



Chairman: Jay Stewart

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

Minutes – May 15, 2014 Meeting

Present in Chicago: Jay Stewart
Larry Ivory

Present in Springfield: Ed Bedore
Bill Black

Via Telephone: Rick Morales

The Board started the meeting by confirming attendance at 10:05 a.m. Member Bedore made a motion to allow Member Morales to participate in the meeting via telephone and Member Ivory seconded the motion. The motion was unanimously approved.

First item on the agenda was the approval of the Board meeting minutes from May 15, 2014. Member Ivory made a motion that we accept the minutes as printed, with Member Bedore seconding the motion. The motion was unanimously approved.

The next item on the agenda was follow up from the last meeting. Chairman Stewart asked if there was anything to report on. Director Carter stated that all follow up items as requested at the last meeting will be addressed by various agency testimony, so nothing on the actual form itself, but the agencies are here to answer the questions presented by the Board at the last meeting.

Chairman Stewart stated that next on the agenda was the Illiana Update and to his understanding the person from IDOT that was going to appear today to give the Board a briefing had a personal matter, and as a result is not going to be able to attend today's hearing. The IDOT staffer agreed to appear at the next meeting, it was a very sudden development, so the Board will get the Illiana Update at the next meeting.

The next agenda item was the Lease Review for Lease #093013DM. Chairman Stewart asked if there were representatives from the University of Illinois. Director Carter replied that up in Chicago they had Wes Becton, Director of Administrative Operations, and Bruce Walden, Deputy Director of Real Estate, is in Springfield. In addition, Mr. Peter Burkiewicz, Vice President for Health Affairs is present in Chicago. Chairman Stewart asked if someone from the U of I would like to present from either Springfield or Chicago. Mr. Walden stated that he has passed out, for those in attendance here in Springfield, a copy of the comments that he was going to make. He is sorry he wasn't able to get a copy to the members in Chicago. Mr. Walden stated that Dan Crawmer, Associate Director for Real Estate at the University was also in attendance. Mr. Walden stated that he thought it might be helpful, with Chairman Stewart's permission to give just a brief background on the project before they entertain questions. Chairman Stewart agreed. Mr. Walden continued that the Surgery Center that's the subject of today's discussion replaces two leases at the same facility, one for Urology, and the other for Otolaryngology outpatient surgery facilities. Both of these tenants have been in this facility fairly long term. The facility or building that this lease occupancy is in is a Certified Ambulatory Care Center located at 900 N. Michigan or 60 East Delaware, which is kind of a confusing address, but that's what it is. The proposed lease combines these units into roughly 6,000 square feet. Since May 2002, has been in that location, and that lease expired at the end of the year leaving it in holdover status, which by agreement with the landlord is at the last current lease rate. Since 1995 Urology has had medical office space in this

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building as well, on the same floor, and that lease expired December 31, 2013 as well, and the holdup putting them into a holdover status as they proceeded to determine what to do with this location. The goal here is to combine the two departments, increase the space slightly to handle the patient load, and combine them into a single lease. The single lease meets the \$100,000 threshold requiring the RFI. The RFI was published in September and then they negotiated and finally awarded the lease on May 21st. As the last lease, it was a parallel process in place for this with the University Board of Trustees, Health Care System Committee as well as the Audit Budget and Finance Committee, who reviewed this lease on May 5, 2014, and then the Board of Trustees, subject to the approval of the PPB, approved the lease on May 14, 2014. Proposed lease is a 5 year lease, it has within the document the ability to execute a five year option to renew, the terms for both the original term and the option term are included within the lease. This is a gross lease and includes common area maintenance, taxes, electricity for lights and outlets, and the University portion of the tenant improvements, which he will touch on later. The rent schedule is displayed for the Board for the first 5 years and he thinks right now would be a perfect time to move on to the market information, because typically the Board likes to know what information they looked at in terms of rent comparison. So he is going to turn it over to Associate Director Crawmer to review the market information.

Mr. Crawmer stated that he wanted to point out that the proposed lease rate for the first year is \$41.65 per square foot, which is a gross rental rate. They like to deal in gross rates, so that the units understand what the rate is going to be so they don't have to figure out what the common area maintenance fees are going to be at the end of the year, so they like to include that in the rental rate. That rental rate includes all common area expenses, taxes, electricity for lights and outlets, and the University portion of the tenant improvements. When you subtract out the cost of electrical and the tenant improvements, the rate really reduces to around \$37.00, and that is within the rates of other rental spaces in the area. As the Board can see they listed some spaces that are rented out to other entities in the area and those other comparable rental spaces have a rental rate range between \$35.72 and \$40.88. Mr. Walden stated that they are prepared to answer any questions that the Board might have. Chairman Stewart asked if any member has a question or something they wish to speak to the University about.

Member Bedore stated that just for his own information, how many employees are in the Real Estate Services area at the University of Illinois? Mr. Walden replied 4, including an administrative assistant and secretary in Urbana and 2 in Chicago. Member Bedore asked if that includes Mr. Walden and everything. Mr. Walden replied yes. Member Bedore asked for clarification, that it would be 6. Mr. Walden agreed. Member Bedore asked approximately, and just round it, what is their budget, one million, \$500,000? Mr. Walden replied that he didn't have that in front of him right now and would be afraid to say, because it would probably be wrong. He wasn't prepared for that. Mr. Walden stated that you would have the cost of employees, the overhead for the office, and then any proportional cost of operating expenses within the University building, they do not rent space, but they're located in the two locations at Henry and at Marshfield in Chicago. Member Bedore asked how many leases do they process in a year. Mr. Walden asked if he was referring to expense leases. Member Bedore asked if there is a difference. Mr. Walden stated that in terms of leases where they are the tenant, is just about 170 excluding all of the University of Illinois Extension leases. Member Bedore asked how many would they process in a year? How many new leases, renewed leases, would they do? Mr. Walden replied maybe a fourth of those would come up every year, plus they would have an equal amount of license leases and revenue leases, so he doesn't know, 100. Member Bedore replied 100 a year? You have six employees, why couldn't you get this lease, which expired August 31, 2013, why did you need an extension until December 31, 2013, and why did it take until May 2nd to get a lease out this far? Your RFI didn't go out until October. The lease expired in August. Is there any reason from August – September almost until the end of October it took you to get this out on the street? Weren't you aware that this lease was going to expire? Mr. Walden replied he thinks part of the explanation of that is the notion of combining the two, and the time it takes to decide that that's what they wanted to do. Member Bedore asked if this was something along the line of the Nursing Program, where you had five years to know that the building was going to be condemned and you would lose your accreditation, and didn't do anything for 5 years. What is going on here? He doesn't understand this.

Chairman Stewart asked if there was a policy or procedure in place at the real estate shop at the U of I, some sort of protocol to track when leases are going to end? Is there some formal/informal check list or trigger in which the office is made aware of, or prioritizes, or somehow identifies leases that are about to expire, as

Member Bedore has put forward? Is there a formal process or is it an informal process? He understands that there can be many different fact patterns. Is there any sort, a year out, regardless of the lease, that goes through review, or six months, or eighteen months, or anything of that nature?

Mr. Walden replied yes there is, and it depends on the size of the lease. Where they have an RFI level lease their internal notice to begin to work on it starts a year in advance, and for the smaller leases it's six months, and so what they begin to do at the time is to get the attention of the department that owns the lease, and decide are they going to stay in this location, do they have program space to fit their needs, are they going to go out and look at other space, or do they have the possibility to relocate the space on campus. All of that starts on a RFI usually a year in advance. The two other projects that they are doing right now that RFI's started a year in advance. The smaller leases that's not the case, usually they track those six months in advance. And it depends, some of them they can get done, if you track these way in advance, others that have issues or where there is not certainty what the department may want to do take longer. Chairman Stewart asked if they know if that protocol was followed in this particular lease. Mr. Walden replied that he didn't know if they started this a year in advance, but they did start it quite some time ago, he can't give the Board an exact date. He doesn't have it in front of him, maybe his colleagues from UIC could respond to that.

Mr. Burkiewicz stated that that process was started a year in advance. There were some delays with it, and he would tell the Board that many of those delays were on the part of the landlord and not the University, but their previous landlord gave them notice that they would like for the University to do something different, which requires them to go out and look for this additional space where they could gain economies of scale and combine two departments into one space.

Member Bedore stated that obviously this took over nine months from the expiration date, but he was just curious that six employees, nine months later, they finally get a lease. The first department, is that ENT? Mr. Becton replied Otolaryngology, yes it is. Member Bedore asked what is the reasoning that they have to be at 900 N. Michigan, the Bloomingdale Building in Chicago, the most expensive street and property in the City of Chicago. Why do you have to be there and not closer to the University's own facilities on the west side in the medical district? Is there a reason? Mr. Becton replied that Mr. Walden mentioned in his opening remarks, both departments, Urology and Otolaryngology, have been there going back with Urology to 1995, and with Otolaryngology since 2002. They don't have all of their sub-specialties at this location. For example, for Urology they were very specific. They have a male fertility practice, most of that as self-pay. The physicians that are in that specialty are world renowned. People fly in from around the world to seek out their expertise. That patient population would probably not come to campus, but they feel more comfortable coming to that type of environment, because again, they are paying cash. On the Otolaryngology side, again it's a very limited number of sub-specialties, the majority of the revenue is generated by their facial plastic and reconstructive surgeons. They focus on face lifts, rhinoplasties, and again that's all elective cosmetic surgery that literally people are flying in from around the country, around the world, to have their doctors who are world renowned for this, do those types of procedures. And again, it doesn't necessarily lend itself to the environment we have available to those patients in the Illinois Medical District. Member Bedore stated that you are saying that this is for the wealthy people, the poor people, well we'll send them over to our west side facilities, because no one would like to go over there. Is that what he is hearing him say? Mr. Becton replied absolutely not, anyone can utilize the services in the 900 North offices. Anyone that is in need of those services, can go to that location. It's just from a marketing perspective, again going back to 1995 and 2002, the decision was made that they would like to have a presence in this demographic, which always diversifies their payer mix? Member Bedore stated that you keep saying, because we have been here since 1995 and 2002, that doesn't carry any weight whatsoever with him, or he hopes with any Board member. Just because you have been there in the past, doesn't mean that you should be there in the future. The University went out with an RFI and your western boundary was LaSalle Street. Why didn't you go to the Chicago River, or why didn't go further west? Member Bedore stated that to him, it looks like you're only trying to attract upper end patients. He means...he's sorry, this is one of the most expensive buildings in the City of Chicago, and this is where you decided to go. Mr. Becton replied that he can address that just a little bit. They needed a building that had an ambulatory surgery center attached to it. This is one of a limited number of buildings in the city in that general area, that has a licensed ambulatory surgery center attached to where the medical offices will be, and that was part of the criteria for this office. Member Bedore asked if they have any, is there any Ambulatory Surgery at Rush/Pres, he doesn't know the present name, the U of I hospital, the VA Hospital?

