



Chairman: Jay Stewart

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

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

Present in Chicago: Jay Stewart

Present in Springfield: Ed Bedore  
Larry Ivory

Present via Telephone: Rick Morales

Absent: Bill Black

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

The first item on the agenda was the approval of the Board meeting minutes from August 7, 2014. Member Bedore made a motion that we accept the minutes as printed, with Member Ivory seconding the motion. The motion was unanimously approved.

Chairman Stewart stated that he knows that there are some follow-up items, but it might be better to wait until Director Carter gets here to present that. There are a number of leases so if the Board is fine with it maybe they can start with the CDB presentation. Member Bedore stated that he was going to make that recommendation.

The next item on the agenda was the Capital Development Board (CDB) Single Prime Request. In attendance was Ron Wright, Construction Administrator at the Capital Development Board. They have one Single Prime request for the Board's consideration. Also in attendance was Steve Halm, CDB Project Manager, should the Board have any technical questions. Mr. Wright stated that Project #120-231-030 is a renovation and upgrade of a facility at the IYC Joliet site. They have a \$17 million total budget and a construction budget of \$15.2 million. This has been converted from a juvenile detention facility to an adult maximum security housing and treatment facility for the mentally ill and they're doing a number of projects in response to a Federal court case and discussions with the Department of Corrections and CDB to meet the needs and treatment of mental health prisoners. This project is a request for the Single Prime with protected subs alternative delivery method is touching doors, locks, renovations of windows, life safety updates and accessibility, accommodations of increased levels of health care, site security to include a new tower and second perimeter fence and a new sally port, miscellaneous mechanical system replacements, security electronic renovations, and asbestos abatement as necessary. CDB is touching 13 buildings on this project, it is on a very aggressive schedule and design. They have only allowed themselves about 7 months. They are at 50% design documents and their plan is to bid it in December with a very aggressive schedule including full contractor award to be done in 2 months or March of 2015. Their minority and female goals from Mr. Jessie Martinez right now are 20% and 25%. Mr. Martinez hasn't made his final decision on that, he wants to see the 100% cost estimate from the architect to see how much more work we might be able to assign to the goals. At this point he would be open to any Board questions.

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Member Bedore stated that he has a few questions. Is this the old Joliet prison? Mr. Halm replied no, it is not the old Joliet adult facility, this is a shuttered facility, it was a youth facility, which is on the opposite side of town. Member Bedore asked if they have any analysis if it would be cheaper to build a brand new facility or spend \$17 million in rehab. Mr. Halm replied that would be much cheaper to rehabilitate the existing facility. Even with asbestos? Mr. Halm replied affirmatively.

Member Ivory asked how many people they are planning to house at the mental health facility for the adults. Mr. Halm replied that with renovating they are actually double bunking everything that can possibly be doubled bunked so the bed count would be 496 he believes. Member Ivory stated that it was mentioned that Mr. Martinez had set a goal at 20% or 25% and it was said that he is doing an in-depth dive at least to ascertain whether the goal could be increased. Are you saying that is the floor or that could change? Mr. Halm replied that it would change. They expect it to have the 50% estimate, right now it's with the estimating consultant and they expect to have the estimate on the 15<sup>th</sup> and at the point he would turn that over to their FEP unit and they review it and then they assess the goals and then let him know what the goals are going to be on the project. There are minimum goals that are established by area so there are minimum goals, but they will sometimes increase goals depending on what the scope of work is on a project and what they think the opportunities are. Mr. Wright added that last night he talked with Mr. Martinez, so to answer the question specifically, the bottom line is 20% it can only go up, it may go as high as 25% he just needs to see how much work he thinks he can get set up for that project.

Member Bedore asked if this for the criminally mentally ill or just criminal. Mr. Halm replied that these would be medium to maximum security inmates with mental illness. Member Bedore confirmed inmates? Mr. Halm replied affirmatively, all inmates. Chairman Stewart stated that he knows there has been some litigation with DOC and believes with the Federal court, is this part of the outcome of that particular piece of litigation? Mr. Wright replied it is. The court has established a court monitor who's watching their efforts between DOC and CDB to get it designed and to get it built. This is the major piece up there and there are three smaller pieces. Chairman Stewart asked if they are bringing on additional staff as another piece of it. Mr. Wright replied to his knowledge the answer is yes. With no other questions or comments a motion was made by Member Bedore to approve this Single Prime Project and was seconded by Member Morales. With a vote of 4-0 the motion was approved.

