. They have more people upset at them for moving them out of their offices recently and a lot of that has been driven by new space standards that he believes the Board and CMS has worked on that prescribes the number of square feet in a traditional office environment. Those are the metrics that CMS uses when their numbers are submitted to them and then when it comes to build-out and they have since that meeting, vowed to be more diligent and really force the question of why, but when they really drill down and say, why are we doing a build-out this way each and every time programmatic needs and the statutory requirements regarding the administration of those programs are brought to the surface and this is why. Mr. Hammoudeh stated that he would agree that some of these build-outs, DHS needs to be extra diligent about making sure if they are spending money, it's a must have not a nice to have. In that instance he thinks he's familiar the lease Member Bedore referenced they have Mr. Bassett and Melissa Wright actively involved in conversations with CMS to make sure that when the State has an investment in a leased property it's not excessive or exceeds their needs. Does that mean they are perfect by any stretch of the imagination, no sir, they are trying to get stronger and make sure that costs are absolutely prudently reviewed and cut out if not needed, but with everything that's going on and since DHS is a large agency with a lot of people that are in their offices and when they have three or four conference rooms that's driven by a need for meeting space and even in, he is referencing a building that he is in, on their floor there are two conference rooms and that seems like a lot of space, why would you need to

conference rooms right next to each other. They are always in use and there are a lot of folks in there discussing many, many of the DHS programs. In summary they hope that most or all of those discussion are driven by programmatic need in the statutory requirements behind it and the CMS space requests progress and the discussions they have with CMS, which are getting stronger, try to flush those out and perform the due diligence required. Chairman Stewart stated that he knows there are multiple different reasons why, but what would be some of the reasons that private office is needed for? Is it for an employee, he knows there is probably a multitude of different reasons, but what would be some of the reasons why there needs to be a private office at a field office in Marion, why...what's going on?

Secretary Saddler replied that one example, and this is not an area of expertise for her, but one example would be if there is a supervisor. Supervisors need private space in which to counsel, discipline and manage employees and subordinates. Also private space is needed when there is private information needed to be discussed, particularly rehabilitation services, medical information and things like that. Those are some of things that she is aware of.

Member Bedore stated that he still doesn't have an answer. At last month's meeting or February meeting the Board was told from CMS that 500 new employees for the Affordable Care Act. How many people were hired for the Affordable Care Act? He thinks it's a very simple question. Secretary Saddler replied that her answer really is 100. That is why she brought the numbers here of their local office employees. They are mandated by Federal law to process Medicaid, Food Stamps, SNAP (Supplemental Nutrition Assistant Program) and TANF\_Cash Assistance applications within a certain timeline. When they exceed those timelines they are subject to federal sanctions and fines. With Medicaid applications, although they have automated much of it, by federal law a State employee must push the actual button to approve the application. So they need to have people to process all of their applications within certain timelines and they would need those people even if the ACA were not in place in Illinois.

Chairman Stewart stated that the Board appreciates their answer. Perhaps Mr. Grady gave an incorrect answer at the previous meeting. His view is that you're the Secretary and your answer trumps. He would say to Member Bedore's point, he's asked several times and what you're saying is 100. The other was a poor categorization of the hires. Secretary Saddler replied yes, absolutely Medicaid exasperates this problem. Chairman Stewart asked if it is possible to go back and figure out which of the hires in the last 12 months...well you are saying a 100 – what were the rest for, which ones were for Smart Act, which ones were others to at least get an accounting. Secretary Saddler replied that all of their caseworkers work on a number of different things. Chairman Stewart stated more specific clarity as to what those hires were for obviously, he doubts that they have them here at your fingertips, but that would be helpful if you would provide that to the Board after the meeting.

Member Bedore stated that you are saying, he is not going to fight it because he's obviously not going to get an answer today, so he'll just move on. Secretary Saddler stated that he is correct in that all of their workers work across all of these programs including the new Medicaid applicants. Member Bedore stated that you told the Board you hired 100 for the call center. Secretary Saddler replied affirmatively. Member Bedore stated that he's sure that the call center was very busy up to March 31<sup>st</sup>, has it fallen off drastically after that. Secretary Saddler replied it has not yet fallen off drastically. She understands that the federal government keeps delaying it. What she reminds herself is that the March 31<sup>st</sup> deadline applies to the marketplace, it applies to the exchange, the market insurance. Medicaid has no deadline and they do believe that at some point the demand or the influx will taper off and at some point they will work down the tremendous backlog that has built up. At that point they anticipate that those 100 people will continue to serve as call center staff for all of their FCRC needs for recipients and applicants to all of their benefit programs. Right now a very common complaint, and sadly its one of the real flaws and weakness of DHS, is that many of our phones don't get answered at the local offices. Legislators get extremely angry that their phones aren't answered and the call center is their attempt to mitigate that problem. Member Bedore stated that he had an occasion 3-4 weeks ago to call. He was helping a friend of his who wanted to apply for the Affordable Care Act and the call was answered promptly and very helpful, but they directed him and this person to a different site to go fill out the application. How does that work? Does DHS have contracts with all these various organizations around the State? They asked for the zip code and then they have him 3 different places to go to. Secretary Saddler replied yes, the federal government gave all the States about 2 grants, 2 somewhat sizeable grants, to



distribute to sub grantees to service as navigators and assisters. This has nothing to do with DHS, but this is primarily for people who will be applying for the marketplace or the exchange, not Medicaid, and those contracts, those navigator contracts and grants were issued to a number of non-for-profit organizations around the State. The grants were administered by the Department of Public Health so their call center members know about those and if they find that a person is applying for the marketplace instead of Medicaid they refer them to navigators who can then help them fill out their applications. Member Bedore stated that the call was received and handled very professionally. Secretary Saddler thanked Member Bedore and appreciates that very much. Member Bedore stated that another question he has is the Board sees leases come through and they receive pictures and see all these offices that are loaded with stacks and stacks of file cabinets and transfer cases. What is being done to get these records on some type of film where you don't need all this space? Secretary Saddler replied that this Integrated Edibility System that's been paid for with 96% federal funds is being implemented in a number of phases. The first phase has the modules for application receipt for verification of eligibility and later phases, later modules will be implemented where all of this information that now comes in and is stored as paper, that will be scanned in so that we no longer have to keep that paper on site and it can all be accessed electronically. That is what they are doing it is all becoming digital. If she may tell a story, they are and she refers because frankly Assistant Secretary of Operations Mr. Bassett do all of these things and they make sure it gets done, but she sees it when she visits an office. She visited an office in DuPage County and it's one of their 3 busiest offices in the State. They recently moved files out of the office and onto offsite storage. One of the workers told me and was almost weeping when she came up. It had gotten to the point where she could scarcely get herself out of bed because her cubicle was surrounded with files, stacked almost to the ceiling and it was almost like making her way through a maze to get to her desk. She said they have removed the files from the office it seems now like a place where she can really work and she was so grateful for the absence of all this heavy paper work that she feels she can come in she has more energy to do the work and it's a better work environment for her and one where we can see more productivity. Member Bedore asked what the time frame on this is.