Are there any of those services over on the west side? Mr. Burkiewicz replied that at UIC their main OR's are used for both emergent and elective ambulatory surgery. Those OR's have been running at 85% and above capacity, which by industry norms is maximum capacity due to turnover, need to clean the rooms and folks not electing to have procedures on Sundays. Over the last few years, there have been a number of through-put initiatives, to maximize the efficiency of their OR's, and they continue to run at full capacity for many of our services. So they are fully utilizing the OR's that they have on the main campus, therefore having a second location actually preserves the capacity that they do have at UIC. Mr. Becton stated that also in terms of revenue, the offices that they have at 900 N. Michigan Ave., generate in excess of \$3 million in revenue every year. It's an opportunity for them to generate revenue that helps support their educational mission back on campus.

Member Morales asked if they think those types of revenues would not be realized in those locations? Mr. Becton replied he doesn't think, in speaking for both Urology Department and the Illinois Otolaryngology Department, those revenues would not be available to them in the on-campus location. Member Morales asked if that is because they don't think people will want to go there. Mr. Becton replied that he thinks for this particular patient type, they have had a hard time attracting them to the campus location. Member Morales stated so then we would go back to the marketing aspect of it. Member Morales stated that he wanted to ask a couple other questions here if they don't mind. With regards to the square footage combining now, it's going to go up by about 1,000 square feet, is that correct? Mr. Becton replied correct. Member Morales asked if the need for that would be what, the ambulatory side of it or? Mr. Becton replied no, they are able to get additional square footage, which will add additional exam rooms, that will also allow other specialties that have the types of practices that lend itself to that patient population that's in that demographic, that will enable them to put other specialties in that location. Mr. Becton stated that he wanted to make sure that he was addressing the initial question, absolutely diversifying their payer mix is part of their marketing efforts. They have an opportunity to expand to a demographic that, again, with their experience would not come to the campus, and that's part of the medical services plan's marketing strategy for the University. Member Morales stated a couple other quick things if he didn't mind, it was stated earlier that the landlord had asked the University to go out and do some comparisons, get some information into what combining an office like that, on how would it compare, is that correct? Mr. Becton replied he didn't think the landlord asked them to do that. He thinks that it was the initiative of Mr. Walden's team in order to meet the requirements of the RFI and also to get this in front of the Board and make sure they were doing their due diligence. So he would defer that question to Mr. Walden. Member Morales asked Mr. Walden if they were successful in getting that information. Mr. Walden replied the comparable information yeah, they have collected comparable information, and there is a document that was handed to the Board today that includes those comparables. Member Morales stated that he did notice that on the RFI there were no replies from two, two declined and two responded, is that correct? Mr. Walden replied that they reached out to the two other Certified Ambulatory Centers within the RFI geographic area, as is many times is the case in Chicago, we need to try and solicit responses to RFI's, and neither of them choses to respond because they were at 100% occupancy. Member Bedore asked Mr. Walden if the sheet that he gave the Board showed \$35 up to \$38 dollars, it says gross right? Mr. Crawmer replied affirmatively. Member Bedore stated that the comparable would be \$41.65, because that's gross also right? Mr. Crawmer replied affirmatively. Member Bedore commented that Northwestern pays \$35, but the great U of I is going to pay \$41. Mr. Crawmer replied that the \$41 includes tenant improvements. Member Bedore stated that is what he just asked. Mr. Crawmer replied that he didn't understand the question, that's what \$41 includes... Member Bedore interjected, well you say gross. Mr. Crawmer replied that it's gross plus tenant improvement. Member Bedore replied that the \$35 from Northwestern includes electricity and everything else. Mr. Crawmer replied that he doesn't know that it does. Member Bedore stated that they labeled the category gross. Mr. Crawmer replied that there are different kinds of gross, modified, absolute, it's a type of gross. Member Bedore stated, so then this sheet really is useless. Mr. Crawmer replied no it is not. Member Bedore stated that the Board doesn't know what's in gross. Mr. Crawmer replied they know what is in gross... Member Bedore interjected stating they are comparing – you're saying this is the price we're paying against the gross of these other buildings. Mr. Crawmer replied yes. Member Bedore stated he then asked him about the gross of the \$35 for Northwestern, and you say we don't know what is included in that, or not included. Mr. Walden stated probably only electricity is used. Most of the leases, they tried to do the best job they could to present apples to apples. All of these leases are not constructed in the same way. Most of them are not gross leases, most of them are triple net leases, where the taxes are variable, the operating costs are variable. So what they tried to do was to get

the very best apples to apples comparison that could be produced from the information that they have. Member Bedore stated ok so apples to apples, this is what you presented to the Board, Northwestern is paying \$35. Ok that is what he asked and it is \$35 compared to what we're paying. He guesses Northwestern has to look at a profit line and a dollar and cents, where the U of I doesn't. They have the taxpayers, they don't need a profit. Member Bedore stated that one of the pictures, can you explain, he knows it's a reception area, and he knows we're trying to attract the wealthy people for their face lifts and everything else, and forget the poor people, but what is this picture? It's quite an area that really looks great. This is really like something he would expect if he was going to a private great surgeon, plastic surgeon out in California or something. Member Morales stated or Michigan Avenue. Member Bedore stated or Michigan Avenue. Can you explain what this is? Mr. Walden replied it's a lobby area...Member Bedore interjected, stating that he knows it's a lobby area – you could have a dance floor, do you throw dances? Mr. Becton replied, that is the waiting room for the facial plastic and reconstructive surgery office, and yes in some ways they are competing with offices in California and other locations. That's the demographic that this particular office attracts, and that's the expectation of many of those patients that utilize those services.

Chairman Stewart wanted to ask a question about the boundaries on the RFI. Is there any, as Member Bedore has asked, obviously he's heard that sort of given the clientele that has historically been attracted to this particular facility, but is there any reason why is LaSalle the cut off versus the river, west side and again, why is the river the cut off on the south, why is Division the cut off on the north, the lake is the lake that isn't moveable but, he guesses he is curious as to, he doesn't know if there were other ambulatory, if you move it there is no additional ambulatory facilities, even in an expanded footprint if you're staying north of the river, but what was the general thinking of those particular borders, other than the lake front itself? Mr. Walden replied two things, one to serve the demographic that was outlined by the users of the facility, and two so that they could include the two other ambulatory facilities in the general region. Member Bedore asked if he was talking about Northwestern, what are you talking about? Mr. Walden replied there is one at Water Tower, and his colleagues at UIC will have to help him on the other one. Mr. Becton stated that there is one at East Erie. Member Bedore asked how close is that. That's not something you walk across the street? Mr. Becton replied from their office at 60 East Delaware, he assumes it's about a half a mile, at most, maybe a mile. Member Morales stated that he has a quick question with regard to the ambulatory services. Is this facility in need, or are we trying to cater to the ambulatory services, for them to have somewhere to take a patient in case of an emergency, is that what he is understanding or can you clarify that for him? Mr. Becton replied no, he apologizes sometimes we use semantics because they are working with it every day. What the RFI is for is a medical office building where physicians would see patients when the determination is made that the patient is going to need surgery, they would typically utilize an ambulatory surgery center, which is a separate entity, not owned by the University, but it is a separate licensed ambulatory surgery center. So that was one of the requirements to find a building that had both medical office space and a licensed ambulatory surgery center. So the surgeries are done in that surgery center and surgeries are not done in the medical offices, and these are all outpatient procedures. Member Morales asked who regulates those requirements, for example, to say that you would have to service this area or demographic you cannot exceed a certain radius, it needs to be serviced here, you can't look beyond this space, because he is sure there are other facilities that you just described beyond that surface area. Is it regulated by any State Board or anything like that? For example, a certificate of need? Member Morales stated that it is not like a certificate of need or anything like that, correct? Mr. Burkiewicz replied that the Ambulatory Center itself does get a certificate of need prior to building through the State, so this is leasing space and access to those OR's, with someone that has a CON in-hand. Member Morales asked with their facility, the one you're combining now, would have had to get a Certificate of Need? Mr. Burkiewicz replied not the medical office space, no, but they would need to be in the same building of someone that had a Certificate of Need and a licensed ambulatory surgery center. Member Morales stated but there was nothing stopping them from exceeding those boundaries that were discussed earlier, LaSalle Street, so you could have got beyond that, correct? Mr. Becton replied no regulatory requirements, he thinks it had to do with a business decision to be in that particular area. Member Morales stated that they could have gone beyond that boundary then to look for those types of facilities. Mr. Becton replied their marketing research told them that this is the area that they would want to be in to attract that patient demographic that this office is attracting primarily. Member Morales stated that but they are not a regulatory agency, they are the marketing department that is saying that they recommend this. Mr. Becton replied affirmatively. Chairman Stewart asked how recently that marketing was done, was it done five years ago, ten years ago, last year in

preparation for this. Mr. Becton replied that it is ongoing in order to put together this it was done specifically for the RFP

Member Black asked if the ambulatory surgery center is in the same building that they're seeking this lease. Who has the Certificate to operate the ambulatory surgery center, is it the University? Mr. Becton replies no, it's a separate entity a private entity that owns and operates the ambulatory surgery center and also has the Certificate of Need. Member Black asked if the doctor's in the clinics, he would assume, are employees of the University of Illinois medical center, are they not? Mr. Becton replied all the physicians that utilize the medical office space are our employees of the University, correct. Member stated that then they would make a referral to the ambulatory surgery center, correct? Mr. Becton replied that in terms of referral, just to make sure where on the same sheet... Member Black interjected saying if someone wants surgery after they're examined at the outpatient clinic, he assumes then the University of Illinois physician would make a referral to the ambulatory surgery center that is on site. He can't imagine that they would refer them to some place ten miles away. Mr. Becton replied that most of the cases are done at the ambulatory surgery center. So yes they would refer the patient to the ambulatory surgery center, and they would do the surgery. Their University of Illinois employee surgeons would do the surgery at that ambulatory surgery center. There are some cases that do come back to the University, but the majority of them are done at that surgery center. Member Black stated that he is assuming and he would think that people in the Illinois medical profession are all ethical people, what firewall does the University have about fee splitting? If he referred ten people a week to the ambulatory center in the same building, what firewall exists that he's not going to get a portion of the fee for the surgery? Mr. Becton replied that all of their surgeons are University of Illinois employees, they all have to take the ethics training, and they're prohibited from investing or receiving any compensation from any work done at the surgery center or any other location. All of their revenue comes from their professional fees which are billed through the University. That's how the revenues are paid, but they're all paid by the University, that's their only compensation. Member Black stated that the Ambulatory Surgical Center itself is not a part of the University health system? Mr. Becton replied it is not, it is a separate entity. Member Black asked that the space if they want to lease on Michigan Avenue has on-site parking? Mr. Becton replied it does. Member Black asked and if it is served by mass transit? Mr. Becton replied that there is mass transit to get patients to that location. Member Black asked if a person walks in there, on the expanded Medicaid under the Affordable Healthcare Act to either of these clinics, are they welcomed or are they referred to the University of Illinois hospital? Mr. Becton replied again, a limited number of sub-specialties within both departments that do work there, Public Aid for example, would not pay for a face lift. Public Aid would not pay for those.... Member Black interjected he understands that, he is asking what if he has a kidney stone, and he is in pain and walks in the door. Is he going to be treated there, or will he be referred to the University of Illinois hospital. Mr. Becton replied that if he had a kidney stone, they don't have a surgeon that does that type of work at 900 North, so they would be seen at the University. If you had a male fertility issue, a vasectomy reversal, or just wasn't able to help father a child, then yes, you would absolutely be welcomed at that office. Then again, he needs to go back and make sure Public Aid funds that completely. He thinks it depends on the circumstance for the reason why, the cause of the infertility, but he is moving onto thin ice there. Member Black stated that he doesn't know if anyone is completely and totally familiar with the Affordable Healthcare Act, but he assumes that male fertility issues are covered under any policy including the expanded Medicaid, under the Affordable Healthcare Act, correct? Mr. Becton replied that the type of work that they would do, as an example, if a male were to have a vasectomy and for some reason decided he wants to get that vasectomy reversed, it's a complex procedure including micro-vascular work. They wouldn't do the vasectomy there, necessarily they would do the vasectomy reversal, which is a much longer, more complex procedure, but you're absolutely right, through the Affordable Healthcare Act there are some things that are covered in terms of patients that have cancer, patients that are going to have chemo, that want to do something to preserve their ability to produce semen, absolutely. Those patients regardless of insurance, can be seen at this office. But again, we're talking a very, very small sub-set of the specialty of urology. Member Black asked when they refer to the word "marketing", as you have on several occasions, and demographics, and then you couple that with the location, it almost seems like you're going back about five years, much before the Affordable Healthcare Act and all the debate that preceded that and during that. It goes back to where somebody would say you're cherry picking. You established this location to make sure you get private pay patients, who can pay whatever fee is expected and everything is handled probably on a cash basis. You said it was worth \$3 million. He is not comfortable with what he is hearing. He would think that somebody from DHS under the Affordable Healthcare Act, might visit your facility in a couple of years and say, I think you have an