The next item up on the agenda was Procurement Timelines. In attendance was Matt Brown, Chief Procurement Officer for General Services. Mr. Brown stated that he appreciates the opportunity to supply information and answer any questions that the Board has about the processes that the CPO uses to reinforce elements of timeliness associated with their procurement process, as well as the timeliness associated with each individual transaction that they need to keep an eye on in order for those transactions to remain successful. Mr. Brown stated that a little bit of history about the efforts of the CPO's office, over the last four years they have been relying on guidance that is issued to State agencies to advise them on how to maintain timely operations when it comes to planning and conducting procurements as well as their contract administration. They use formal memorandum and express this information to the Agency Directors, their Chief of Staff, their Agency Procurement Officers, they also send this internally to their team, SPO and PCMs, and also include members of CMS' staff who are involved in the procurement process in various ways throughout State government. Mr. Brown stated that when they began this process four years ago they were issuing a timeline memo near the last quarter of the fiscal year, which gave limited opportunity to prepare. During that year, their first year in transition, they were working through a lot of operational concerns either for the first time or trying to re-establish processes and policies that needed to be updated as a result of Senate bill 51. So in that first year they issued a timeline directive in the start of the last quarter of the fiscal year. They have been bringing that timeline memo forward ever since. Last year for FY14 and for this year FY15 they are now able to issue timeline guidance in the first quarter of the fiscal year. They breakdown how much time it takes by law for each aspect of the procurement process to be relied upon, that being the posting periods, the evaluation periods, protest periods and all of those opportunities that the law requires them to recognize and their related prescribed timelines. In their efforts they have established a State Purchasing Officer determination form, which has four steps that indicate a cradle to grave approach at looking at each of the procurements that the State agencies are involved with. They have tied those steps with these elements of timeliness and they also provide a graphical interface to say, here you are step one, here are the things that you should be doing relative to a procurement. They tie that to all types of procurements. In their graphic, and

he would be happy to share this with the Board, they establish small purchases, contract renewals, sole sources, IFBs, RFPs and explain throughout the process where each step and where each relative time allotment is beneficial to the agency. While this is a universal tool they believe that it is fit to each specific transaction and that the business considerations that the agency needs to make throughout the year or multiple years because some of these contracts are not just for single years. They believe those business considerations emerge by following these timeline recommendations and it helps to keep the agencies on track. CPO Brown stated that he can tell the Board that two years ago and in coordination with the PPB staff was the first time that they were able to recognize a fiscal year end where they didn't have procurement staff throughout agencies, throughout the CPO's Office, at the Procurement Policy Board at the ready late into the evening waiting for contracts to be finalized and business to conclude. He can safely say that now is a thing of the past. They are not waiting until the very last day to handle all of their transactional business and those things that do emerge after the close of the fiscal year are minor and are of insignificant consequence and usually easy to remedy. CPO Brown stated that he feels that the processes that they have put into place, the efforts that go forward in the first quarter of the year help keep the agencies on track. They will continue to do so and with any advice and guidance the Procurement Policy Board can give they would be happy to consider any thoughts the Board might have on the subject.

Member Ivory asked that with the particular process and procedure that is in place, is there anything that CPO Brown sees that could be problematic, in terms of once you lay down the guidelines do you see any conflict with agencies in terms of what happens if they don't comply, they don't hit the guidelines that you have established. Is there some degree of consequence or some degree of flexibility or is this just a guideline? Does it have teeth in it? CPO Brown replied that it is a guideline. It is showing the timeline guidance, for example, if you miss a date it doesn't have a particular consequence, nothing that is spelled out, but as they meet with agency staff and as they follow along with this subject throughout the year, their conversations are about what happens if they get into this red zone where you have gone past a date day limit or have gone past a timeline. What happens for example, in an IFB, they have indicated in step one for an IFB, from the perspective that they have in administering procurements in the State of Illinois, if you go past February in the calendar year then your IFB will need to close by June 30 and the contracts need to be signed off on, might be in jeopardy. The further beyond February that you get the worse the consequences for your IFB might be. You are going to short change yourself to get everything done. They have internally, they don't issue this because it might be dangerous to issue, but they can actually prescribe when by law you are out of time, but it is not a desire of theirs to issue that and let them run up to that. They want to give them the best guidance to say, if you do this you will be optimal rather than saying if you hit this date you're done, you can't conduct that procurement. Those conversations start happening at the beginning of the last quarter. The CPO's Office asks all of the SPOs to go out and ask for status checks against the contract and procurement inventories to see if anybody is close to hitting that deadline and if the agencies are getting close then they call up each procurement and say, if this procurement doesn't start by this date it is highly likely you won't get it done this year. That is how they have been managing that situation. Member Ivory stated that he likes the idea of that and guesses he will see how it works in real life. The other question he has is that obviously it gives them some accountability that the Board will be able to see if someone is taking much longer as a rule of thumb, in terms of following the process. Did we have any direct input with the agencies, in terms of establishing a timeline or did you talk to them at all or is it your perception that these are the kind of guidelines that we have or did we have any interaction with the agencies to see what they thought about the timelines, just out of curiosity? CPO Brown replied that these timelines were established three years ago and are the basic structure for how these timelines work. One, they are statutorily driven so certain aspects of it they don't have flexibility on, but when they established those timelines three years ago they were also much closer to the end of the fiscal year. So they did go out to the agencies and say, what are the consequences for them doing this so close to the end of the year and then got all of that feedback. One of the things that they heard is that agencies often time has to make choices because of limited budget on which procurements they actually run. They might have a list of 10 and can only run 7 because they have priorities in their budget for only 7 of those 10. So what they have asked for is if budget priorities prevented a procurement from occurring, let's make sure that we know that those were budget contingent so all people who are responsible to act know that is sitting off to the side, or if they actually make the decision to delay those procurements then let's show those on the next year's inventory list and move them up on the next year's rolls or make some notation about their deferral, but much of those conversations were budget driven. A lesser conversation, but one we took note of because it happened on more than one occasion, was the unknown of some of these contractual behaviors, because we