Mr. Hammoudeh replied the time frame for phase 2 he is not sure, but he does want to mention a couple things, but they will get the Board that date. Secretary Saddler replied that the 96% match ends sometime in 2015 they will get that to the Board. They were trying to get as much done as possible before that 96% match ends. Mr. Hammoudeh stated that there is a lot of paper generated during this whole application process, everything from the application documents collected during the application process to the notices that are mailed out. Phase II of IS tries to automate and digitize much of the back offices functions, notices that go to recipients, etc. What they are doing on the front end, they had an initiative called Go Forward Digital, which has reduced millions of pieces of paper that in the past have been printed on hard copy paper, but now are printed electronically and stored electronically. They haven't been able to capture all of the forms electronically, but it has lead to a significant reduction in the amount paper they have. In addition, DHS has 2 warehouses that CMS provides them access to and they are actively, through our business services department, sending documents to storage in warehouse space that doesn't carry the same rent rate as their leased premises and storing it for a period of time required by statute. They literally have pallets with dates on them. When they are authorized to destroy those documents they have full size shredders in both locations and somebody that is shredding all day. DSH still has a ton of paper and a ton of file cabinets and folks on his side of the fence know how much he hates those file cabinets because they are expensive, they take up a lot of space and they don't allow quick access to view documents. They are very data driven, IT kind of operations team and they are actively looking to use their viable, more expensive leased space for business office functions. Moving paper that they can, whether its casework paperwork or appeals paperwork to our offices and our Business Services Unit has a method to get that paper back to the local office when then need it. They have a lot of work to do still, but it is one of the bigger "to dos" on their list. Member Bedore stated that he would appreciate if they would submit to this Board a time frame and some goals and the Board can see if they are meeting those goals. Mr. Hammoudeh replied absolutely, they will do that.

Chairman Stewart stated that he and Member Bedore have asked a number of questions. Does any other Board member have a question or comment? Member Black stated that he had a few questions. He is sitting here thinking and what we have here is a failure to communicate, which is neither new nor endemic to State government. How well does DHS communicate with CMS? Secretary Saddler replied she believes that they communicate rather well and it has been, as many relationships are, it has been one that we have worked on consciously and deliberately. Member Black stated that they need to do more work because they threw you

under the bus. They said and he quotes “during this fiscal year and the early part of the coming fiscal year you would hire over 1000 people and 500 of them were hired because of the Affordable Healthcare Act”. Then the other 500 would be to be to replace those case workers that retired, died, gave up. He used to be in his local DHS office day after day after day, and he knows a lot of them just left on a Friday and never came back. It wasn’t because they were furloughed, or fired, or dismissed they just said they can’t do it. So CMS said 500 will be hired for the Affordable Healthcare Act and 500 plus will be hired to fill vacant positions. As he think Mr. Bedore has already said maybe we can get this straightened out. Member Black stated that he knows they hired 335 by their graphic here in September. DHS hired 963 so far this fiscal year and you don’t have anybody down yet for April and he understands that. He is curious – the 335 hired in September, is that when you acquiesced to a grievance that Maximus should not be doing the redetermination of who was eligibility and who wasn’t. Secretary Saddler replied no. In September, actually in August and they came on board in September, that marked a real milestone when they were able to break through some of the bureaucratic processes that the State has for hiring. They worked very closely with CMS to conduct what they would call a mass hiring strategy, which is very rarely done. They have done it in the past for hiring large numbers of entry level workers at psychiatric hospitals since the State operated developmental centers, but in August they were able to streamline and bring in lots of people bringing up to both apply as well to interview and bring on a lot of people at the same time. Their numbers have dropped so much. Member Black asked if they were caseworkers or Medicaid eligibility review people? Secretary Saddler replied that they were caseworkers and social service casework trainees, so more entry level even then caseworkers meaning they’re entry level caseworkers. Member Black stated that he would be very interested if they could get him some data on how many people were hired or transferred back to do the work that Maximus was doing. Secretary Saddler replied that she does know that next year, and please remember that Maximus was contracted for the Illinois Medicaid Redetermination Project. Member Black stated that he is very familiar with Maximum and that law. He was here when it was passed. Secretary Saddler replied of course, but for the benefit of others, the Smart Act and he can correct her because this is her interpretation of it... Member Black stated that there were many who giggled on the House and Senate Chamber floor when the Smart Act was introduced. It’s kind of an oxymoron around here. Secretary Saddler stated that it was not as she understands it, a part of the Affordable Care Act. Member Black stated that there were more things laid at the feet of the Affordable Health Care Act then he will ever know. Secretary Saddler continued, so IMRP as it’s known, as the Illinois Medicate Redetermination Project was something mandated by the General Assembly not by the Affordable Care Act. Member Black replied that it true. Secretary Saddler stated so for Maximus they brought on 100 people to assist Maximus with the redeterminations this year. That is the answer for Maximus. Next year, in what we are asking for and we have no idea if we will get it, we would like to hire 55 additional because they are taking over all of the casework function that Maximum had previously performed. Member Black stated that the Medicaid verification was necessary because they were finding that Illinois Medicaid cards were being used by people who did not live in the State of Illinois. He lives right on the Indiana border and there was an eye clinic that was taking care of a 172 people who live in Indiana, but had an Illinois Medicaid card. Also they had 43 that lived in Hawaii that had a Illinois Medicaid card. It is good work of you can get it. The eye clinic didn’t want him to blow the whistle because there like, hey we get paid. You don’t think about calling and saying that you have all these people coming to me from Covington, Perrysville, Attica, Williamsport all in Indiana and they have an Illinois Medicaid card. That’s not his job. All he knows is he gets paid. So obviously we thought it might be time to look at that and all we wanted was the low hanging fruit. Who’s on Illinois Medicaid who should not be on Illinois Medicaid. Now Maximus comes in the picture and viola, of the first 30,000 names they ran 17,000 did not qualify for an Illinois Medicaid card and shortly thereafter what happened? There was a grievance filed. Did anybody in your Department contest the grievance? No, nobody in the State government contested the grievance. Out goes Maximus and in comes people who pay dues to ASFCME. Member Black stated that he is a taxpayer and he doesn’t like that. A couple times DHS has referred to federal money like its free. He just filed his federal income tax. Don’t ever tell him federal money is free, but that’s just one example. It was working and getting positive reviews. Working too well, he has an employee in their office who is subsequently retired that said the push back from people who liked the system was, you can’t do that, you cannot scrub 17,000 people out of the first 39,000 that you look at. That just is not tolerable, in other words some of these programs exist and what’s the big problem. So what if they live in Indiana, gee whiz what does that got to do with it? It’s got a lot to do with it. So that really irritated him. Not enough to run for office again, but still irritated him. Then you say that Medicaid expansion was mandated, who mandated that the ACA or the State legislature? Secretary Saddler replied the State legislature. Member Black asked what did they say; it’s odd the way they do things isn’t it?

Redetermination, expanded. Why did they want to expand it, do you know? Secretary Saddler replied that she really couldn't speak to that.