exclusionary policy here. If he flies in from London, he could go there and get expensive procedures done, because he can pay for it, but if he comes to your clinic in a taxicab and he's sick, because of kidney problems or bladder cancer, he probably would be referred to the University hospital, not the clinic ambulatory surgery center.

Member Morales stated that if he could interject here, your marketing department, he is sure, did a great job providing information such as what's projected to be received in terms of revenue, based on elective surgery as opposed to other and so on. He is sure they have detailed reports that would support their recommendation as to why they should go to this demographic and this area, am I right? Mr. Becton replied that is correct. Member Morales stated that information, he is sure, told you everything you needed to know with regards to that demographic as compared to other areas, correct? Mr. Becton replied that is correct. Member Morales stated that is correct, so back to his colleagues point here, we're cherry picking aren't we? Mr. Becton replied again, he thinks it was a business decision to put specific services that are primarily cash-based in that location where they could have a better success of attracting those patients to that office. Member Morales asked if he said cash based. Mr. Becton replied a lot of these patients pay cash, correct. Member Morales stated that he sees.

Member Bedore asked for clarification in one of their answers to Member Black and it was said, yes we have on-site parking. Do you know what the on-site parking costs at the Bloomingdale building? Do you have any idea? Member Morales stated that is in the marketing report. Member Bedore stated that every one of us, our hair would stand up on the back of our neck, if you saw what the parking rate is at the Bloomingdale Building. He knows, he's parked there. So to say Mr. and Mrs. off the street patient, they have parking, yeah they have parking \$10 - \$12 an hour.

Member Black stated that in all due respect to the University, this particular site doesn't seem to fit the mission as he understands it at the Illinois of University hospital, and that is you're going to serve anybody in the State of Illinois, particularly now under the Affordable Healthcare Act, but this location, and from what you've told him, it seems like that may be a sub-paragraph, yes we'll serve anybody who comes in. He gets the impression, that this is not really what this site is about. Is it advertised as the University of Illinois Clinic in Chicago? How is it advertised? Mr. Becton replied, both departments currently advertise it as the Department of Urology, Department of Otolaryngology sub-titled Center for Facial Plastic and Reconstructive Surgery sub-titled Center for Male Fertility, that's how it's currently branded. He thinks the question that you're asking about mission, they do provide, educate, resident education and training at the location at 900 N. Michigan, they also provide that training, both resident and follow-up education training, on campus. Everything that they provide at the 900 North location, is also available on campus so it's not like patients don't have access to those services. He just wanted to make that point very clear. Patients have access to every service that they are talking about doing and currently doing at 900 North. This is again, the office that has a bit of a different mission than what they provide on campus, and that's absolutely fine with the medical service claims. Member Black stated that he just wanted to follow-up with two questions, and then he'll stop. In the advertising language that they use, anywhere in that advertisement does the name University of Illinois appear? Mr. Becton replied yes it would. Yes, it's the University of Illinois of Otolaryngology, Department of Urology. Member Black stated that he can see what you're saying, that you have two facilities and there will be access to treatment no matter where they go, but he is flying to visit his grandchildren on Friday, and he'll sit on the back of the plane, in a seat that's not very comfortable so they can say he has access to air transportation, but he really doesn't have access to the front of the plane where it's a lot more expensive. Is that the kind of a scenario that we could get ourselves embroiled in? Mr. Becton replied that their department head from one of the departments has a saying that, you're probably paying a little different rate than somebody that is sitting in front of the plane, but the plane is going to get there safely and you're all going to arrive at the same time. So although the location on campus may not have all the bells and whistles, you're going to get the same high quality, excellent care, excellent training in that expertise on campus as you're going to get off campus. That same service exists that would be the way every department head... Member Black interjected, that he understands that concept, but when you sit in the back of a plane and you get to buy a peanut butter and jelly sandwich for five dollars, and you look around the curtain and you see they're eating something that looks a little more appealing, sometimes it's really hard to feel that you're really getting equal treatment. He guesses he wasn't aware that the University was involved in marketing healthcare

cost, obviously you're under pressure like everybody else to maximize revenue, but this discussion has kind of taken him by surprise, but he does appreciate their willingness to answer the questions. Mr. Becton replied thank you it has been their pleasure.

Member Bedore stated that in one of their comments was that they are in competition with, say California, you brought it up, so in other words this 900 N. Michigan is for the wealthy, rich people that can pay cash and afford the \$12 parking, and then the poor people can go on the west side, and we'll take care of them over there. It's a little disturbing, that the U of I is in this cherry picking type of service. You talked about \$3 million worth of revenue, what is the expense size, what is the salaries of these surgeons, and what is the cost of these surgery centers, and then the cost of the lease, is this costing the U of I money? He bets it is. It's easy for you to say, oh we raised \$3 million, and you never told the Board the expense side. The Board knows what the lease is and then there is payroll, and then there are all the supplies, the administrative costs, and then you have to pay these ambulatory surgery centers. So are we losing money, just to take care of wealthy patients? Mr. Becton replied absolutely they are not losing money, just to correct one statement you just made, they don't pay the ambulatory surgery center. The ambulatory surgery center independently bills the patient for a facility fee so he just wanted to clarify that. In terms of profitability for the activity, he will call it this business line that they have at 900 North, it generates approximately \$1.2 - \$1.4 million in net income, and we're increasing revenue in non for profit terms annually. So it is extremely profitable and if he can just add, with all the financial pressures that everyone feels that income is able to come back and help support their on campus locations where even with the enhanced reimbursement it is still difficult for them to make ends meet. So, that's part of the reason why they're at this location, to generate that income that can support the other operations of the department. Member Bedore stated that they gave the income and the expense, now when you do the expense, he knows this happens, he has done it to himself when he was in a budging position, you don't necessarily include all the cost: pension, healthcare, all those sick days, the whole thing. Do you include everything? Mr. Becton replies yes, it's an allocation of the salary expense, which includes all of the benefits we have discussed, and for most of their surgeons it's not the only place where they do business. Again, those same surgeons would be on campus doing work as well. Member Bedore asked if these are full-time surgeons. Mr. Becton replied that they are full-time surgeons, they are full-time employees of the University.

Chairman Stewart stated that the University is picking up the proportional share of time as it were on that particular facility, and the main campus picks up for the extent that they are over at the main campus. Mr. Becton replied correct. Chairman Stewart stated, so for allocated cost? Mr. Becton replied correct. Chairman Stewart stated he has a quick question about the base rents. The current blended rate is \$37.74, the proposed lease rate is \$41.65 per square foot. In general, what's the approximately \$3 - \$4 difference, what's the rationale, he know it's more square footage for the overall cost is up, but what accounts for the higher square foot base rent? Mr. Crawmer replied that he thinks you are referring to the cost of the common area maintenance, at least he thinks that what his is referring too, and that would be the difference.

Member Bedore stated that he would like to go back just for a second, he apologizes when he asked that question about the reception area, would you give an explanation again. Mr. Becton replied just to re-state it, the language he used is that the waiting room absolutely would compete, as you said it looked like an office in California, that's by design, it's intentional, they wanted it to be welcoming for the patients to come in and feel comfortable. Member Bedore stated that he hopes they feel nice and comfortable at the taxpayers' expense. He doesn't care about a person in California or any other part of the country. You're here to service the people of the State of Illinois.

Member Black asked that the lobby, etc., would be covered, he thinks it was provided in the packet, that would be the common area, where we pick up a portion of the lease of common areas, such as, reception, lobby, whatever it is, because there is a fee for the common area maintenance (CAM) expenses. So we would have a portion of the expense of maintenance of the lobby, conference areas, or whatever might be included in that particular lease, right? Mr. Walden replied that they will pay their percentage share based on square footage of the common area. Member black stated that that makes sense, if you're going to use the lobby and other common areas, you're going to be expected to pay a portion of the maintenance. He wanted to make sure, he thinks he had the wrong terminology on common area maintenance, but he understands that now. Chairman Stewart stated that he thinks that the University has heard some of the concerns from Member

Bedore, and Member Black, and all the other Members why should the Board vote to approve this lease? What's the rationale, what's at stake here? Mr. Becton replied that the office, from a financial aspect, is very profitable and as he stated earlier the revenue from the office supports the other operations that they do, that are not as profitable. If they did not have this office there, it would actually end up costing the taxpayers more, because they would either have to cut their services at the University, or eliminate some services. Chairman Stewart stated if he's correct, it was stated earlier the ambulatory space at the University campus' office itself, by industry standards, maxed out, in terms of usage. Mr. Burkiewicz replied that it is maxed out, and there are meetings now between BPHA Office, college and hospital to explore more options, to find additional space, given that the University space is fully utilized.