have a legislative mandate or they have a situation out in their operations throughout the State that they are mitigating a problem, maybe it's with the EPA or they have got some other program that essentially winds down or demises itself and so the agencies were trying to figure out how to appropriately plan for a program or procurement's demise and make sure that they were fitting timelines with a closeout of a contract. The interesting part about that is the timeline issues that they provide are about getting a procurement started not necessarily closing a contract. They know it's part of a contract life-cycle, so they have thought of ways to work with those agencies that needed that help. Member Ivory stated that his last comment and his last point is that he thinks this is positive and he thinks that it would be good at the end of a fiscal year that we take a look at how much more efficient we were, and just how much value that added to making sure that procurements got out in time and accountability. So he is curious to see at the end of a period of time just how effective that is, but it seems like it's a step in the right direction. CPO Brown stated that he appreciates those comments.

Member Bedore asked what impact has this had on emergency purchase orders? CPO Brown replied that this guidance has helped reduce emergency purchases. He doesn't believe in a way that he can measure and the reason why he says that is because a number of things have simultaneously been occurring to help reduce the number of emergency purchases. He can tell the Board that they have been using this guidance now for three years and certainly this guidance was issued before really a peak or pinnacle use of emergency procurements happened a couple years ago. So he would be reluctant to tie the use of this guidance to specifically helping move emergencies down, but as they've issued this much earlier in the year and as they've been working with agencies who are consumers of emergency procurements and reinforcing these types of decision making functions it has helped those agencies. Member Bedore asked if they have a figure of what those emergencies ended up to be June 30<sup>th</sup>. CPO Brown replied that he doesn't have that number with him, but would be glad to provide that to the Board. Member Bedore asked and compared to the past years. CPO Brown replied he'll be happy to run that for the Board. Member Bedore stated that he knows it has to be lower. CPO Brown stated that he can tell the Board anecdotally that he is doing, and the Board may be hearing this from PPB staff as well, he is doing far fewer, significantly fewer, emergency extension hearings to keep the emergency procurement authority that was exercised ongoing for whatever purpose. Member Bedore stated that going back to Member Ivory's question about if he has any type of club over the agencies, isn't your biggest club that you handle the emergency procurement board or review? CPO Brown replied that in fact if an agency were so untimely in processing a transaction and the consequences to the State were not of immediate peril of life, safety and welfare, absolutely he has the ability to refuse that transaction and not see it forward and to tell the agency to find another way to get there. Member Bedore stated that with a couple of those during the year, he is not talking about food for DOC or anything like that, but he's talking about everyday type operations. If you held a few of those and didn't approve the emergency wouldn't that get the attention of these agencies? CPO Brown replied that in fact it does and so he can paint an accurate picture, the emergency procurements as they originate don't go to public hearing and those are often done, sometimes they're done on weekends, sometimes they're done at night, but when they are done with any form of anticipation they have put a lot of effort into sending our State Purchasing Officers and their Compliance Monitors into that agency to see if they can back that emergency out. If that's not able to happen they have been working very hard for the agencies to get them out from under emergency procurement authority and have been on recent occasion denying them extensions, as well as reducing their request for extension. So they have got periods of time where a request might come in for 6 months and they will limit that to 60 days to say no timeliness is critical here, your actions should be concluded in 60 days. So those actions have been occurring over the last year. Member Bedore stated that he thinks that goes to Member Ivory's point, you do have some club or whatever you want to call it. CPO Brown replies yes, it's a tool that he can use in a different way as far as the guidance memo goes, it would be great if he could rely on this memo to get more contract inventories and more contract timelines developed for each procurement that way they could be managed by every stakeholder at a higher and better rate. Member Bedore asked what process has been put in to state that a contract or an alert system that this contract is going to expire December 1<sup>st</sup>. The Board has heard in the past that there was no flashing light on their computer to say that this contract was going to expire. What's the process? CPO Brown replied that since we had that discussion they have asked the State Purchasing Officers in their weekly meetings with their State agencies and their representatives to establish specific contract timelines, and on those timelines to create a contract inventory, and on that contract inventory specifically highlight when those expirations are. Now associated with those expirations some of them don't have a lot of meaning because at the end of that contract the relationship is over, it's just done. Some need to be renewed and some might need

to be re-procured or they might have some due diligence that has to happen. So they have asked for those indicators to emerge as well. They don't have outright compliance with that, it's work to do that and it's labor intensive for some agencies. We're getting better. It would be ideal to have something automated. He believes their efforts for acquiring new e-procurement technology will have that insight for them. Any modern technology is compared to the tools we use today all have reminder features, all have functions that have established timelines, expirations, date critical events. So that would be a terrific thing for the State to be able to use. Member Bedore asked if they are looking to purchase such a system. CPO Brown replied that they are actually in that procurement currently and they would hope, without over promising, they would be able to select new technology in the next couple of months.