Chairman Stewart asked for Member Black to give the Secretary a chance to respond and then if we have other questions the Board will try to wrap up this part of the presentation because they have been at this for over an hour and he know there are some folks from Caterpillar and IDOT who want speak to the Board. So Secretary Saddler if you could respond to Member Black. Member Black stated that he'll do the best he can it's hard to get answers around here, but that's not new. On their anticipated needs the last bullet point you have is "Welcoming Center Expansion", what's that? Secretary Saddler replied that the Illinois Welcoming Center is a pilot project that was started under the Governor's Office of New Americans. It is a cluster of about 5 offices right now around the State where they focus on communities with limited English proficiency, so often times in heavy high intensity in immigrant and non-English speaking communities. A person can go in there and they have other State agencies co-located with them as well as a number of non-for-profits. Member Black stated that he just wanted to make sure they weren't running the welcoming centers on the interstate highways, because he thought, boy that's a great expansion. He said he will stop, but there are a lot of questions out in the public that we had hoped Medicaid redetermination would result in a substantial bottom line improvement in what we were paying and that may or may not happen. It's disappointing to him personally, but the Board can ask those questions later on when they come in and need this person and that person and a new lease. Under the Affordable Healthcare Act our federal taxes will pick up how much of the Medicaid expansion for how many years? Secretary Saddler replied in terms of the Medicaid benefits, the federal government will be reimbursing them 100% for the first several years. Member Black asked how many years, do you know? He's heard 3, he's heard 2, and he's heard 5, he doesn't know. Secretary Saddler replied she is not the authority on that, but can certainly get that to the Board, but she know its 100% for a certain number of years and then tappers down to 90%, but they will get that to the Board and will follow up with all the members. Member Black stated that he thinks we need a plan for the eventual turnover to State resources because if we don't, holy cow. Secretary Saddler replied that's right, it will be 10% for all of the new Medicaid recipients. She wanted to address a couple of issues just to share information with the Board. The Board mentioned talking about IMRP Illinois Medicaid Redetermination Project and this actually harkens back to Member Bedore's question about 5050 N. Broadway. You saw in the Board's minutes that 200 people were hired for that location, 100 as we talked about were for the call center and 100 were for the IMRP so that's were those 200 came from. The Board is correct that the grievance or the arbitration however it was settled, that a component of Maximus' work is coming now to DHS. Maximus is retaining parts of that contract in terms of the software, mailroom and certain number of components, but we are taking over the casework portion of it. Since DHS took over that work in February they have processed 50,000 applications and half of them were removed from the rolls. She thinks, she is hopeful that that means they are going to be effectively the same kind of screening, the same integrity of screening that Maximus was doing. Where they may not see the savings, as she understands from HFS because they are the Medicaid authority agency, is that many of those who has been weeded off, many of them but not all, many of them were not tapping Medicaid benefits. So even if they take off a significant number it may not result in the desired dollar savings and then once...Member Black interjects maybe as the year goes on DHS can update the Board on how that redetermination is going. There are a lot of people interested in that for any number of reasons. Secretary Saddler replied and HFS really is the one who gathers all that data and is responsible for it. Member Black asked if they could do some work on that, he doesn't have a dentist in his old legislative district that will take Medicaid. He has fewer, and fewer, and fewer and fewer doctors every month that will no longer accept Medicaid. He knows DHS has a tough job and people from his old district might come up to him and say, hey I thought this all supposed to be free. Well ok. DHS has a tough job ahead of them and he appreciates it. The Board has raised a couple points about leases and who works for what, or why did this personnel issue come up. Maybe DHS can meet with CMS later and say, where did you come up with the 1,000 and the 500. Secretary Saddler replied that they do meet with CMS monthly, face to face, staffs and directors and they feel that that's very, very helpful. Member Black stated that they could meet with them in one of those new conference rooms.

Chairman Stewart thanked Secretary Saddler and her team for coming here, spending a fare amount of time speaking to the Board. There is obviously a couple of follow ups. Chairman Stewart stated that he was sorry, Member Morales had a few questions. Member Morales stated that he had a couple of questions for clarification and by the way we all know that DHS has a very difficult job and they appreciate what they do.

Note that all the questions that the Board asks are opportunities they are looking to improve your processes and efficiencies so that is why we're here and this is why we're doing this. Just for clarity, on the pie it was mentioned earlier in the conversation, you mentioned a number one \$1.1 billion. Secretary Saddler replied they have a total budget of \$3.2 billion. Member Morales stated that it was mentioned that 25% of that is for administration. Secretary Saddler replied 25% of that is for programming that is administered directly by the State so that 25% includes all of our staffing, leases, all staffing, for instance, the local offices, their 85 local offices, their 49 rehabilitation offices, their 7 State operated developmental centers, their 7 psychiatric hospitals and their 3 residential schools, things that are directly administered by DHS employees. Member Morales replied 25%. Secretary Saddler replied correct. The remaining 75% represent grants and contracts that are passed through to Medicaid providers, prevention services providers, childcare providers, etc. Member Morales asked and on the eligibility program it was mentioned earlier that 96% comes from the feds, is that a match, 96%? Secretary Saddler replied it's a reimbursement. Member Morales stated then 75% of that is reimbursed for the support, is that correct? Secretary Saddler replied that it's for the staff and anything that is building for new Medicaid. So the 75% reimbursement is for staff who are working on new Medicaid applications, or for any training, anything that is spent on the Medicaid expansion effort. The so called "regular Medicaid" for the eligibility groups prior to October of this past year, that's reimbursed at a 50% rate. Member Morales thanked Secretary Saddler and looks forward to getting the rest of the information that the Board discussed to review as well.

Chairman Stewart thanks Secretary Saddler and her team again and he appreciates their time coming here and speaking to the Board today. The Board will allow more conversations in the future. That was a very helpful presentation he hopes to do some more of those in the future with maybe some of the more heavy procuring agencies to allow and have some of these discussions for the Board to make their concerns known and maybe get a little bit more of an understanding so when they do get specific leases or procurements where maybe they are not in agreement, but at least they will have a shared understanding of facts and terminology as the case may be. There are a number of items on the agenda we are thinking about moving the agenda around just a touch if our members don't have a problem. He was thinking about moving up the Locomotive procurement issue.

Chairman Stewart stated that as discussed earlier after a nice thorough presentation by DHS that the Board would try to accommodate some representatives from IDOT and Caterpillar. Chairman Stewart asked for Director Carter to give a brief summary of what's going to appear in front of the Board. Director Carter stated that the Board received an official complaint filed on behalf of EMD, Electro-Motive Diesel, Inc., and the PPB received that on March 17, 2014. Subsequent to that the staff has worked on the procurement itself and has requested some information from all parties involved and really just started conducting their review. He believes last Friday, April 4, 2014, they received noticed that EMD had switched representation to a new firm, who was getting up to speed as well as collecting information from the various parties and so forth. That is where they stand today and he thinks there is some interest in hoping that everybody can get up to speed, but staff has been reviewing things as they come in and that's where we are today.

Chairman Stewart stated that before they get started does any member want to make a motion or does the Board want to move forward. Member Black stated that with all due respect for those who have been here waiting to do this, and he'll take the lion's share of it, but he has read this twice and the second time he read it he understood less than the first time. He's not a lawyer and he doesn't like it when there is a lawsuit filed and he really thinks given the complexity and the potential publicity surrounding this lawsuit he would move that the Board delay this for at least 30 days until staff has had a lot of time to review, so each of the Board members have had sufficient time to review it and then they can call staff attorneys and what have you and find out just exactly what's going on here and just exactly what we're supposed to do or not supposed to. So that would be his motion. Member Morales seconded the motion. With a vote of 4-0 the Board held this over until the next board meeting. He would ask the Board and the participants from IDOT that they deal with it at the next meeting. He does not wish to extend this further. This is being done as a courtesy to give the Board more time and other parties more time. He does appreciate everyone coming here today. The Board will revisit this issue in approximately a month at the next regularly scheduled board meeting.