Member Morales asked if that ambulatory space is maxed out in that area, or that market that was just described, or all over Chicago? Mr. Burkiewicz replied that at the U of I Hospital, so the OR's that are within the University Illinois hospital. Member Morales stated that it was mentioned that the revenues, not the whole net income but a part of the net income of the facility supports other operations, correct? Mr. Becton replied correct. If you look at it as a business, what they do at that office is net positive, it makes them money, both for Urology and Otolaryngology. A lot of our operations on campus do not make money, we're talking about some patients, we do the procedure and we end up losing money on those cases. This supports that, it also helps subsidize the resident training program and the research efforts that we do on campus. Member Morales stated so you are able to transfer funds from this entity, this business entity, to other entities, and you show that, how do you do that, do you show that as income for those other areas, or do you just show it as donations, contributions or is it all lumped together, how does that work? Mr. Becton replied no, it's all medical service plan revenue, it all comes into the University's medical service plan, and then it's distributed based on what is generated by each department. So it's all clinical revenue that comes into the department. Chairman Stewart asked how many residents go through this particular facility in a typical year? Mr. Becton replied that for Urology, it's a six year training program, two residents per year, you would have one resident there and they would rotate and spend time there every year. In addition to that, there is one fellow, male infertility fellow, that's there pretty much the majority of the time, when he's not back on campus. For Otolaryngology it's a five year training program, four residents per year, the residents rotate through that would spend, about four months, twice during that five year period, and then there is also two facial plastic and re-constructive fellows that would be there, when they're not on campus. So $12 + 15 + 3$.

Member Ivory stated that he has listened very carefully to all the comments, and coming from his background, you're always looking at what is your downside risk and your upside potential. You obviously state that it's a profit center for the University, and would help to reduce cost of other services that you would either have to cut out, or would have to come back and get some type of support for. Member Ivory asked for the scenario where this particular facility would not be as profitable, because in business, there is always some degree of risk on the downside. So what could create a reduction in revenue, and therefore give us their real downside risk. Can you explain if there is any downside risk, and there always is, he would like to hear what the downside risk is? Mr. Becton replied that he thinks that's a great question. They spend a lot of time analyzing, modeling that, and to make it in real simplistic terms, if they don't get the patients in, that's the risk. If we were to lose a surgeon that has that particular expertise and they don't have someone to replace them, that is a risk. They look at those, they monitor those, they plan for those, they have fairly aggressive marketing efforts, both web based and through working with referring physicians in the area. So those would be downside risks those are things they would do to try and to mitigate those risks. Member Ivory stated that he would simply say that from his perspective at least, is that he is for what makes good economic sense, but he is not comfortable, though, in terms of, does he have a good feel for what the return on investment will be, and how does that mitigate their cost, and how does that impact the State, and there is no way he can do this within this short period of time, and making a decision. So it would be challenging, he thinks, and maybe other members have done a lot more evaluations than he has, and looked at it, and they could really clearly see the upside potential, and the downside risk. He is a little bit careful about what he commits himself too, and what he says yes to. If he doesn't have some reasonable rationale, or some reasonable assurance that it's going to make good sense for the State, because he thinks the Board's responsibly is to help it make good sense. Now it very well make great sense, he is just saying that he's probably not there yet, and probably would be good at some point and time to have a better understanding as to that business model and how it really generates, because we have talked about the downside, but what is the upside potential. Why don't you tell him, what do they think the upside potential could be in a current market, and looking into the future

based upon some trends and analysis, in the best case scenario in performing, how well do you think you could do if things were just right? Mr. Becton replied that the figure he gave the Board, \$3 million in revenue coming into, generated by both departments, say that's an FY13 number, fiscal year ends in June. So in FY14, he would expect it to be slightly greater than that. He would tell the Board in 2008 – 2009, that number was in excess of \$5 million, and it was those coming in, but the economic downturn had an impact on it because, again, it's so sensitive to the economy, its cash business. People were deciding to pay their mortgages, instead of getting their faces lifted, or their noses done, and they were putting off the vasectomy reversals, because they had to pay their mortgages. So he thinks the upside potential, with the economy it could go back up to \$5 - \$6 million in revenue a year, but they definitely were impacted by the economy and the downturn in 2008. Member Ivory stated that he hopes that they can appreciate the Board's position in trying to get a handle on whether this makes good economic sense for the taxpayers, and their responsibly to try to make the best decision they can based upon the information they have in front of them. For him, it's just not enough information for him to get real comfortable with it, but he will listen to the other Board members and hear what they have to say, and he's assuming that were going to do something today. Chairman Stewart asked if any other member has any other questions or comments at this time.

Member Black stated just to move forward, he wanted to swim against the current from his fellow Board members, and certainly no disrespect to them, but he's from downstate, and he's seen far too many hospitals close, and we're going to see more close. Healthcare is in a state of flux, the University of Illinois hospital is, he doesn't think they have ever broken even, he thinks they lose considerable money. He doesn't like what he's heard, but he can understand it, so he moves and certainly make deference to his fellow members, he would move that the Board file no objection to this lease. Chairman Stewart stated that Director Carter has informed him that if the Board does not object to the lease, they just don't take any action. Chairman Stewart stated that he shares the concerns that the Board has expressed, however, Member Black has hit on something that is been represented today, this has a brings in money to support the rest of the University's programs, many which don't make money, and so the Board is put in a situation of what is saving the taxpayers dollars, is saving the taxpayers' dollars or rejecting a lease that's expensive, or is it possibility endangering a revenue stream, if we don't approve it. Chairman Stewart stated that his understanding is that this is going to be in holdover, in terms of no additional, they can't be paid anymore, or next month as usual, the Board gets it a month before the bomb goes off, but that's a separate discussion. So there are parts of this that make him uncomfortable. On the other hand, he doesn't always, he is sort of with Member Black he guesses, and that he doesn't know if the Board needs to make a motion, but he will leave that to the others, if someone wishes to make a motion to not accept, now is the time. Member Bedore made a motion that the Board objects, based on the facts of, what's another month of holdover, the Real Estate Service Division of the U of I, it's been in holdover for seven months, nine months, they didn't seem to care, they never seem to care. Director Carter stated just so he has it out there Member Bedore, it's been in holdover, this will be the sixth month at the end of this month June 30th, they will no longer be able to pay the landlord. Member Bedore asked if that was the Board's fault, or is it the fault that U of I...Director Carter interjected stating that, no. Member Bedore interjected saying yeah ok, he understands that, but he also understands that the Real Estate Service Division again, comes to the Board with a gun at the head and says the Board has to do this. They won't have a nursing program next year, even though they knew the accreditation was going to be lost five years ago, did they do anything, no. Now they come here and then the Board was told if you don't approve this lease, they won't have a nursing program at the U of I next year, shame shame on the Board, if you don't approve this. Same way here, if the Board doesn't approve this, the landlord is not going to get paid. Is it the Board's fault that they have been sitting on their hands since August of 2013? It's not his fault. Whether this is a good lease or not, whether it's services for wealthy Californians, that's debatable. Member Bedore stated that his objection is the way it was handled by the U of I, period.

Member Black stated he thinks that he incorporated in his last statement, a motion that the Board not object to the lease. He might be wrong, at his age he can't remember what he had for breakfast, let alone what he just moved, so he thought he did, and if he didn't he certainly apologizes. He thinks a motion to, Director Carter correct him if he is wrong but if the Board doesn't object, they don't need a motion at all, right? Director Carter replied correct, the only thing the Board would need to do to today is if the Board's pleasure was to object to this lease. Member Black states that it's been a very interesting discussion, but the changing face of healthcare, may mean this is the way they have to go, and if some people aren't comfortable going to the west side, prefer to go to Michigan Avenue for expensive treatments, and they're paying for it, well he knows that

the University hospital can use the money, there isn't any question about that. He thought everything was going to be free, and easy, and simple, from what the President explained three years ago, perhaps it will work out that way and perhaps not. With what we're faced with currently, he has no objection to this lease going forward, even though he's heard things today that he had no idea that were going on, in all honesty. Chairman Stewart stated as a formal matter, he believes that Member Bedore has put a motion out to object, so procedurally speaking, is anyone going to second? Member Morales seconded the motion. (Director Carter took roll with Chairman Stewart and Members Black and Ivory voting no, Member Morales voting yes and with Member Bedore initially abstaining.) Member Bedore asked what Member Ivory's vote was. Director Carter replied that he voted yes. Member Bedore stated so the motion would be defeated. Director Carter replied yes. Member Bedore stated that he will vote yes. Chairman Stewart stated that with a vote of three to two, the motion fails. Chairman Stewart continued that there have been two meetings in a row where the University has come in with expensive leases or pricey leases at the eleventh and a half hour, and at times although he thought there was some good discussion at today's meeting as to the rationale and the reasons why the University is proposing what it did. Last month he didn't think that was the case and he thinks Member Bedore because he stated that he is concerned about the terms of this lease, and some of the larger policy issues that may reflect, but the timing issue that the University time and time again is coming in, having been on notice for quite some time, and he has to believe had some suspicion as to what it intended to do before the month or six month deadline, and the Board's being, you know, that's our job, we have to make decisions, and we're all appointed here to make decisions, so we can do that. We did it today, and we did it last month, but he's got to say that this is not helping the credibility of the University, appearing in front of the Board this way, on a consistent basis. Walking in and saying this going to be the end of the world if you guys don't do it, which is pretty much the implicit message here, is wearing very thin. There needs to be a better justification, there needs to be a more thorough, rather than, well it's just about to blow up, or we'll lose our accreditation, or possibly lose a profit center, which supports other necessary services of the University, and it's not so much the policy of programmatic folk, he knows it's not their specialty, but to the real estate department, these are challenging votes and if the Board was more comfortable with the rationale and the thinking behind what occurred, it might make these discussions a little bit more fruitful and perhaps a little less difficult. Chairman Stewart stated that he really does hope that the University does not walk out of here today saying, well, we got a lease, on to the next one. The past is not necessarily a predictor of the future, and he's just going to leave it at that. Thank you very much for your attendance today.

Member Black stated that he wanted to second Chairman Stewart's remarks, and in the interest of transparency, let him explain. He's a life member of the University of Illinois Alumni Association, he bleeds orange and blue, but he must say, in all due respect of the people here, he is disappointed, disappointed last month, and he's disappointed this month and he thinks Chairman Stewart's remarks, he hopes will get back to the University, because one of these times they're going to come in with a lease you need before the students show up in August, before they leave in December, and this Board may not agree. Member Black stated that as Member Bedore stated on many occasions, you have some outstanding people on staff and faculty, you've won Nobel prizes, you have expert urban planners that travel the world and give advice, you need to do a better job of planning, and he just seconds Chairman Stewart's remarks that the next time the University may not walk out of here with a no objection, but thank you for being here.

Next item on the agenda was CMS Facilities with an update on the Franklin Life Building. In attendance was Susan Florence, CMS Bureau of Property Management. Ms. Florence stated that at AIG currently, they have for ISP, the Concealed and Carry and the FOID Staff have moved in and are up and operational. The Gaming Board, their space has been completed and they're in the process of staffing and hiring. CMS Bureau of Benefits have approval on 15 EPARS and those hires are in process. They have another 14 EPARS pending approval. If all of those are approved and hired they will be at full capacity and they will continue to monitor that and restack that space if they need to at some point if they don't fill up their space.