Chairman Stewart asked if there are any other questions from Board Members. Chairman Stewart stated that he has couple of short questions. He thinks it might have been answered, but since CPO Brown has started as CPO to present, does he feel overall time frames are more consistently adhered to, he is sure there are times when it is not adhered to, but he's just talking overall does he feel there's been improvement in performance with requirements, in terms of overall timeliness? He's sure there have been times when it hasn't occurred, he's just talking big picture. CPO Brown replied that he thinks there are two positive events that are worth recognizing. One, the agencies are now are keenly aware that adhering to whatever timeliness requirements that are necessary helps their contracts, helps their procurements succeed so they now have a recognition of that, it's widespread and they do have a variety of tools in place for the first time that they can look too. Two or three years ago they could say, where's the timeline on this, where is the contract inventory, no one could produce such a thing. Now we have a lot of their State agencies and particularly those who do this work a lot, able to look into that so they can plan, that's helpful. The second thing that is very positive is that in managing the fiscal year, which is really in part what the memo is about they have agencies who are, have by choice, decided to now tie some of their physical behavior, and their procurement behavior closer together. They have found very often that agencies will make fiscal decisions that are not in concert with their procurement decisions, so when those two timelines are not even close they have some real problems in getting successful contracts implemented. So these tools are helping bring fiscal decisions, how they pay for the contracts they procure closer to contracting decisions, so that's helpful. He can tell the Board there is still an area of frustration in that State agencies, and again not as a criticism because this has been a status quo in the State of Illinois, but something they look to improve upon. State agencies of all shapes and sizes continue to come forward with last minute needs. They're within the calendar year right, they may have something in their budget right, but they come in and say, we need a procurement and we need it as fast as possible, what can you do to make this happen? They have so many of those that it causes them to go back in and say, have you been using a timeline tool? Why do you have five procurements in the last three months that are so urgent that we have to prioritize those over all other regular work? They still have these things emerging. They want to help improve that. They don't think they would ever get that to go away entirely. There's always going to be an emergency or a critical need, but they want to have the right systems set up to deal with those when they come rather than have to set resources aside knowing that an agency in a three month's span is going to give us another five rushed contracts. They want to get them out of that mode. So they work with those agencies to try to help along. Chairman Stewart stated that he just had a couple more questions. Again, this might be hard to answer in part, but do you feel that your part of the operation for General Services, do you feel he has enough staff to handle the volume of work coming through and the second part is he guesses it's a comment as much as a question, he can speak as an agency director and he would love to tell you that he's over staffed and he has an extra bandwidth and he has to imagine his friends that do procurement in the agencies and CMS trying to be thoughtful and efficient, but do they have enough bandwidth? It's been stated many times that overall State headcounts is down in the last ten years, he forgets what the number is it's an extensive number, and he would have to imagine we have less procurement folks than we did. How do you feel, in terms of, we have the law and what it requires and then you have the reality and budget you really have, how do feel the two match up? CPO Brown replied that he appreciates that question very much. He would say where they are today and this dynamic and it can always change based on a number of factors. Right now, CPO for General Services is modestly under staffed. One of the things that helps them maintain their work product is that fact that they can use their SPOs throughout the State of Illinois. So if they have some need in an agency that surges, they can actually send more staff there and they could send more staff there immediately. So that helps them, it's frankly a luxury that they probably couldn't live without. They also have the ability to work with many of their agencies to divide and conquer the work. They have the best type of relationship you could have with an agency. They figure out how to work in a collaborative fashion with the agency to get that work