Next on the agenda was Central Management Services Rules Review for 44 Ill. Admin. Code 5040 on State Vehicles and Garage. Director Carter stated that Will Walker with CMS is up in Chicago and is going to

speak to this. Mr. Walker has been before the Board before and he is kind of the guru, for a lack of better words, when it comes to vehicles, garages and so forth. These rules pertain to and more of the operational aspects of vehicles and garage usage. They did submit this to the Board and there are some aspects that touch or refer to procurement and CMS brought it to the Board for a Certificate of No Objection. He was told this morning that the CPO still may have a couple of concerns and maybe Mr. Walker can address those for the Boards, but from the Board standpoint and staff standpoint the recommendation is a Certificate of No Objection.

Mr. Walker stated that he appreciates the Board's time and thanked them. If the Board has any questions he would be happy to answer them at this point in time, but really to define what CMS is doing is that they are changing some things that they do with vehicles and taking more ownership with the fleet, if you will, and they changed they goals more closely to define or follow exactly what they are doing. If the Board has any questions he will be happy to answer them at this time.

Member Bedore stated that in this language does CMS have anything specifically for other local governments to be part of the purchase. If the State was to go out to bid is there language that allows local governments to participate in the bid offer? Mr. Walker replied that they have master contracts for vehicles so they're allowed to do that and they do buy from those particular contracts and so do the Universities, for example. Member Bedore stated that he knew that, it's just that he didn't see it in here or does it have to be in here? Mr. Walker replied no it doesn't necessarily have to be in here, that would be in the rules pertaining to purchasing through a procurement. Member Bedore asked if leasing cars are put out to bid. Mr. Walker replied that they don't lease cars in what they do, they don't do that in any way, shape or form, but they purchase cars. Leasing cars is a more expensive option so they purchase cars new and used. Member Bedore stated that they have a paragraph that talks about rental vehicles, isn't rental leasing? Mr. Walker replied he was sorry, yes, rental they kind of view as being different. Yes, CMS does rent cars from Enterprise leasing to kind of fill the void where they need cars periodically, so they rent cars on a daily or weekly basis. He doesn't really view that as leasing cars, so forgive him in terms of the language. They don't lease those long-term or rent those long-term. Member Bedore asked for the rental does CMS bid out the rental of cars. Mr. Walker replied yes they do and they work on that contract and currently Enterprise Rent-a-Car has that and they also bid out car sharing and Zipcar car sharing has that contract currently. Member Bedore asked if they have a provision or have they considered a provision in here to give any weight on a bid to cars that are manufactured in the State of Illinois? Mr. Walker replied that there's really nothing in the rules to deal with cars that are manufactured in the State of Illinois. He knows there is various legislation out there right now that talks about only purchasing cars made in the United States and you have to be careful with the language here because there is a difference between manufacture and assemble and the VIN codes to find cars assembled in the United States and those numbers begin with 4 or 5, but there is not currently a procurement law that stipulates that they have to buy cars made in the United States. He can tell the Board from experience that foreign car manufacturers, if you will, don't really bid on their contracts, they are not geared up to do that. Member Bedore stated that what he really is trying to get at is that he knows of one or two manufacturing plants or assembly plants in the State of Illinois. Has CMS put forward or have they suggested any legislation that would be geared towards buy Illinois? Mr. Walker replied no, personally he has not. He thinks that gets a little tricky and forgive him he is not a procurement attorney or procurement master, but he's not quite sure what laws come into play regarding trade with other States or trying to make things only purchased in the State of Illinois. He thinks that if they got into that position he thinks that other States around us would object to that and then you kind of get into this war between States about were stuff is purchased. Again he's not an attorney and he doesn't suspect to know the rules regarding them. Member Bedore asked so there nothing in these rules for that? Mr. Walker replied no this is really more how they buy, not what they buy.

Member Morales asked that on the rentals and the Zipcars, are those contracts annual? Mr. Walker replied no, 3 years he believes, but he could double check that and get back to the Board. Member Morales stated that he just wanted to know the bidding process on that. That goes out obviously like 6 months before it comes due. Mr. Walker replied correct, let him find out the term of the contract and he will get back to the Board. Member Morales replied that would be great.

Member Black stated he was glad to hear that CMS put some language in there, but there is always the pressure of buying American and anymore he doesn't even know how to define that. He drives a General

Motors name plate and if you really get into it the engine was made in Canada, the transmission was made in Mexico, God only knows where the sheet metal was made, but he thinks that's a better way to do it the way you said it and he compliments him on that because of the potential confusion on just what is an American made car. From time-to-time there have been standards that have been put in and he doesn't know if they incorporated this, he knows at one time the Farm Bureau was successful with getting all State-owned vehicles to use E85 and that has not proven to be a very popular fuel. He doesn't even know if it's still sold, he assumes it is and other people wanted only electric cars purchased and all this stuff. That isn't in here and he didn't see any of that, right? CMS doesn't have to go out and buy an E85 flex fuel, right? Mr. Walker replied that it gets a little tricky because there is an executive law that speaks to purchasing cars that use flex fuel, which is called E85, and they really only try to buy those vehicles that do that. However, understand that not all different classifications of cars have flex fuel cars available. So for example, like a sub compact there is no flex fuel or E85 car available so they have to buy ones that are not. When they buy cars that don't meet those standards, for example, we buy used cars that require approval by the CPO's office to exempt those particular purchases and we work closely with that group to make that happen. Member Black stated that at least they have some flexibility in that policy, correct? CMS is not mandated that everything has to be E85 because you stated some don't burn E85. Mr. Walker replied correct, not everything has to be E85. Now he certainly supports E85 because he thinks it's better for the environment and it helps the Illinois corn grower's. It's not as fuel efficient, but it is less expense but it is always hard to find where E85 is sold so you're kind of limited in that department as well. CMS tries and use it they try and tell people to use it, but you can only do so much. Member Black stated again he compliments him on that. He used to have in my home town 3 stations that sold E85 and now he has none so as long as CMS have that kind of flexibility he think it's good. He didn't see any language in here that they are not mandating that they buy cars that get 45 miles a gallon are you? Mr. Walker replied no. He would love to be able to say that, but again, that makes it very tricky. He thinks they try and be as fuel conscious as possible and he thinks their record shows that they have really reduced fuel consumption in the State fleet over the past 5 years considerably and they're always on the look out to buy either Hybrid or cars that have good fuel economy. Sometimes they are little handcuffed because the cars are special use, they have to be heavy weight, they have to have special equipment, but by and large they are always looking for ways to improve fuel economy in the State. He thinks that it's a big expense not only for the State, but corporations as well and they're always trying to manage their fuel especially since fuel is running around \$4.00 a gallon a gas currently. Member Black stated that he appreciates that.