Member Bedore asked what the total number is? Ms. Florence replied that she is sorry, she doesn't have that. Was that for benefits, or the building? Member Bedore states no, the total number of people we now have in that facility? Ms. Florence replied she didn't have that, but she will get that for the Board. Member Bedore stated that he thought the Board asked for that last month. Ms. Florence replied you had asked for on an update on staffing and filling the building, she probably should have brought in that number, it didn't occur to

her, frankly. Member Bedore stated ok. Ms. Florence stated other than that, she really doesn't have anything to report on facilities. If there are any questions, she would be happy to try and answer them.

Chairman Stewart stated that he knows the Board usually has a lot of questions for CMS, but the Board does have a couple other agencies waiting to get to the Board, so if you have a question you feel strongly about, or comment, please bring it forward, otherwise he would like to try go to on to State Police and Corrections, who were a little bit down the agenda. Can the Board get a commitment to get that number Member Bedore just asked for? Ms. Florence replied absolutely, she'll send that to Director Carter as soon as she can. Member Bedore added if Ms. Florence could get how many are there, he would also like the breakdown of the State Police, because if you give a number, sometimes there is a group of State Police there, that are in three shifts, so he really just wants those counted once. And then is there a goal that they're shooting for Franklin Life? The Board knows from the past, when they went through the building, and he knows from the past, and its entirely different things, but when Franklin Life was there they had over 1,350 employees. So that's just a number that he always held in his mind, and it's a different operation, and he's not comparing, but it's a number out there they should keep in mind. Ms. Florence replied they should. Chairman Stewart asked Member Bedore if he is just basically looking for the number of employees who are headquartered, that's their main place to report, Franklin Life, regardless whether shift one, two, or three. Member Bedore replied yes, he doesn't want the number of eight hundred and a hundred of those are really occupying the same desk, three shifts. Chairman Stewart stated that they will work with CMS and try to make sure they explain what the number represents, so then we're clear in what it represents.

Next item on the agenda was the Rules Review for the CPO of General Services. In attendance was Matt Brown, Chief Purchasing Officer for General Services. CPO Brown wished Chairman Stewart and members of the Board a good morning. CPO Brown stated that he is on the agenda today to present and be available for questions on the recent updates to the Administrative Rules for General Services. To be brief, in the synopsis of this particular rewrite of the Administrative Rules, it is the consequence of Senate Bill 2958, which was the last major revision to the Procurement Code. They have been undertaking this rewrite now for near a year, to factor in all of those statutory requirements, as well as a number of mechanical and procedural updates, based on lessons learned and best practices that we have been able to identify and incorporate, in how they solicit, awards of procurements and contracts. It is fairly comprehensive, it has definitional changes that are designed to mirror national standards, they refer to the National Institute of Governmental Purchasing (NIGP), and National Association of State Procurement Officers. Those are the two organizations that are relied upon heavily, in the affinity of public procurement, and they sought input from using user agencies, and had convened several work groups on identifying practices and methodologies, to streamline what, as you're aware, are a very complex series of requirements to meet the Procurement Code in Illinois, but without going into detail, item for item, he is able to answer any questions that the Board might have, and he is committed to work with Board staff during the JCAR process, for any considerations that the Board would like him to identify with.

Chairman Stewart asked if any Board member has a question or comment at time. Member Black stated he just had one quick question. He noticed, every once in awhile, you can get online and you can get all the state contracts etc., etc., etc. You brought this to the attention of the Board well over a year ago, and that is particularly in Community Colleges, and to a lesser extent, our four year Universities, seem to use the same architect time after time after time. Does this give you any additional authority to say, why are you only using, in the last five years, one architectural firm. CPO Brown replied for the General Services portfolio, they have some comparisons that they make to the other portfolio, and one of those as you mentioned is how often the same vendor might be utilized. Now, for the General Services portfolio, they have an infrequent relationship with most of their engineers or architects, and that gives them less of a pattern, if you will, to look to, but what they have incorporated in their rules are requirements that concern the amount of work that is necessary to be done, and they look upon, similarly to the other portfolios, they look upon should they need to this coordination with the Quality Base Selection Act, which governs the selection of those vendors. They do ask those questions, how much work have you had, how much work are you currently doing, is this too much work for you to bite off at one time, what consistencies or inconsistencies result of them considering architect or engineering services. They do have that built into their methodology, although they use it much less than their sister agencies, who have a lot more construction. Member Black stated that he is not insinuating that anyone is trying do go around rules, he thinks there is a level of comfort that they can fall into

very easily, and then it's just the same architectural firm time after time and he knows all of us around the community and some architectural firms will say, why them, why not me. CPO Brown replied the experience that they have most, is in the environmental protection area, where they are dealing with, for example, underground storage tanks or brown fields, and they rely on the unique skill set for engineers who work in that type of industry, and they really go out of their way to make sure that more continuity is an essential. They understand why they need the engineer to come back a second time, or to do repeat business, but they also want to make sure that they're looking at the entire marketplace, in particular, so that as one environmental issue might differ from another, they really try to get the best engineer who's qualified for the environmental issue. They may be in that practice generally, and can do multiple environmental assessments, but they want to make sure that they get the best, and operate in an economical manner, so they look at that very closely.

Member Ivory stated that he has a couple questions. One is that he appreciates Member Black asking the question. He is not sure that CPO Brown gave the Board any answer to the question at all, to be quite frank. He made a lot comments, but it didn't necessarily address the issue, in terms of, does it address, or does it not address that particular issue. He would like to get a straight answer from CPO Brown, instead of a whole lot of we do this, we do that. That's no answer. Do these particular pieces here address that issue at all? CPO Brown replied he believes that it does. Their selection methodology is addressed, in this comprehensive revision. They have gone into great lengths, to talk about the value to the process, and the objectivity that is associated there. He is familiar with other issues that the Board has elected to address that go on in the University setting and that go on in the Community College setting, both are jurisdictions outside of that area that he controls, very directly to your question, this set of rules for General Services considers evaluation methodology that is meant to be appropriately discreet so that they can find those best engineers or architects that are suited for work in General Services, and does not facilitate unnecessary or unwarranted repeat business to those same engineering firms that might come up time and time again. Member Ivory stated that he has some other questions, that in reference to... maybe he should ask Chairman Stewart and everyone else, because he wants to make sure that he understands this process, these are the rules, JCAR is going to implement these rules, and the Board's role is to vote against these as he understands it. Chairman Stewart replied correct. Member Ivory stated that he doesn't know how well everyone else has reviewed, but he has reviewed some of these rules, and he sees some things that are problematic, one dealing with subcontractors and the SPO having the decision-making authority, and just having some background in construction, to some degree, and subcontractors, it's a little...he doesn't know if he understands why the SPO would make that decision or is in a position to make that decision, with not the expertise that others would have in order to make the right decision. Member Ivory stated that he would be more specific for you. He took some notes and he wants to be deliberate in his comments. If you go to new requirement for SPO permission and authorizations prior to agency staff proceedings 1.2005(u) (3) (c) General Provisions. Member Ivory stated dealing with the request for contractors and substitution of a listed subcontractor, shall be submitted in writing to the State Agency and SPO and shall include the reasons for the request. Consent of the SPO to a contractor and should be made in writing to be included in the procurement file. (c) failure for the contractor to the comply with section...here is his question, it says consent to the SPO contractor substitute shall be made in writing and be included in the procurement file. CPO Brown replied that if he could address what he thinks are his concerns, first he would offer to him that the requirement for the State Purchasing Officer to take action is not a substitute for business judgment that we rely on in the agency. It is very much the agency experts, as well as the involvement that those agency experts have within industry, to represent the need for a subcontractor, or the type of work and reliance on a subcontractor, that might be part of this contract. If you see through sub-point three (a) good cause and sub-points, (i) through (ix), you'll see that those are representative business conditions that are unrelated to performance, but related to the legitimacy of holding contracts with the State of Illinois, and whether or not some untoward or unintentional event in a relationship created a violation in the Procurement Code, unknowingly, unwittingly, and unintendedly, that they would need to verify. For example, the requirement on subcontractors under the Procurement Code is to be properly disclosed both financially and for conflicts of interest, substitution of subcontractors, after an initial award is made, does not alleviate the requirements to vet those contactors through those same conditions. It's the State Purchasing Officers that again, under law, authorize the existence for entering into contracts, and what they were really trying to do is prevent a chain of events that might happen with a subcontractor, and because of privity they're responsible to the primes and they have been asked time and time again to make sure primes remain accountable, when necessary. The chain of events would cause them, if we had a broken subcontract,

if you will, would cause them to take action punitively against the prime and they don't want to do that. They don't want simple paperwork issues, or well intended business considerations to change, or use a different subcontractor, to find their way into some sort of legal violation, and unfortunately, as we all know, the law that they have to adhere to in the Procurement Code, can be very punitive, and it means that you have to consider terminating contracts, or things that won't allow State agencies to finish the work at hand, and won't allow performance as appropriate under contracts. So it is their intent to make sure that all of those legal requirements are met by of subcontractors and primes, so the good work of the agencies, and the reliance on contractors, and subcontractors continues. That is the only purpose for this enumeration, and previously it was not nearly as clear as to what the requirements of those subcontractors were. He would be happy to work with the Board or you Member Ivory to make sure that no other intent is identified because that is not their purpose. Member Ivory stated that he would yield to someone else, he may have some questions later on, because he hasn't had a chance to look over this, there is a lot of documentation that's here in front of the Board, he thinks if the Board is going to vote on it to have a clear understanding, and to be very careful about what the Board agrees to vote on, and to make sure we examine any issues that they think may have an adverse impact upon the State's procurement, and how it's done. He would simply say, due to the amount of information here, that he is unwilling to vote on this at this point, without having a little more time to look it over, to analyze it carefully, and then to come back and say, these are three or four issues, and maybe CPO Brown and himself can have a conversation, even before the meeting, and they may get it all cleared out, but these issues are critical issues to himself and to a lot of other people out there, and he would be remiss if he doesn't take the time and the energy to examine it carefully before he gives a vote of yes on this.