done. Something that is not as successful is agency relationships where they have got some very distinct duties, if there is a shortfall if they have something happening in the agency or something happening on their side where they have got somebody out for a week because of a family illness and they are less collaborative in that role. It's very hard to come in and shore up because of the roles and expectations are a little too tight or haven't jelled properly yet, and in those agencies when personnel gets light and hopefully it's always interim and not permanent, they have to look at it really hard to make sure they continue to do the procurement right. His biggest fear has always been that something goes out wrong because nobody was accountable, because nobody was present. He doesn't intend for that to happen at the CPO's level. They'll always make sure that the resources show up. If they developed a concern that the agency has a hole there, they reach out to that agency right away, and say, look we're worried. They know you've got a lot of contracting and they will do everything they can, but there is only so much and they want to put them on notice so you better get some reinforcements in here or sometime in the near future you may have a fall off. Chairman Stewart stated that he knows the CPO's Office, at least by State government standard, is still a newer agency and you're still promulgating a lot of rules and procedures and what not which makes sense. He realizes there is inherent tension with the CPOs and the whole SB51 is to ensure accountability, for lack of a better phrase, with probably the overarching point of that bill and hence the CPOs, the Procurement Compliance Monitors, etc., but as the CPO's office and this would be for all the CPOs not just your office, moves forward he would just ask that in its attention that you have to face licensing thoroughness versus speed. We want to be sure we're doing things the right way, and again that's clearly the overall attempt to SB51, but always an eye toward, can agency's need to be compliant and he would just ask that the CPO's office always look for what steps they can eliminate from their procedures without compromising the integrity of the process just to make it go a little bit faster. He doesn't think anyone in this room will say in general that procurements go quickly. That was before SB51 and SB51 has added more players to the game. He knows that you guys in some degree are still standing up the whole operation, but as you move forward in future years he would just ask that like any agency's, you go review your procedures occasionally and ask do we really need to do ten steps or maybe we can do it in nine. He would just encourage the CPO's office, obviously he knows you're still in the stand up mode to some degree, but to the extent possible do that so you can be efficient and perhaps the agencies can be more responsive. That's a comment more than a question. CPO Brown replied that he does appreciate that and it is an allotable goal that is something that he has made mention of on numerous occasions and he believes this forum in front of the Procurement Policy Board is probably one of the first places as efficiencies start to emerge, hopefully a new toolbox will help us very soon and look towards finding some efficiency models. This Board will be one of the first places those discussions are held.

Member Bedore stated that he was going to tell CPO Brown that he can tell that those last set of comments were made by an Agency Director. Chairman Stewart commented that Maye Kelsey does a great job for his agency and they needed some extra assistance in procurement due to some personnel issues and Ms. Kelsey stepped up to the plate and did a great job representing the CPO's office very, very well and offered to help out without even being asked, so on behalf of the Department we're very thankful for Ms. Kelsey's hard work and willingness to step up even though she really didn't have to. CPO Brown replied that he appreciate hearing that. There were no further comments or questions made.

Chairman Stewart asked the Board if they wanted to switch over to leases or do Will Walker's presentation first and then get into specific leases. Member Bedore stated that they do have quite a few people here from Veterans' Affairs. Chairman Stewart stated that Director Carter is here now so if the Board wants to get into the follow up issues they will go in regular order at this point. So the Board will go to the top of the agenda again with follow-ups and will start with Director Carter.

The next item on the agenda was follow-ups. Director Carter stated that if the Board would go to the follow-up tab there are several items that members requested as follow up. The first item was members had a couple of questions regarding, what were originally called "day porters" at leased facilities. The question was how much square feet do these positions handle. The answer from CMS was that there are 17 positions, 4 however are vacant, and so that leaves 13 on the job. Those 13 employees cover 21 leased locations and just over 1.2 million square feet of space. A secondary question to that was how much does CMS spend contracting out those same services. He thinks CMS zeroed in on the janitorial services and said that out of 12 of 21 leased locations in FY14 janitorial costs were approximately \$533,000. Item 2 at member request was to take a look

at the recruitment of international students, specifically those from China. He wasn't able to get firm answers from the University of Illinois, maybe kind of a rough estimate, if you will is that it roughly costs an in-state student roughly \$35,000 a year as opposed to an international student that would cost close to \$52,000 a year. Again those are a little rough and it also depends on the program they choose when they come into school. For the last 4 years between the three campuses of U of I in Champaign, Chicago and Springfield they have spent a total of \$614,000 in recruiting those same students. So those are the figures, again he didn't get a firm answer from the U of I on the exact cost, but those should be close for conversation purposes.

Member Bedore stated the point he was making is that's what we charged the students, but what is the actual cost is the question. Yes you can say, oh gee we're charging \$52,000, but is it \$62,000 or \$72,000 to educate that person that includes housing and everything else. That's the question that's not been answered here. The point he was making is does \$52,000 cover the cost of educating a foreign student or does it cost more and then the taxpayers of the State of Illinois are subsidizing educating students from China, that's his point. Director Carter stated his apologies he didn't fully get that, but he'll get that from the University this week and he'll include it in next month's follow up. He stated that he will also send it to him as soon as he gets it. Member Bedore stated that's his question. You can say, oh we were charging them \$52,000, but do we know what the actual cost is? Don't we have an obligation to the students of the State of Illinois when now 10% of the incoming class is from China? He's not against Chinese or Indian or anything else, his only point is are we collecting what it actually costs to educate that student. Director Carter replied that he will make sure he has a better answer for the Board. The next item for follow up at member request they looked to the up to date Certified Veterans Owned Businesses. He has provided a memo from CMS with the totals, and also CPO Brown was up there and he believes that he just put on a forum, if you will, for veteran owned businesses and with consultation with CMS, he was able to garner some ideas and some good feedback going forward so he thinks the CPO and CMS are working together on ways to implement that, but the numbers are before the Board for that follow up item. Member Bedore stated that the numbers are 85 and he remembered we looked at this 4 or 5 months ago and the numbers were 50 some. Member Morales stated that he recalls that. Member Bedore stated that in 3 or 4 months they have gone up 20 some firms. This isn't setting the house on fire, so he'd like to know in comparison how far have they come. He sees we're at 85 and then he would also like to know how many firms, which he's asked many times before, how many firms are south of I-80? Chairman Stewart stated that he thinks if you look at the sheet it indicates the county, at least that's how he's reading it. Member Bedore states that's how he's reading it and he's looking at over 50 north of I-80. You take DuPage, Cook, Kankakee, Lake, Kane, McHenry, those are all north of I-80 and then he would also like to know how many contracts besides signing the firms up, how many actual contracts have these veteran groups been awarded and the dollar amount? Director Carter stated that he can get the totals for the Board, and if you have some questions...Member Bedore stated that it is not for himself, but for the Board and there should have been somebody here from Veterans Affairs today to answer these questions. Director Carter replied that he apologizes that when he asked if you just wanted the numbers last month you said maybe not testimony just the numbers so he didn't ask anybody, but he'll make sure next month with the follow-up that they're here. Member Bedore stated that was before he saw the actual report. After seeing the report there should have been somebody here because this report isn't broken down by south of I-80, the number of contracts issued, and the dollar amount. Director Carter replied that he'll have all those as well as a representative from DVA available in October.