Chairman Stewart asked if it would be fair to characterize the sum and substances of these amendments are more technical clean up. He sees a lot about the vehicle coordinator, record keeping, and he knows it's more detailed than that, but is, to your point, is this more about process as opposed to overall policy direction of these amendments? Mr. Walker replied absolutely, some of the language in there is old and he is sure that you have seen that from time to time when you deal with laws, rules that are from 1985, he is just really trying to modernize the fleet and then modernize the rules if you will and trying to keep pace with both of those. Chairman Stewart asked if there are any further comments or questions.

Member Bedore stated that there is one new section here that's about responsible for all vehicles acquisitions excluding the State Police and IDOT. Is that always been the case? Mr. Walker replied that it used to be that agencies would buy their own cars so they were responsible for all of their own purchases and that's what kind of lead to the state of the fleet being kind of in a bad condition no one group was kind of overseeing it. He stepped in and said he would rather not do that, but would rather have control over the fleet and then he'll decide how cars come in and out. He doesn't mean that how the cars are, but he thinks it's kind of better if they have control over that. However, funding sources restrict his authority and ability to do certain things. So for example, at the State Police their funding was mandated by statute that every time you registered your car, there is a certain amount of money that goes to a fund to the State Police so they can buy cars. So he's not allowed to access those funds or touch those funds so as a result they have to do their car purchases. Member Bedore stated that just because they received the funds, same way with DHS or anybody else they get federal money or other sources of funds, but it still has to go through CMS, he doesn't understand. Just because the funds are mandated to the State Police, doesn't mean that they couldn't be under you. Mr. Walker replied that he argued that point and lost and the lawyer, he hates to use that vague term said no. So that's the way it is.

Member Morales asked if they buy through the State purchasing program. Mr. Walker replied yes they buy off of the State contracts. Member Morales stated that they do take advantage of that. Mr. Walker replies

absolutely, CMS has contracts set up for police pursuant vehicles and then from time to time they might buy used cars to fill a need here and there, but buy and large they are buying off of State contracts. Member Morales asked if they decided to buy 25 Dodge Chargers and then another 25 Fords, or another 25, none the same just because somebody thinks they can do that. Mr. Walker replied that as long as they're on State contract yes, they get to manage their own fleet, but by and large the State Police is only buying police pursuant vehicles. Member Bedore stated that he still doesn't see the distinction. He doesn't care if it's mandated that the money...money is mandated, but still it comes under CMS and all of you folks, he doesn't follow that argument, but it's immaterial to him.

Chairman Stewart stated that he knows in some instances on the personnel code side of things, sometimes IDOT even ISP operate under a different régime under State statute. He is not saying that's the case here, but he is familiar with that – that at times they aren't subject to the purview of CMS and to the same extent a number of agencies are, but perhaps maybe afterwards follow up with Director Carter and have one of the lawyers get the, he is sure there is some federal case law or some such thing as to why that was drafted in that particular fashion. Are there any further questions or comments? Chairman Stewart asked if anyone cares to make a motion. Member Black stated that if it's in order he would move that the Board issue a no objection to this matter before the Board and Member Bedore seconded the motion. With a vote of 4-0 the motion was unanimously approved.

Next on the agenda was CMS Facilities. Director Carter stated that Susan Florence with CMS is here to go over any changes and updates on facilities and also there is a lease before us that requires a certificate of no objection from the Board. Ms. Florence asked before she gets started if any Board member has questions on any prior issues? Member Bedore stated that at the last meeting Member Ivory asked about the energy report, there was a study being done on saving energy. Mrs. Florence replied that she believes that was something CPO Brown was following up on with Director Carter if memory serves. Member Bedore stated well that was in February and its April. He could refer to the minutes here. Director Carter replied that he believes Member Ivory was talking about specific product of service and he'll take the onus on that, he didn't choose to follow up on that because of the nature of the request. Member Bedore stated that he talked about Mr. Kanellopoulos and he was supposed to...oh it doesn't matter he guesses. Member Bedore continued plus, then they were supposed to get some information for Member Black on Danville DES? Ms. Florence replied she followed up with Director Carter on that. Director Carter stated that he supplied that to Member Black. Those representatives from the closed down Decatur IDES facility were transferred to both Bloomington and Springfield not to Champaign as his initial concerns were. Member Bedore stated that if it's at our meeting, it's in our minutes, and then you only respond back to the person that asked the question, He thinks the other Board members should be party to it also. Director Carter replied certainly, he'll make that adjustment. Member Bedore stated that he is asking these questions, he reads the minutes and there were questions asked that he doesn't have the answer, the member that asked the question gets the answer and the rest of the Board doesn't. Director Carter replied that he apologizes and the time between meetings and for it to be a timely response he responded to Member Black. It wasn't his intention to omit anybody.

Chairman Stewart stated that on a forward looking basis they will make that adjustment. Are there any general questions or does the Board want to move into the lease? Mrs. Florence stated that CMS has a lease in front of the Board in Glen Ellyn, lease #5501, which is occupied by the Department of Children and Family Services. CMS did do an RFI solicitation for this space and they had no offers. CMS then went back to the agency. They are very happy in this facility, it's a well maintained facility, its very well utilized even the overall area per person is below the metric as is obviously done the adjusted area per person. They did get a \$1.25 decrease in the base rent and they decided to move forward with a non RFI extension at that point. Are there any questions?

Member Bedore stated that he didn't have any questions he just wondered why they didn't have pictures. Member Bedore asked if it is a new policy now that they are not including pictures. Mrs. Florence replied no she thought they sent pictures. She can certainly provide those, they have been done. Member Bedore stated that there was a lease in Marion for storage that just went through, correct. Ms. Florence replied affirmatively. Member Bedore stated the lease is for \$2.40. CMS indirect cost is \$1.82, why? Mrs. Florence replied that those numbers are based on their cost to administer the entire portfolio and to do the facility management for the entire portfolio. It is spread out over the portfolio not per lease, per facility. Member Bedore stated that

CMS has this lease before the Board in Glen Ellyn for \$1,600,000 and CMS indirect cost is a \$1.62. This lease is for \$60,000 over the life and they are charging \$1.82. How can that be? What is this, a money maker? He doesn't understand the logic. Here CMS has a facility that has people in it and it's worth \$1.6 million and you're charging \$1.62. Over here it's worth \$60,000 over the term and CMS is charging them \$1.82. Ms. Florence replied honestly, she doesn't have any real purview over the fiscal side of the real property management. Member Bedore stated that he would really like an answer on this how this dollar amount is arrived at because it certainly doesn't have anything to do with the dollar amount. Mrs. Florence replied they can certainly provide you information on how the billing....Member Bedore interjects stating that this lease in Glen Ellyn is 3 times the amount as this one and yet it's less than this storage lease at \$1.82. Mrs. Florence replied that they can provide the Board some information on that.