Chairman Stewart asked if there are other questions for CPO Brown from other members of the Board. Member Bedore stated he has one question for CPO Brown. Could he just give us a thumbnail, you say updated rules for the selection process of a private manager for the Illinois Lottery. Can you tell the Board what this is going to do? Mr. Brown replied that under separate law, not the Procurement Code, the Chief Procurement Officer is required to establish the rulemaking that the selection of a future private manager for the Lottery, would look like. So should the day come that the State of Illinois is considering another private manager opportunity, the rules that they have presented are the rules that the selection group would follow. Now this is a little bit different than how traditional procurements go. The CPO's office is not staked really in the Chair's seat for that selection, but it is with the procurement process in mind, and how transparency, and legitimacy in making selections for government contracts to be applied. For the Chief Procurement Officer to decide the process for selection, and then a selection committee outside the Chief Procurement Officer, under law, would be the organization that chooses the new private manager, and that's a function of law. Member Bedore stated that the Board has seen examples after examples for fourteen years, you and I have been involved in, probably even longer, where contractors will come in that doesn't go through this Board. The Lottery. And they set goals. We're going to make the State of Illinois \$50 million a year. They don't meet that goal. They had other cases where the medical insurance and all that, remember they had come in, and they said they were going to save the State billions of dollars, well they obviously didn't meet those goals either. Is there anything that rules, or anything the Board can mandate, or some penalty, or something that they could initiate to say, okay manager of the Lottery, you blew the numbers. Sure you won the bid because you promised the moon, but they didn't get the moon, they got a pile of rocks, is there anything that the Board could, he knows this Board doesn't have authority over that or the medical, and he understands that, but is there anything the CPO could do, by rules, that would enforce, or force these RFI's, RFP's, XYZ's going out in the street, that would have some penalty in it. CPO Brown replied that he appreciates those comments, and as the Board knows, and for the benefit of the Board, and those in the audience today, he has long been an advocate for having procurements and the resultant contracts include milestones that ensure we, as the State of Illinois, are receiving the appropriate goods, and services that we pay for. Along with having those milestones to check in, as a point of knowing they've gotten it, to understanding that when they haven't met those requirements, they should be looking for forms of surety, they should be looking to incorporate liquidated damages provisions, and the like, those are just a couple of ways they might address this subject. However, that is under the laws they operate with today, would be a permissive practice. There is not a mandate to seek out those kinds of relationships in their contracts, and by being permissive, it allows for folks in contract administration, who by the point that happens, have long passed the acquisition, selection, and evaluation process, those folks in contract administration to decide at that time how they may want to enforce something. Now they continue to be advocates for liquidated damages, they even have in these rules provisions that represent how they would seek surety and in what fashion, and to his peers in the construction

side of the equation, they have much more intense assurity provisions associated with road work and vertical construction, and rightly so. CPO Brown stated that he is very much an advocate for moving that forward, but while it remains permissive under law, it's hard to get a lot of those surety measures built into every procurement. Even their rescue ones, even the ones that are very expensive, and speculative, it's hard to get full buy-in that using easy to identify milestones and having surety provisions is ultimately in the State's interest. He always advises for it, he very seldom gets it. Member Bedore asked if that would require some change in State laws. CPO Brown replied that would be the most direct way to identify, just to be candid, it would be a risk on his part, as the CPO, to incorporate that strict of a standard in administrative rules where he doesn't have a statutory basis by which to do that. There are business considerations that are made by both vendors and clients, we're speaking about the State of Illinois obviously, about whether or not there is surety in milestones, and what is the cost of meeting that successfully. Those are business considerations that do get made, but again, he advocates for that, he thinks its part of protecting the public interest and everywhere they can see those provisions incorporated, they try. Member Bedore asked if the Board should make that a joint effort for the next session. He doesn't mean November he's talking next spring. CPO Brown replied that he would be happy to work on that initiative.

Chairman Stewart asked if the most recent General Assembly had a procurement bill go through? CPO Brown replied yes, and it wasn't sited on the agenda, but he thought it might be under the legislative tab, that was HB 5491, which did pass the General Assembly, and he doesn't believe it has been signed by the Governor, at this time, but that bill also has a delayed effective date, once signed it would not be effective until January 1, 2015. He would offer that they are beginning a conversation this week with the Joint Committee on Administrative Rules to think about a strategy for how potential rule changes based on that law might be implemented. He can tell the Board however, that the rule changes in response to this bill are much lighter than the rule changes in response to 2958, which was the previous effort. There will be, as subject matter goes, much fewer series of changes required, mostly definitional from HB 5498, into a new iteration of rules in the future. Chairman Stewart stated that he wanted to asked on Member Ivory's behalf, would the CPO's office be comfortable, perhaps, if the Board could digest this for another thirty days, and then vote on it at the next meeting, or he would only ask, not a hard ask, a light ask, if they would be willing to wait thirty days, but, do what you wish, but he is just going to ask if they would be willing to give the Board thirty days to digest a little bit. CPO Brown replied that he would certainly do that and he is very glad that Member Ivory has decided to invest in an understanding of these rules. Chairman Stewart stated that he appreciates that, he thinks that would just be helpful for the Board and they do appreciate their willingness, although you don't have to, your willingness to give us a little bit of time to analyze a little bit further. Chairman Stewart asked if any Board member had any other questions. Member Ivory stated that the Board appreciates the time they have to just take a look at it, and maybe hopefully resolve any questions that they have, so they can be comfortable in reference to a vote. Chairman Stewart stated that the Board will vote, and the CPO's office will do what it does. The Board does appreciate their willingness to go with the Board's wish on this particular one. If there are other specific concerns, the Board member have asked that you share it with Director Carter, and perhaps Director Carter can also discuss with CPO Brown a little bit to keep the lines of communication open and then next month we can just knock it out, and be done with it, one way or the other. Chairman Stewart asked if there are any other questions for CPO Brown while he's here. He knows there are many of them, but pertinent to the rules, any questions for CPO Brown? Chairman Stewart stated that he thinks the Board is done and thanked him for his time. He knows that you're very busy and the Board appreciates their willingness to appear in front of the Board. CPO Brown replied thank you, he also wanted to make sure that he properly responded. He knows that you mentioned legislation, which is later on in the agenda, and he is happy to participate, he just wanted to make sure he answered, or linked those properly, and can certainly answer more at another time. Chairman Stewart stated that he thinks we're fine. No further questions or comments were made.

Chairman Stewart stated that the Board is going to flip the agenda a bit. Director Carter stated that if the Board could flip the Department of Corrections (DOC) and Illinois State Police (ISP). Mr. Gleckler, from DOC has a meeting at 1:00 p.m., and asked if the Board could do what they could to make him available for that meeting. So he's here to talk about the DOC commissary. Director Carter wanted to remind the Board, that they are still working towards an eventual procurement, so in the lines of questioning. Mr. Gleckler, keep in mind that they are going to put this out, at some point, so be aware of that.

The next item on the amended agenda was the DOC Commissary Update. In attendance was Bryan Gleckler, Chief of Staff for the Illinois Department of Corrections. Mr. Gleckler stated that they previously had an active solicitation for commissary goods, to be provided to their correctional facilities. In mid-January bids were due on that solicitation and it was decided by the Chief Procurement Officer at the end of January that the solicitation be canceled due to a variety of factors surrounding the solicitation itself, including an open protest that was not responded to at the time of bid receipt, and the fact that five out of the six bidders, were disqualified for various technical reasons, therefore substantially limiting the pool of eligible vendors for consideration of award. In addition to that, based on that limited pool, the bids received did not meet the overall goals hoped to be achieved by the agency for the procurement of the commissary goods. They are in the process of putting together a new solicitation to be issued in the very near future, and making some structural changes to alleviate some of the concerns of the vendor community that were prevalent in the last solicitation, and to ensure that all of the previous goals that the Department had included in the prior solicitation are also included in the solicitation as they move forward in the future. He will be happy to take any questions.

Member Ivory thanked Mr. Gleckler for appearing. He thinks they have had a brief conversation in passing, and you had mentioned some of the structural things that DOC was doing that they thought would kind of add some value of this whole procurement. If he didn't mind, could he share why perhaps this procurement may have, what's different and what did they learn from the past procurement that would help the Board to understand the fundamental value that this would bring to this procurement this time. Mr. Gleckler replied that without getting into too much detail regarding their plans for the new solicitation, he can tell the Board that some of the challenges that became very apparent from the prior solicitation was the overall concept of an all or nothing type bid, and what he means by all or nothing is one vendor having to service either a Statewide or a certain region of the State and providing all categories of goods that are sold in our commissary. He guesses the best way he can describe a commissary operation, you almost think of it as a mini Wal-Mart typesetting, where you have a wide variety of goods that are provided, and available to the inmate population, where the inmates use their own money that is either in their trust funds that they have earned while working, or are sent in by family members. So they want to ensure that they still are able to maintain the higher quality level of product availability to their population, as it is an important service to them for these items to be available, and they want to make sure that they do it in a cost efficient manner. So by the all or nothing approach severely limited the vendor pool in the vendor community, and those are some of the things they are taking under consideration as they move forward. Member Ivory stated that he would just say that he thinks that was a smart decision, because anytime you have an all or none deal then you have people that may have an expertise in one area and their pricing power, but they may not have it in three other areas, and the State doesn't end up, in his opinion, getting the best deal possible. So he is excited and really appreciates the fact that they did take the time to evaluate that, and to understand what was going to be in the best interest of the State, so it's definitely a step in the right direction. Chairman Stewart asked if there are any other questions from the Board. Chairman Stewart thanked Mr. Gleckler for appearing, obviously the Board will keep an eye on this procurement, as it moves forward. No further questions or comments were made.

Next on the agenda was Illinois State Police New Patrol Vehicles – Equipment Installation. In attendance for ISP were Lieutenant Colonel Kelly Walter with the Division of Administration, Lieutenant Mike Gillock and Lieutenant Felix Canizares. Colonel Walter stated that it is her understanding that the Board has some specific questions. She doesn't know if the Board wants her to go ahead and do a little presentation, or if they have specific questions they want to ask first.

Member Black stated the question he had, and he brought it up last month, many of us worked along with your liaisons over the years, on a plan modeled after Missouri, Operation Kick Start, so that ISP didn't always have to go to the budget to get appropriation for a patrol cars, because depending what kind of year they had, there was always somebody that would block the appropriation. So they had cars on the road with over 250,000 miles on them, and no way to replace them. They finally got that done, and the State Police was intimately involved all the years, and very supportive and very helpful, so they finally get the program set, they get \$18 million, and they think now they can do what they always wanted to do and that was to replace 1/3 of the fleet every year or every two years. He thinks that many of us were disappointed, when the Tribune, that investigative paper that it is, suddenly said there was a lot in Springfield that they were hiding behind a very expensive fence by the way, that was in the story, because you didn't have anybody to put on the lights,