Member Ivory stated that when we take a look at the number for veterans and we see the number and it says 85, his question perhaps is a question of in order to really understand how good or how bad we're doing he thinks at some point in time we've got to be able to ascertain how many veterans are out there who have a business, because we could be hitting at 70% we could be doing 10% and he thinks that at some point...Director Carter interjected stating that he thinks that CPO Brown can answer that question and thinks he provided it as part of his report with CMS. He would be shooting from the hip, but he thinks the number from the Federal Government on veteran-owned businesses is maybe a couple thousand. Member Ivory stated that while we are waiting for CPO Brown, his question is if those numbers were correct, then that would give us a sense that we still have a long way to go, because if you have a couple thousand veterans in business and they are not taking advantage of a program that is completely designed for them to benefit from then it tells us that we've still got some marketing and we've still got some real focus that we have to give to this thing in order to improve those particular numbers, but as he said if those are the numbers then we still have got a lot of work to do he thinks. Director Carter replied that he would be shooting from the hip on this, but if

somebody could answer it better than him but he thinks one of the problems is that they're running into one of the initial problems that you guys experienced with BEP, to apply goals accurately you have to have more certified businesses and to apply a goal in the first place you have to have the business available to do it, so it's a little bit of an awkward catch. He thinks that is part of the concern, that's him not a representative from Veterans Affairs. Member Ivory stated that he understands that in the terms of when they're setting goals that you've got to have at least two to three people in order to put a goal on it because you don't want it to be a sole source and you can't do that, but what he is speaking to at least if we have 1,000 to 2,000 then it means that we have a pool of approximately several thousand people who should be in the program taking advantage of the opportunity and he can't see a real reason why a veteran would not want to be engaged in the program. Maybe there is a reason that he doesn't understand but it seems that it would be beneficial to them and a good business person always wants to have a competitive advantage and this surely is a competitive advantage for them. Member Bedore stated that he thinks the issue we've had with Veterans Affairs from day one has always been marketing. The Board heard many times from the Veteran Affairs that they have one person who does it but he is so busy doing all these other things that maybe he gives 10% of his time. This is statements from Veteran Affairs and he believes that's what's lacking is marketing and it always has been. You have one fellow who does purchasing, he does this, they rattled off all ten different things that this person does, well my god there should be one person or two or three people full time marketing this program. You can't have one person giving 90% to other duties and oh by the way I do this, that's been the problem with this program from day one and it's still the problem because you only have 85 signed up. Director Carter stated that along with the specific questions that you've asked he'll ask DVA to prepare an outline of the people they have in the areas and then we can go from there when they come to provide testimony. Member Bedore stated that CPO Brown has returned and maybe he can run this program for Veteran Affairs. CPO Brown stated that he wanted to come forward and he thinks one of his staff is going up to get the report that they just issued as a result of the hearing with Veterans. The CPOs did take the opportunity to meet directly with the veterans with conjunction with Veterans Affairs, as well as CMS and have made recommendations about the nature of the program. They heard from not only veterans who are vendors, but organizations who represent those vendors to try to make opportunities available to them and hearing from both of those sets of individuals one thing that they realized and it was reiterated throughout the conversations is that the business model by which the State is promoting availability of contracts or procurements is one that they have a very hard time recognizing or identifying with. They raise the chicken and egg question over and over and over. Why do we need to go out and fill out a bunch of forms if you haven't shown us goals or contracting opportunities? One of the responses they provided to them was that while they want to make these opportunities as widely available as possible, you have to recognize that the program itself, until you are registered, until your enrollment is up, until that enrollment pool grows, cannot count you, cannot consider you for this goal and how this as the State's desire to be fulfilled and obviously the disparity is quite great. We are talking about contract values for FY14 that are only \$25 million and the number of contracts and contractors from agencies are engrossed and sometimes in the single digits depending on the vantage point that you look at. They were encouraged when the advocacy groups said, ok we will see if we can help you get some more registrations. Their recommendation was to go back to the program, let's figure out how to put these opportunities in a light to insight registration because they don't seem to be working together. We're running two tracks we're trying to figure out how to conduct procurements, we're trying to figure out how to create enrollment, and the two are inextricably linked and cannot be considered separated. That's part of how they intend to approach it in the coming year and the CPOs will do everything they can to be a part of that. Member Ivory commented that he thinks Member Bedore is correct in terms that we have a marketing challenge and he'll just kind of to speak this real quickly, he remembers not long ago about 3 or 4 years ago he talked to SIU and had a conversation about minority participation and one of the directors mentioned that we need to get rid of some paperwork and made a number of excuses as to why we weren't doing very well with minority participation. His comment to him and he thinks his comment holds true to this also is that if you have got people in the program and you're setting goals and you're not celebrating their successes so their colleagues can see that there is a legitimate opportunity, because people can get jaded, they believe it's not a real opportunity, but when people start getting opportunities and start seeing colleagues and people just like them benefit he thinks they begin to see it as an opportunity. Member Ivory stated that he thinks the challenge is that the ones we do have a contract with is that maybe we have got to do a better job of marketing, showing people that, hey there's a legitimate opportunity because this person was certified, because this person did what needed to be done and because we had 3 or 4 people in that sector this is the type of revenues that they made from a business perspective. People will do what makes economic sense if they see it as a legitimate opportunity. So maybe that could be one of