Chairman Stewart asked if CMS could, whatever the metric or the method of evaluation to determine the allocation of the cost. His agency has something for different and direct costs and there is a specific metric and so is this by the value of the contract or whatever the metric may be, it would be helpful for the Board to understand what the metric is and maybe more importantly than whatever the very specific answer is, what's the reasoning behind using that particular type of metric. He is sure it will be some kind of calculation of some sort, but why that versus maybe a percentage basis of the value of the contract. Whatever that answer may be, again the specific, what is the metric and maybe a little more broadly and then re-calculate it that way because of factors at the agency. Mrs. Florence replied that CMS will be happy to provide that. Chairman Stewart stated again, is it specific to, does the same metric apply to the entire portfolio and are there regional differences etc., etc., etc., things that may cause fluctuation without knowing the variable. It looks, even with two similar properties what are the things that can change the number and he knows that is going to depend on what the metric is. That will be helpful for the Board to hear. Follow-up with Director Carter and make a brief presentation the next time CMS is in front of the Board. Mrs. Florence replied certainly. Chairman Stewart thanked Member Bedore for raising that issue. Those are the sorts of things that while the Board looks at specific leases and it's important that they do so from time-to-time he thinks it is incumbent on the Board to take a step back and look at the larger picture and at some of these policies and procedures in addition to looking at very specific contracts, but to the matter at hand are there any further questions on the lease in front of Board. Member Bedore made a motion to accept the lease as presented and was seconded by Member Morales. With a vote of 4-0 the motion was unanimously approved.

Next on the agenda was the PPB Community College Follow-up Study Draft. Director Carter stated that this was a follow-up study that staff did concerning the Community Colleges qualifications based selections. In October 2012 the Board took a look at the Community Colleges selections and overall mostly driven by the fact that there is the ability to select a similar firm based on a satisfactory relationship going forward. In October 2012 staff found and they published a report that through the caveat of selecting based on a satisfactory relationship there wasn't a great deal of competition going around, but to put it plainly no competition at all when you looked at disadvantaged firms, small firms there wasn't much more to speak of. In this follow up study, because the Board has legislation out there that Member Ivory worked with Representative Duncan on and also Senator Martinez. As a follow up, kind of a supplement to that legislation, staff found some more things, with the exception of junior colleges in Chicago that are working very hard to include goals for minority participation, staff are still seeing quite a few community colleges using the same firm on a repetitive basis. It's before the Board, before being published and before distributions, just in the case the Board had any questions or if the Board is ok with it staff will publish it on the website and will distribute it to some of the sponsors of the legislation that is out there.

Chairman Stewart asked if any member has any comments or concerns they want to express. Member Bedore stated that Member Ivory is not here. Director Carter stated that he worked with Member Ivory to ensure that he knows this is coming and he wasn't able to be here today, but if it is the pleasure of the Board they will go ahead and distribute this to the sponsors and post it on the website. Chairman Stewart asked if anyone objects. No further comments or questions were made.

Next on the agenda was the Potential Conflict of Interest Review at Chicago State University (CSU) for PCS Overseas. Representing Chicago State University were Dr. David Kanis, Dean of Computer Science and Mathematics at CSU and Charon Frazier-Parks, Assistant Director of Purchases at CSU. Director Carter stated that this deals with a contract with PCS Overseas, an India based firm utilized for recruiting services by



the University. Director Carter stated that his primary concern when reviewing this was the individual with the conflict has been working for the university and works within the Department selecting this company overseas to do these recruiting services. It was not competitively selected it was a small purchase agreement, which came to the Board after an increase in the amount of the total contract. Overall he just had concerns with it not being competitively selected. The university was aware of other firms that could do this so he brought it to the Board for consideration.

Member Bedore wanted to know where the CPO from Higher Education was. Director Carter replied that CPO Bagby and CPO Brown were called elsewhere today. He just wanted to reference that regardless of how CPO Bagby felt about this he would have supplied it to the Board. It is his policy that all conflicts of interest come to the Board and he would not have stopped it ahead of time regardless of his feelings on it. Member Bedore stated that he signed the letter. Director Carter replied it is just a letter informing the Board of the potential conflict, not that he was in agreement with it. Member Bedore stated that it would have been nice to question him on this. Member Bedore stated that just on the face of it this employee is still there? He is there working on a temporary status from 2013 to 2015 and his salary is \$82,000. Dr. Kanis replied correct. Member Bedore stated that he is in the division that put this contract out. If he reads this correctly that CSU sent employees over to India to recruit this firm. Is that correct? Dr. Kanis replied that they found the firm when they were there, but they were not there to recruit the firm.

Member Morales asked what the purpose of the trip was? Dr. Kanis replied that it was to build a relationship with JNTU Kakinada. While they were there they met the parents of one of their students, Mr. Pindi, who was a student at the university at the time and the father was interested in recruiting students for our university and we said ok. Member Morales asked if there was any incentive for him to recruit. Dr. Kanis replied that he was not looking for any, but he suggested that he think about that because most universities do. Dr. Kanis said that Mr. Pindi could recruit 19 for the first year thus the contract was for \$19,000. Member Morales asked what his qualifications are to recruit. Dr. Kanis replied that he knows a lot of people over there and is well connected with universities, high schools and there is a big issue with Indian recruiters if you have read in the Chronicles of Higher Education etc., but there is a lot of craziness that goes on with them. This is a gentleman that we trusted and continue to trust.

Member Bedore asked how they get to meet him? Dr. Kanis replied Mr. Pindi's son was a student at the University at the time. Member Bedore asked what year was that? Dr. Kanis replied July 2011. Member Bedore asked how they knew to meet Mr. Pindi's father. Dr. Kanis replied that every year they go over to India and they invite all of the parents of their computer science students to get together and they meet with all of them. He just came back from meeting 65 parents this past Monday. That is how they met him. The son, as it was mentioned, subsequently graduated from their university and they hired him as a Director of their Data Center. He is not on the faculty and doesn't make any decisions on graduate students and who gets admitted to the University. Member Bedore asked when they started this contract with Mr. Pindi's father. Dr. Kanis replied yes they thought he could recruit 19 students and he thinks that he recruited 29 for them and then there was another 30 who came in the spring. He recruited far more than they even he expected. Member Bedore asked when did they hire this firm. Dr. Kanis replied August 28, 2013, it was for the beginning of the fall semester. Member Bedore stated that you hired him a week or two after you gave his son the Project Data Center Operations Coordinator job. Dr. Kanis replied that they were negotiating the contract with the father's firm since they visited with him last spring. The date just happened to be about the same-there is no relationship between the two.

Member Morales commented that it was just a coincidence? Dr. Kanis replied it was just a coincidence. It was the start of their fall semester when most of their contracts start. Member Morales asked why the negotiations took so long. Dr. Kanis replied that they wanted to make sure that the contract would go into effect when the students would be entering the institution and their start date was August 23 so that is when they started the contract. Member Morales stated that by that time you already had the 29 people lined up. Dr. Kanis replied they had a good idea who was coming, however, an additional 10 showed up which he is not going to be remunerated for. Only the 19 that they knew were coming on the first day of school. Member Morales stated that he is just trying to follow....Dr. Kanis replied that he knows that it is complicated. Member Morales stated that you spoke to the gentleman, he lined up individuals. Dr. Kanis replied correct. Member Morales stated when he had those individuals you awarded him the contract. Dr. Kanis replied affirmatively.

Member Bedore stated that this company wasn't formed until February 2013. Dr. Kanis replied that is correct. Member Bedore wanted to know who they were negotiating with in 2011 and the company was formed in 2013. Ms. Frazier-Parks stated that the negotiating was not in 2011. That is when they made their first visit over to meet with the parents of the CSU students. There was no negotiating of a contract or even talk of the type of work that was requested. Dr. Kanis also added or even discussions. Dr. Kanis stated that the discussions started in 2013 when they visited again. They go back every year. Like he was saying he just got back this morning.