the radios, and the electronic equipment that they needed, and he knows there is a lot more equipment now that go on the car than ten years ago, but many of our constituents, and he can't give their names, he is sworn to secrecy, but many of our road troopers were saying, how'd this happen? We all knew that we were moving toward this, and were so happy, and so we get the cars and we can't put them on the road, because they don't have sirens, lights, radios, and all the stuff they have to have. So what happened? Colonel Walter replied that some so that information that was provided in the article was inaccurate. They did have some vehicles that still need to be installed from last year when they ordered. They order approximately 400 vehicles per year that have been put into the fleet system since we started with the fleet fund and ISP thanks you very much for being a part of getting that, because it truly has helped them with their average mileage for their fleet. The average mileage she believes on patrol vehicles is about 72,000 miles average, which is nicely down from when they had it at almost 200,000 miles on their squad cars. This particular year, they had run into some road blocks with they are losing a lot of their technicians who do that installation. It requires them to bring their other technicians from the State Police who do radio tower work, in to finish installs for them. They had some problems with the light bars that affix to both the Impala and the Caprice, in such that they had to bring the manufacturer out from Connecticut to work with them to put up new brackets for their vehicles. Some of those issues are what they have been working with that kind of caused them to get a backlogged. What they did to address that, CMS has been very helpful to ISP, CMS provided ISP with some of their mechanics from their State garages to come into their shop to work with their technicians to get these installs completed, and we're also working with some of the manufacturers, who also do installation as part as their option packages for their vehicles when they purchased it, so as new contracts are being bid out they are asking that those options be included on the contracts. As of today's date, they have completed those 2013's that were still outstanding, with again the help of CMS and some additional contractuals that they were trying to bring in. They have also received approval to hire additional technicians themselves, to backfill the ones that they lost, and that's a hiring process that takes some time unfortunately, but they have been working on that since December of this past year. So with all those together they would anticipate that moving forward they're not going to have that same problem. Member Black stated that he didn't know how many were in that lot, but the reporter thought there were 300 cars, 2013 cars in the lot when they drove by, and he thinks a retired trooper was helping the reporter count. How many are them now on the road, if in fact there were 300? Ms. Walter replied that there were not 300. There were approximately 75 and of those and all of she thinks 14 are on the road at this point. Those last 14, they had short order on a parts order, so they're waiting on those parts, that should be in the next two weeks, and then they will get those out as well. So in the meantime, they are starting to get the 2014's that they have ordered, and since they are stalled on finishing those 2013's, they are moving those out as they get them in, and we're starting to bring those in in groups of 25. Member Black stated he will borrow a phrase from his colleague Member Bedore, was there a lack of planning, when you knew that they were going to get all of these cars and you didn't the staff to do the electronics and get them on the road as quickly as possible? Colonel Walter replied that they have been looking at this issue for some time, and obviously retirements are going to happen, and they do plan for that, they put their EPARS out as soon as they happen, and as they get approval to fill that, then they work through that process. They have had contractual on staff for almost a year, there was a labor issue at one point where they weren't allowed to use their contractual people for about four months. That also kind of contributed to this, but they have since then worked that issue out, and they have a full contractual complements that are helping them with that. They also order throughout the year, so that they try not to get all of their vehicles at one time, but the way the manufacturing process has worked, they end up receiving the majority of their cars within about a two and a half month time span at the end of the fiscal year. So to plan for that the only thing that they can do is plan to use contractual help us to get them through the heavy point, and as problems come up with equipment, then they work through them the best that they can. Member Black asked so how many cars are you able, if you get a shipment in, what does it take, one week to get a car road ready or two days? Colonel Walter replied that it depends on the kind of car it is. If it's a patrol car that is going out on the road, so a fully equipped patrol package takes about twenty hours. An administrative car, which is something that would go to Investigations, or more of a covert style, is anywhere from 10-15 depending on the car. Some of their special services like their SWAT, or crime scene services, where they might require additional lighting, or additional equipment that be installed in those, they may take up to 35 hours to install. Member Black stated 35 hours for one car? Colonel Walter replied initially, because the other piece of that is their technicians are very good, but the cars change every year too, so you might have a template that you used for an Impala, say for example, one year, but they do design improvements, so the next year that template might not quite work. So when they first get a car, they have to figure out what those different changes are and make a template that all

of their techs can use to install those cars. Member Black stated that so when they put in their bid, you can't specify that the wiring harness with the lights will be here and ready to go, the wiring harness for the siren is here and ready to go, the radio etc., etc., etc., do they literally have to get under the dash and start from scratch. Colonel Walter replied yes they do, pretty much. There are some things that they can do, and that's why they were talking to CMS about different options that are available, and that they are aware of, that they are asking that those options be added to any new contracts that are bid out. They also talked about trying to amend the contracts, but they weren't able to do that this year, because the contracts, she thinks she might be wrong on this, but they might go for four years at a time. We are really now at the point where they are starting to have contracts expire, that they can start putting out, and when she said we, she means ISP working with CMS, they can say these are some options that they need on their cars. Member Black stated that under their contractual arrangements, can they outsource any of that installation? Colonel Walter replied that they looked at doing some of that, but its cost prohibitive. They did look at Motorola, which has a contract that allows for installation, and its costs them approximately anywhere from \$600 to \$800 more per car. Member Black stated that he hope they will be able to work something out, because one car a week is not what they had in mind. On his way over from Danville, which is I-74 to I-72, evidentially most of the motorists know they don't have many cars on the road. One of the few times he's ever driven to Springfield, he put it on 70 and he was a traffic hazard. In fact, somebody he doesn't know what he was doing, a salute, but it was only one finger. When they're moving 75, 80, 85 somebody's, let the word be known that they're between cars, or short of cars, or something. He didn't see any troopers on the way over this morning. Colonel Walter replied that they are short on personnel too, which impacts as well. Member Black stated that goes back to the first early retirement, he doesn't think that they have ever recovered from that. Colonel Walker replied affirmatively. Member Black stated that he hopes we're able to get this straightened out, because if people see these things in the paper, and they say geewiz, you've got \$18 million for new cars, and so the cars are there, and you can't get them on the road. By the time you get them on the road, the 2013 car will be on the road in 2016. He thinks people are a little more aware today of well, maybe they don't need to spend much money, or buy that many cars if you can't convert them, and get them out on the road. Colonel Walter replied that they have done a decent job, this year was definitely a challenge for them, and she really thinks that with the incoming personnel they have, and the use of the contractals to help them when they get the large amounts, that they will be able to stay on top of it. Member Black stated that he knows some people don't understand why they have air conditioning, and some of the stuff they do, he's done some ride-a-longs, back when they could, he's not sure if they do that anymore, that's their office, that's their home, and it must be comfortable, and it must be functional, and they must be able to communicate, and it's important that they be out there. Colonel Walter replied that there is a lot of equipment installed in the cars now, you are right. Member Black stated more so than the old days, he told them about the ride he had with a 250,000 mile, he said if we get into a chase don't worry Representative, because he can only go 70 miles an hour, because he's only got 7 cylinders and his brakes aren't that good. He was very glad to hear that. Colonel Walter replied that she can guarantee that has improved significantly.

Chairman Stewart stated that he just has one question, the revenue stream for the cars, that's not available to ISP for personnel, is that just limited to basically capital to purchase the car? Colonel Walter replied that it's for the car and the equipment that goes in the car. They don't use it for anything else. Chairman Stewart stated, but the human who installs it, it's a separate line, item that's personal services, and that doesn't get any other, the one dollar fee doesn't go to the personal services line? Colonel Walter replied no, it does not. Chairman Stewart stated that he is at an agency unfortunately, familiar with that phenomenon. Are there any further questions for the State Police?

Member Bedore stated you said that this article, there was a lot of faulty information. He would like to just quote from the article, this Bond, who evidentially is the spokesperson for the State Police. Colonel Walters replied she is. Member Bedore stated that, Ms. Bond said the State problems have not delayed the rollout of new cars, but that the State Police had for years been unable to find and keep specialized technicians to do the work. The Department has 17 technicians on its payroll. This is a very telling line, has 17 on the payroll, but few are qualified to do all the work involved in installing the equipment, she said. Well whoa, wait a minute, you can refute that, this is the person from the Illinois State Police saying that they don't have qualified people to install them. You're saying it's going to cost \$600 more to have Motorola or somebody else. Well ok, so we have \$600 more cost, but then you'll have the cost of keeping these old cars on the road, the repairs, and the gas mileage, so that \$600 is probably nothing, so he doesn't understand why they wouldn't outsource

this entire process. Your own Department said, you have few qualified people to do the work, and you've gone to CMS to get people hired since December. Well, they are going to have problems getting people to be hired, aren't they, with the new State budget. The uncertainty of what's going to happen after January 1, would you want to go work for the State Police if you knew possibly this budget is going to blow up? You don't know who the next Governor is, or what's going to happen, are they going to pass... these are very uncertain times. So why wouldn't you outsource it? Or are you afraid of AFSCME? That's what he has the sense here, he really does, AFSCME is in this article. Is this administration, the Governor Office, afraid of AFSCME, outsource this thing. Chairman Stewart says Member Bedore he's going to take exception to that, the Administration values the taxpayer dollars, they just negotiated last time the best contract of the last couple contracts, but to your point, his understanding being in an agency is there is a way to outsource, but it is not a unilateral decision of the agency, he's assuming that's the same for ISP, that that is something that, if it bargaining unit work, then you have to go to the bargaining unit, usually AFSCME, he doesn't know, State Police may be different. He's not sure, they might have some other bargaining units over at ISP. You can do it, then an arbitrator comes along and the contract gets tossed. So, he agrees the option of outsource is an available option, he's just saying, speaking from experience, it's not a unilateral decision an agency can make, or if it does, it will highly likely have an adverse arbitration decision. It can be done, has been done in other agencies, but it's something that is a challenge under the bargaining unit. Member Bedore stated that's what the problem is, it was put in the contract that was negotiated under this administration. Chairman Stewart stated that it has been in all the contracts. It's not a new contract provision, and he's sure from your prior experience, you're all aware of the difficulty negotiating with our collective bargaining partners. It is by no means an easy task for any administration, this administration or any administration in the past. He's not disputing that outsourcing is not a viable option to look at, he's simply stating that he doesn't know it's something that could be done easily, they have a bargaining unit contract, it's up for negotiation soon he believes, in the next six months the way it's structured now. Obviously, economics have been a priority versus work rule related issues, which outsourcing is ultimately a work rule. So he hears what you're saying, but he doesn't know if it's as simple as demanding outsourcing and getting it, it's a lot more complex than that. Member Bedore stated that he understands that it's more complex, but this has been going on now since the summer of 2013. Now the Board hears that the Department itself says that they don't have qualified people to do it, and they've been trying to hire people since December 2013. They haven't hired anybody. Why this isn't a complete outsourcing is beyond him, and why you can't go to AFSCME and say, hey where are the employees, where are the potential candidates, you don't have anybody? Chairman Stewart asked if there are any other further questions.

Member Black stated he wanted to follow-up. Going forward, what are we looking at? Hopefully, you can tell him that they can speed this up. It was in the article, one of your officers said, if they get all these people and assign them, we can turn out a car a day, and then in other articles it says a car a week, but going forward, how quickly can they get these cars that are so desperately needed on the road. Colonel Walter replied that officer that made that statement, he was saying what he had said and that's why it's paraphrasing something that he said, and what he said was what she just told the Board, it takes approximately 20 hours. So yes, if they assign two people it would take them a little over a day to get a car done, but these technicians do more than just car installations, they are also going to be doing the installations and they work on their radio consoles and other stuff. So, what they're doing is they are bringing in their permanent hires, they are bringing in the contractual help, they will ask CMS for additional assistance if they need it from their State garage personnel so that they are maintaining a pace of as many cars as we can get out per week. Member Black asked if he heard her say earlier that they will try to space out delivery of the new cars in the future so they don't have a lot... nothing attracts the press, and he doesn't blame them, when we're in tough difficult times and somebody tips off a reporter and says, hey I can show you where there's a whole bunch of police cars that have been sitting there for six months, and the public goes bananas. We all understand that today, these are difficult times. Colonel Walter replied right, and they do place their orders hoping to get cars that are spaced throughout the year instead of all in a two and a half month period. They've done that for the past four years, and they've tried different ways, this problem perpetuates. Member Black asked if any of the big three are making a police interceptor, you know a special line so that the cars that come off are equipped and ready to go to somebody, maybe with wiring harnesses exposed and easily put on the road. He means Ford used to make a police interceptor that was a special order, he couldn't buy a police interceptor, darn it, but he always thought when he was in the General Assembly if he had a siren and lights he could have made the State a fortune, but anyway, are any of them going to make a police interceptor that would make the job of

electronic installation easier? Colonel Walter replied yes, that's what they have asked CMS to add options on, she knows Ford does it, and she also believes Chevy is doing it as well. That's what they are asking that they be added as options to their contracts, so they can order a police cruiser with sirens, lights, wiring harnesses, those options already installed, but those have to be part of our contract before they can order that and that's what they are working with CMS on. Member Black stated that he understands. The only other question that he has, he doesn't know what the next retirement wave will bring, but he knows that early retirement program under Governor Ryan, they have never recovered the number of troopers from that retirement, and he can tell you living in a rural area, the Illinois State Police sometimes are the only law enforcement people they have available to them, that's not your primary job, but it's all they have. He lives on Interstate 74 where there is a wreck every other hour he thinks, and there are times you only have three patrol cars in District 10 and anywhere near I-74, so he just hopes they get it straightened out. He's glad we have the program he doesn't apologize for that at all, but we've got to get them on the road. Colonel Walters replied she agrees.