the things that we could consider is to identify where we're successful at in terms of participation and then celebrate that and then do a little marketing to that and it may create a little bit more buzz it won't be panacea into the issues that we have but it may help. CPO Brown replied that he hopes that next year when the CPOs conduct this public hearing we're able to identify with success stories from veteran owned businesses, the representatives who come forward. They want to be able to migrate toward that. Recommendations that they have made this year are based on areas of concern or challenge that this community has had and he thinks obviously we would all like to migrate away from that. Do the best with the program every year that they can do, make more opportunities available, identify and register more veteran owned firms, and as those numbers increase available contracts, available resources, they get successful relationships. He can tell the Board that just recently he was involved in a procurement where one of their veteran owned businesses has come forward and it's his intent, it is his desire to speak for veterans while he is under contract and he made that point known to him, once he on-boarded and he hopes that all of our veteran owned businesses will be willing to adopt that theory, once we can make contracts available. Member Bedore asked if CPO Brown had any recommendations, he thinks one of the problems is that they have a split responsibility here. We have CMS and we have Veteran Affairs. How this program was drawn up, he doesn't know, he would have given it all to Veteran Affairs, but it seems like they're totally incompetent to handle this. He wonders if we should give it all to... Chairman Stewart interjected stating that he thinks that statement is a little overbroad, but go ahead. Member Bedore stated that the Board has been talking about this for months. Chairman Stewart replied that he didn't say that they are above criticism he's just disagreeing with your thinking. Member Bedore stated that he is quoting almost verbatim what they told him what their problem is at Veteran Affairs because they have this one person that's too darn busy to work on this program, he can pull out the minutes. Chairman Stewart stated that he is sure he can. Member Bedore stated that he knows he can, well never mind have it your way Chairman Stewart. Chairman Stewart stated no, it's going to come up in October. You will have your chance to question the members of DVA in October. They will be here in the meeting, he is not necessarily disagreeing with any of his points. Member Ivory stated that his last comment is just a suggestion in terms of trying to make this better overall, sometimes as good as agencies are and people are sometimes you have got to bring experts to the table who are good at marketing and maybe there are some people that have significant marketing background, and we ought to have a focus group maybe with CMS to sit down, take a look at the problem and say, look guys let's take a serious look how we can market this a little better, not just look at agencies themselves who may do the very best they can do, but sometimes having subject matter experts in the area of expertise that would come and do something that probably wouldn't cost the State anything to just have a focus group of people in marketing and tell them the problem and say, give me what you think we can do that would have a positive impact. He doesn't think there's a silver bullet, he thinks we have a problem, and the great thing about a problem is we get a chance to resolve it, focus on it and make it better. He thinks that could be something that could be considered, and he surely knows a number of marketing people who are pretty good at what they do and who have helped him a great deal, and he thinks they can help the State at the same time and probably wouldn't charge anything at all to sit down and be a part of a focus group to figure out how we best get this story out and how do we tell it and make it even more successful. Does that make any sense? Chairman Stewart replied yes, and some folks from the veterans business community who are not currently involved, to be a part of that on what message works for them aside from somewhat of the chicken and egg problem that's been raised, but to your point just straight up marketing. How would that be able to penetrate to a Joe Veteran on the street who's got a business that is not aware of this program? How do we communicate, and we need to communicate better, but what's the best way to do that, generic message or tailored message with certain points and channels that they're more sensitive to that we're not aware of, he agrees. Member Bedore stated that these are the same things we talked about six months ago. No further questions or comments were made.