Member Morales commented that there was a year in between. Dr. Kanis replied that it was a year and a half because they were there in July 2011 and in early 2013 and they met again the parent of this student and he said that he had more students to come to your school and asked if he could have them apply and we said sure and since he was supplying them students why don't they make this an agreement and pay you for it like most other universities do. That is how it came about.

Director Carter stated that one of the questions he asked and what he struggled with was when he asked if they were aware of other firms who were recruiting. Are you aware of two guys over there or are there fifty companies. That is when his concern came about because all of these firms do it, but even though it is small, which he understands, but there was no effort to competitively select it even though you knew of the conflict. Dr. Kanis replied that they did have another one that they have hired also and is in the documentation and he didn't bring them a single student.

Chairman Stewart stated that it's not answering the question. He guesses that relationship didn't work out. What was the thought process? You met this individual and were impressed by him and decided to contract with him. Was there any point in the process when someone said that maybe we should see what else is out there. Dr. Kanis replied yes. When they were there in 2011 he met with 40 possible people and was very discouraged with the people he met. They were all brought to a room in Hyderabad, India with himself and the Chairman Rohan Attele and this is not in the documentation. They spoke with many recruiters and he was not comfortable with any of them and felt....Member Morales interjected and asked if the recruiting program is a formalized program and is available to all countries? Do you go to other countries and visit. Dr. Kanis replied no. Member Morales asked why exclusively India? Dr. Kanis replied that this is where they started recruiting. A gentleman offered to do it for nothing a few years ago and that is how they got started. CSU only recruits in this one city in India. It is the only place in the world they recruit. Member Morales stated then it would not be available to someone from Canada or city of Japan, Pakistan or anywhere else. Dr. Kanis replied that they do not pay recruiters in other parts of the world. Any students from those parts of the world can apply to the institution.... Member Morales interjected wasn't this a recruiter that got paid in India? Dr. Kanis replied yes, but he was only recruiting from Hyderabad. Member Morales asked why? Ms. Kanis replied that CSU has a small computer science program and they don't want a big one and they wanted 20 students a year. Member Morales asked from the city? Dr. Kanis replied that it is the Silicon Valley of India. It helps them build partnerships and have relationships with companies. Member Morales asked that we have a Silicon Valley in California too, don't we? Dr. Kanis replied yes we do. Member Morales stated that we don't go there through. Dr. Kanis replied that is true, they don't. Dr. Kanis stated that they have almost no foreign students at the University, which is very, very rare. Member Morales asked if this was to meet a need. Dr. Kanis replied no it is just to add diversity to the institution. Most universities have heavy foreign student recruitment, particularly in India. Member Morales stated that he just wanted to know why it is not available to other countries or is it available and they just don't actively go there. Dr. Kanis stated that he didn't understand the question. Member Morales stated that your point was diversity, correct? Dr. Kanis replied affirmatively. Member Morales stated that it needs to only come from that particular part of the world. Dr. Kanis replied that this is their prototype to start. They do not have any international student recruitment at all, which they are probably the only public institution in Illinois that doesn't have any at all. Member Morales stated that we do know. Dr. Kanis replied yes we do know. This was their prototype. This was a way to try to start. Member Morales stated so you could open it up to other countries. Dr. Kanis replied affirmatively as they move along. Member Morales stated then it will be a formalized program. Dr. Kanis replied oh yes. They are looking at Africa and have started talking to people. If you look at University of Illinois at Chicago and University of Illinois at Urbana-Champaign they have very expensive recruiting programs internationally and we have nothing. Member Morales asked if they want to copy theirs. Dr. Kanis replied no because they don't

want sizes of their programs at all. They can't afford that. They have limited space and limited faculty. Member Morales stated then you are going to limit your program. Dr. Kanis replied that they are going to limit the number-they have to.

Director Carter asked when they interviewed the 40 potential recruiters how many of those do you think had children or relatives who went to the University? Dr. Kanis replied none. Director Carter stated none of those did. Dr. Kanis replied none at all. Member Morales stated except for the one you contracted with. Dr. Kanis replied that they met him as a parent. He was not even a recruiter at the time. He didn't even have a business over there. Member Morales stated then he wasn't qualified to be a recruiter yet. Dr. Kanis replied in 2011 definitely not. As he stated before in 2013 he came and said "look I have some kids that would apply to your university". Member Morales stated that this could have been anybody who you qualify to be recruits. Dr. Kanis replied that is correct. Member Morales stated that you weren't looking for anyone who was qualified it just so happened you met somebody that wasn't qualified but became qualified because of whom he knows. Dr. Kanis replied because he has brought them more international students than they have had in the last 50 years at the University. Member Morales stated that in essence an opportunity was created. Dr. Kanis replied that he has done very well by them. Member Morales asked if he sees the potential problem there. Dr. Kanis replied yes and Mr. Pindi said last week that if this doesn't work out then just don't pay him that would be fine. He is just happy to have students come here and for us to treat them well. Dr. Kanis stated that it was his idea to pay him because most schools do and if the State doesn't think they should.

Chairman Stewart asked if he was aware, and not this specific instance, but if he or anyone from the procurement shop was aware of any instances outside this specific contract where the University contracted with a company that was created specifically to take advantage of a procurement opportunity at Chicago State. In other words the company was formed in February 2013 after learning of CSU's need through discussion circles in India and he is assuming that it was the visit with the parents. Putting this contract aside is this something that CSU has done in any other procurement. You talked with someone for some other purpose and then that individual incorporates and gets a contract, not talking about the one bid out, but from a small purchase contract with the University. Is this the type of fact pattern that has occurred before at Chicago State. Ms. Frazier-Parks replied that in her time at Chicago State she is not aware of any type of procurements in that matter. Dr. Kanis stated that he was not either.

Member Black asked who arranged the student's paperwork, their I-20's, their visa, their status as a student, arranged their transportation. He would be curious because he knows it is not easily done. Who arranged all of that? Dr. Kanis replied that he would have to answer that in two parts. The entire application procedure was done by PCS Overseas and you are right that is a very difficult procedure to do. Then they interacted with their International Programs Office. Member Black stated that he thought it was said that you didn't have an International Program. Dr. Kanis replied that they do not have an official recruiting program across the world, this is the only one. If a student from Croatia, and we have two of them, decides to apply to Chicago State University they are by law forced to have a person who can offer them I-20's, student visas. Member Black asked if that person is on CSU's payroll prior to this matter. The person that would do the I-20's. Dr. Kanis replied affirmatively. Member Black asked then what was he or she doing. It didn't sound like you had a program so that person is sitting in an office waiting to issue I-20's. Dr. Kanis replied that he thinks CSU has about 40 international students who are not specifically recruited by a recruiter who apply to the University and many are athletes. No recruiter goes out and gets them they simply fill out the application form and submit it directly to the University and by law you have to have somebody to handle those. Member Black replied correct. Dr. Kanis stated that they paid a recruiter to go out and get students in a targeted area. They would go through the same I-20 person would do the exact same thing for those students as they would do for the ones who didn't have a recruiter. The materials would be received, they would go through them, etc. and then would decide to offer the I-20 or not, correct. Member Black replied that he would assume so. Dr. Kanis stated so they were busy. Member Black stated that he knows this is not easily done and he knows that a series of coincidences does not really mean much, but just reading this it doesn't sound quite right to him. He is not casting any dispersion on you or the University, but there are just too many things that "a" happened, "b" happened, "c" happened, and "d" happened and he is thinking "wow" how did all that work out. Dr. Kanis replied that he understands what he is saying. If he could allay one of your fears the son has nothing to do with the selection of the graduate students, those two are totally separate, the fact that he is in the

Department now. The other issues that were raised he can see why you would be raising them. One issue is that they found someone who is going to give them students to be paid for.