Member Bedore stated that she just made a comment to Member Black when he was asking if the electronic harness and all of these other things, you say that Ford and Chevy do have it. Colonel Walter replied yes they do as options. Member Bedore asked why they didn't bid it that way. Colonel Walter replied that she can't answer that. Member Bedore stated that in other words they had the option to bid it. Colonel Walter replied that's what we are doing with new contracts.... Member Bedore interjected saying yeah now, why didn't they do it last year, or the year before with CMS. Colonel Walter replied that these are four year contracts. Member Bedore stated alright, so four years ago you didn't do it. Colonel Walter replied that four years ago they didn't have the same need that they have now. Member Bedore stated that they didn't have the what? Ms. Walter replied the same need. They had the personnel to do the installs, but now they don't, and so one of their options moving forward recognizing that they're probably never going to get back to 36 people, is to see whatever options they can get to make this easier, and to be more efficient, and to get them out on the road quicker. Member Black asked if the Department prepares the bids, or is that prepared by CMS. Colonel Walter replied that they provide CMS with what they would need to see, and then they work with every other agency that is going to bid off that master contract. Member Black stated that going forward maybe it would save considerable time on what they need to do in prep work. Colonel Walter replied yes, absolutely. That's what they're trying to move forward to. Member Black stated that he just hopes they don't do what one car department in his part of the State did. They bought a Malibu, then they ordered the light bar from Federal Signal, but the light bar didn't fit a Malibu it had to fit an Impala, and the folks in that little town were just thrilled with that little error. Somebody said nothing goes smoothly in government, and he guesses that's still the case. He continued saying don't be like the department, USA Today had an article not long ago that a department had ordered a, he can't remember if it was a Nissan or a Toyota, and the public was incensed in this town of about 5,000 people, he doesn't know why, it was probably made in America, his Buick was put together in Mexico, but they made them take the Toyota back or whatever they bought. Chairman Stewart thanked ISP for attending. Member Black stated that he does want to thank ISP for what they do and their troopers and he is not trying to get out of a ticket. Over the years he's seen some of the best people he's ever met in the Illinois State Police, and he appreciates everything you do. Colonel Walter replied thank you, and she will pass that along.

Next item on the agenda was Legislation. Director Carter stated as it was mentioned earlier, and CPO Brown alluded to, there was a procurement omnibus bill that was passed in the last few days of session, HB 5491. It was actually the Board's bill that they had a couple items in, they used as the vehicle for it. He talked to some members and provided a brief summary of some of the changes. It's not by any means all inclusive, he didn't include every little stricken word or comma, but just a couple things that they had. The Board had changes that were in there, the University received some additional exemptions, a couple not so major, and then one for medical. Then a last category for the Board members to review, what he would consider and kind of everybody else, the CPO, the Illinois Chamber of Commerce, anyone unknown that threw something in there at the last minute, and that is kind of the last little bit of it. That synopsis is there for the Board's review, and after he looked the other day it had not yet been sent to Governor Quinn.

Chairman Stewart asked if it has the change that, other than Universities they have to look at the portfolio before they go out to bid on real property or capital improvements. Director Carter replied affirmatively. He stated that it probably would have been beneficial for the Universities, but they didn't agree. Member Black

asked if he could expand next month on the medical and FDA exemptions that the Universities wanted. He thinks you remarked that it might bloat to as much as a \$100 million in the future, if that exemption holds. Director Carter replied that looking at the past, he thinks it always has that possibility, and not just the Universities, but anybody that receives an exemption for something, you start to see other things showing up in that category that in the years past that might not have been. Not that that it is their intent, he just thinks that it becomes easier to do that. He will pull the last few fiscal year numbers and he will bring those. Chairman Stewart asked how the Board came out in terms of budget. Director Carter replied that the Board's budget is flat for FY14 to FY15 and that is what we requested, and we were lucky enough to get it this year. He worked the approp members as hard as he felt he could, but in the end it was just kind of a roll of the dice on what you got. Chairman Stewart stated good job on that, it was a tough budget year for a lot of agencies, so coming out flat in some years wouldn't be considered a victory, but a lot of agencies would be happy to have that.

Chairman Stewart asked about the calendar for future meetings. Director Carter replied that it is much easier look at the calendar, and then start calling the Board members as opposed to trying to pick one.

Member Bedore stated that before going into Executive Session, he wanted to make a motion on something else. He believes that Chairman Stewart's comments earlier about the U of I, all of the Board's comments, and going back to last month's, where it could be very easily proven that the University of Illinois is overspending on that lease in Urbana. At the end of the 10 years that nursing program going to cost the State an extra \$1.5 - \$2 million, but what is the most disturbing to him is, in addition to is costing us \$1.5 - \$2 million more, is that all we're going to have to show for it is a handful of rent receipts. Where the U of I could have had a building built using the Capital Development Board, norm the square footage cost. They would have a brand new building, he just thinks it was extremely poor planning. They had a notice of five years ago, when the accreditation board went through there they said, next time around folks, you are not going to get accredited with this building. Then the Board finds out that the building hasn't been painted inside in 17 years, and then they find out that the U of I is going to tear down the building, demolish it, it is such bad shape, roof leaking, water running down the walls. Member Bedore stated that he believes that the Board should send a letter to all of the Board members of the University of Illinois, and they should show them the minutes and make some excerpts from the minutes, and state to them that this Board highly disagrees totally the way this has been handled. They are spending millions of dollars there for this University group, the real estate group, and then they come to the Board at the last minute, and they did it again today. He really honestly thinks that the Board has to send a letter to the Board members, not just the Chairman, but to the entire Board at the U of I, and state that here is what has happened at the last two meetings, and this Board totally, totally, disagrees with what they are doing. He is not sure if anybody thinks this is a good idea or not, but he is getting tired of hearing it. Member Bedore stated that Chairman Stewart stated it very clearly, and he has tried to say it in different ways, but he really does believe that we can't go on like this. Are they going to totally ignore this Board?

Chairman Stewart asked is it in particular just from these last two, it's sort of what he would call larger leases, either in square foot or total value that they have for 10 years and then it gets renewed again and again and again, where at some point along the line they could have had a capital program, to your point, to purchase instead of lease. It seems like they are talking about the bigger ones, not the little ones, when you have a long standing program like nursing, which isn't going anywhere, it's like yes they are going to have a nursing program. Do you know what he means, it's not like every single lease...Member Bedore replied right. Chairman Stewart continued stating with a permanent recurring program, or permanent recurring need of a larger scale, which the Board could define later. Member Bedore stated that particularly this lease, we have to spend, the taxpayers, he doesn't think the U of I realizes that it's the taxpayers' money. They are going to spend \$900,000 in rehabbing this building. We are going to put money into this private building, and then they are going to pay rent for 10 years, and in the same time the U of I is going to tear down the nursing lab building and everything because it couldn't pass muster, and they knew that five years ago. Chairman Stewart stated that the exact language they could draft up later, but does anyone want to make a second to Member Bedore's motion. Member Ivory seconded the motion.

Jeff Jurgens, the Board's legal counsel, stated a point of clarification, that since this is not on the agenda he would suggest as opposed to a formal motion, maybe just do a consensus to see if everybody wants to direct

staff to proceed in this manner. Chairman Stewart replied yes, good catch counsel, you are correct, they can't, but they can discuss it without having a binding vote. There was a second and if they would have voted on it, he would have voted for it. So, on the assumption the Board members are comfortable with this they will put it on the agenda for the next meeting to take a formal vote, but he thinks it is certainly worthy of putting it on the agenda and thinks the Board is pretty receptive at this point to sending such a letter. As counsel suggests, they have to comply with the Open Meetings Act, so they will discuss it, put it on the agenda for the next meeting, take a formal vote, if that vote is successful Director Carter can work on draft the language, and if it is successful they will proceed as Member Bedore suggested. Member Bedore stated that he would make one suggestion, that is to not wait until the next meeting to draft the letter. Chairman Stewart stated that Director Carter will, on the anticipation of a positive vote, he could certainly work on it, yes. Member Bedore asked the Board's counsel that since the Board did have a lease review, the U of I, and this subject did come up earlier, would that open the door for a motion? Mr. Jurgens replied that it is arguable, the actual agenda item was the lease review, but this is an offset of that. He wouldn't have a problem with just kind of a general direction to staff to pursue this letter. It is probably not the norm necessarily, to have per se, an action item and sending correspondence or something like this, but he doesn't know what the history of the Board has been, but he would be ok with either direction or kind of a consensus to direct the Board to the staff to do this, or if they want a more conservative approach, draft the letter and come back at the next meeting and do a vote, but he thinks that either of those scenarios would work, understanding that there is some potential timing issues with this. Chairman Stewart stated that the Board could do either way. He thinks if it was done as a formal resolution it might carry a little bit more weight. He agrees Director Carter can just be directed, but if you want the full roll call vote type thing on it, probably best to do it formally at the next meeting. If they just want Director Carter to draft a letter that is fine, but he thinks they could do it either way, he is open. If the Board is going to try to send as strong as a message as they can, a formal vote at an open hearing, where they discuss it again, is the best way to do it, but if they want to do it a little bit faster they could have Director Carter draft a letter. Member Bedore stated that he withdraws his motion. Chairman Stewart stated that they will put this on the agenda for next time. Chairman Stewart thanked Member Bedore and stated that they will get this done.

With no further business up for discussion a motion was made by Member Bedore to adjourn into Executive Session to discuss personnel matters and was seconded by Member Ivory. The motion was unanimously approved.

A motion was made by Member Bedore and seconded by member Ivory to return to open session. Member Black stated that the Board should perhaps contact Chancellor Wise or another high ranking member of the University of Illinois to come and provide testimony to the Board. Member Ivory agreed stating that it is possible that upper level management at the University may not be aware of the Board's ongoing concerns. Chairman Stewart asked Director Carter to reach out to the University with the Board's request. With no further business before the Board Member Bedore made a motion to adjourn and was seconded by Member Ivory. The motion was unanimously approved.