Member Morales stated that he thinks it is a big issue. He thinks their intentions are good. He thinks that when they sit down and look at this and step back and break it down there are a lot of holes in it. Dr. Kanis replied that he thinks that he is right. It is a new thing for them and he thought he was trying to do something right for the University. There certainly wasn't any intent to defraud anybody.

Chairman Stewart stated that it sounds like this recruiting overseas is a new endeavor for the University, but it was mentioned that there was a heavy recruitment to all part of the globe for higher education including India. Do you know in general operations and he is assuming that U of I has some recruiting efforts to UIC and other State universities. Was it looked at to see maybe it is not feasible or was it looked at to see if Chicago State could piggyback on some of the other State institutions or is it pretty much every campus for themselves manner. Dr. Kanis replied that Harvard doesn't need a recruiter. Chairman Stewart stated the sister State college institutions, not necessarily the private. Dr. Kanis replied that schools like Northeastern, he doesn't believe, have anything like this. Valparaiso has a big one in Indiana, but they are private. They tend to be bigger at the private schools because they need to raise tuition dollars right now. That was really not their motivation in doing this and looked at a lot of models there. For other schools in Illinois he did not. He doesn't believe Governor State or Northeastern have these types of programs right now. Ms. Frazier-Parks wanted to add that as far as piggybacking off of a solicitation they were under the small purchase maximum when the requisition was submitted because they are de-centralized. The department chooses the vendor once the vendor was brought on board or entered into their system then they were aware of the contractual dollar amount. There was no need to pursue a solicitation.

Member Morales asked if they can see where this could be problematic because then it can grow and stay under the radar and we would never know because of that loophole. Ms. Frazier-Parks replied then that is when they would have to put out a solicitation...Member Morales interjected wasn't it increased this year. Ms. Frazier-Parks replied to a total of \$34,000. Member Morales stated then it didn't go past the \$34,000. Dr. Kanis replied no. Next year they are going to put out a solicitation. They are not doing this anymore after this year. They have told the recruiter they have to do a solicitation after this. This is the first and only year they are doing it this way.

Director Carter asked if this goes down and the Board recommends that the CPO voids this hypothetically this guy will just do it for free. Dr. Kanis replied that it is ok. Director Carter asked if that is what they anticipate. Dr. Kanis replied that is what he implied to him. Chairman Stewart stated that he appreciates them coming in and answering questions from the Board on this issue. Does any Board member have any further questions or comments before they move forward for a vote? Chairman Stewart asked if any Board Member wanted to make a motion. They can vote to approve or vote to recommend voiding. Member Bedore made a motion that they recommend that this contract be voided due to the conflict of interest...Dr. Kanis wanted to make sure that the \$19,000 was still ok it was the extra stuff for the spring that...Member Bedore stated that he is not recommending that they go back and try to recoup the funds he is saying that from this day forward the contract should be null and void. Member Morales seconded the motion. With a vote of 4-0 the Board will make a recommendation to the CPO of Higher Education to void this contract. To be clear this is something that will now go back to the CPO of Higher Education to make a final determination.

Next on the agenda was Legislation. Director Carter stated that one of the Board's recommended bills concerning that agencies that must check with CMS by available property as well as the prohibited inclusions in a contract for the agencies for Higher Education has moved forward and passed out of the House 110 to 1. It's over in the Senate and the Board has a sponsor secured for that. The other initiatives with the Board are still in Rules in the House. He doesn't have an indication if any of those are going to go. There are some other legislative workings going on and he thinks the CPO in consultations with the Governor's Office and in consultation with the Chamber is working on an overall clean up/wish list bill – nothing has been filed yet. In addition the universities have put forth a pretty substantial wish list proposal, if you will, no indication where that is going to go yet, but he would anticipate that he will know further at the May meeting where everything stands and what the Board's action or position they should move on it is.

Chairman Stewart asked how did the appropriation hearing...what was the brief summary of your presentation. Director Carter replied the PPB has been through the Senate approp., but the House approp. isn't until May. Basically the question of all agencies is what if you're cut 15 to 20%. For the Board that pretty much wipes out our ability to provide training and certification that is required by the Code. He conveyed that in the Senate approp. and he didn't receive any questions. He would assume they were okay and he still continues to work with staff both in the House and Senate to make sure we can get the needed amount. Chairman Stewart thanked Director Carter for the update. Chairman Stewart asked if the Board had any questions?

Member Bedore stated that it would be great if the Board could get a summary of what the Universities are trying to come out from under Senate Bill 51. They've tried this year after year. They don't believe they are a part of or don't have to come to this Board or anybody else and he's actually tired of it. Director Carter stated that he will get that to all the members by tomorrow, but he would just preface that what the Board has seen in the past, this bill is that on steroids. He will get that to the Board momentarily. Member Bedore stated that the Board members have to know this so they can make their calls say that they are...actually the Board should have a resolution, and if it was here today they could say that they are opposed to it and it could be sent to the leadership on all sides. Universities don't believe they should come here and that reminds him he has asked for it since December, January, February, March, and April. He's asked for an update on the P-Card for the University. What have we done every since this gentleman took \$80 some thousand worth of equipment at the U of I and then used his P Card for \$30 some thousand to remodel his home. The Board was supposed to get from Mr. Bass, a complete breakdown of the P-Card and they were going to make some revisions. That was in January, we're sitting here now in April. He is tired of it, he really is. Director Carter replied that he understands Member Bedore and he has made the request. Member Bedore stated, yeah the Board requests and requests and then they go around and put through and trying to get some bills sucking up to the leadership to get out from under this Board. They don't like this Board because we're asking questions and heavens forbid they should ask questions of Higher Ed. They're above the Board and he is tired of it.

Chairman Stewart stated that what the Board will do is they will get the bill, or whatever the most recent version that is publicly available and circulate it. Then they can see if they can assistant Director Carter and see if he gets some response from the University on the P-Card issue. Member Bedore asked why the Board doesn't put in a resolution saying Universities are exempt, they don't have to follow SB51. They're too well educated, they are above it all. They have principals, they are above us all. Chairman Stewart replied that he hears what he is saying. They are obviously free to pursue whatever legislation they wish. It seems as far as he is concerned they have proposed lots of bills and SB51 still stands and they are still under the Board's jurisdiction as it is today. Member Bedore replies yes, but they have ignored the Board since January. Chairman Stewart stated that he understands that. Member Bedore stated that they made be under the Board, but he doesn't know where they are at. Chairman Stewart stated that the Board can see if they can rectify that. Chairman Stewart asked if there are any other questions or comments on legislation. No further questions or comments were made.

The last item on the agenda was calendar of future Board meetings. Director Carter stated that he will contact the Board members and find the best suitable date in early May.

A motion to was made by Member Morales and was seconded by Chairman Stewart. The motion was unanimously approved the meeting is adjourned.