The last item for follow-up was at the request of Member Black regarding rock salt. Director Carter stated that he doesn't think that we need to spend a great deal of time on this, it was Member Black's initiative. Director Carter provided some information to him along the way. He has worked with Mitzi Loftus at CMS and she's provided him all the information. Basically she went back out and she worked with all our partner entities to notify them of what was going on and what the plan was, and this past week it went back out with those that were willing to participate. So it's back out on the street. He thinks to Member Black's point he wanted to ensure that these municipalities and local governments were contacted and he believes they were. It's back out on the street with those who want to participate and he doesn't see any reason why there won't be a good

procurement going forward. Chairman Stewart asked if there were any questions or comments from the Board? No further questions or comments were made.

The next item on the agenda was CMS Facilities. Director Carter stated that before the Board gets into the exact leases there's just one confidential item of follow up just for members only. It was a request by the members for a bit of an action plan for one of the local agencies for the Springfield area. They provided that for the Board only and it is marked confidential in their meeting packets, so the Board can see the plan in what they're going to be doing moving forward. Again, they ask that the Board not speak out about that because some of the people and places maybe haven't been notified with the plan and moving pieces so that's in there for the Board's information and he thinks the Board has some leases if Ms. Florence is ready we could go into the first lease.

Member Ivory stated that before the Board moves forward, he knows DHS is here also, and he doesn't think it's going to be a long section with them. There is a much longer section with the leases than we have with DHS. It may be considerate for the Board to have DHS come up and do their piece and get them out of here and then deal with the leases later, just in terms of time and efficiency. Chairman Stewart replied that works for him. Are there any objections from the Board? There were no objections.

The next item on the agenda was DHS File Retention & Reduction. In attendance was Will Walker with CMS, Kacy Bassett, Chief Operating Officer with DHS and Matt Hammoudeh, Assistant Secretary at DHS. Mr. Walker thanked the Board for adjusting the schedule and allowing them to go ahead of the next agenda item. He was asked today to come talk about DHS and some of their paper issues. He's also engaged Kacy Bassett and Matt Hammoudeh and he thinks they have a great sorry to tell, he thinks they have made a lot of progress in terms of moving paper around and as you know managing paper is kind of a full time job especially for an agency like DHS and he thinks they have a tremendous story to tell and would really like to turn it over to them and let them provide some background as to where they are and what their plan is going forward.

Mr. Bassett thanked the members of the Board and also Member Ivory for allowing them to go at this particular point in time. He wanted to start at slide 3 of page 3 on contributions to statewide outcomes, DHS was here about 2 months ago along with Secretary Saddler, so some of this you have heard before, but he thinks it's important to understand the size of DHS as we have moved forward in purging some of the paper and files. He knows this was a question one of the members had last session, but as it relates to the 9 State outcomes, 5 of those DHS is a contributor to and as you see on slide 3 these are some of the needs of the most vulnerable, increasing individual and family stability, efficiency in creating safer communities, and improving school readiness and student success for all, and increasing employment in attracting and obtaining growth of business. He would like for the Board to turn to slide 4, again this is a good slide because you get an idea of the size of DHS and the opportunities that DHS has as it relates to managing their files and their papers. They have 77 Family Community Resource Centers, 46 Division of Rehabilitation Offices, 7 State Operated Development Centers, 7 State Psychiatric Hospitals, and 3 Residential Schools. The next slide, DHS recognizes the need for an increase of efficiency and is responsible to manage it's facilities to related resources. They also continue to work closely with their partners, CMS, direction from this Board, and other State agencies that assist them. Space and efficiency, since 2009 DHS has closed 33 facilities, consolidating staff into other available space and these closures resulted in reduction of 357,018 billable square feet, which represents \$5,851,269. As it relates to their cabinets, he knows he thinks it was a question last meeting on the Woodlawn lease that came up. He would like for the Board to turn to slides 8 and 9. He thinks that when Mr. Walker stated that there was a story to tell, he thinks this is the crux of the story here. If you go to slide 8, these are the file cabinets and file boxes that they have already moved and here you see savings. To the right, the second to the last column you see roughly \$1 million in savings. If you look at the third column, the number of filing cabinets moved, the number of boxes you're looking at 8,524 file cabinets that they have moved and 22,635 boxes of files. Future, if the Board looks at slide 9, the future cost saving they are looking at \$1.3 million. Mr. Bassett just wants to give Assistant Secretary Hammoudeh a chance to make comments, but he wanted to state something that's not in this particular deck, Federal laws dictate that they have to hold caseloads on-site while they're active. When they're inactive they have 2 years that they must hold them on site and then after that they have 5 years before they can actually purge those documents. So what the Board's looking at between slide 8 and 9 are the warehouses, it really doesn't cost as much, that's what the cost

savings are between that 5 year period when they have to purge the documents. Mr. Hammoudeh thanked Mr. Bassett and the Board for the opportunity. He wanted to start by hinging off one of the comments Member Ivory made, he said that the good thing about identifying the problem is being able to focus on it and finding solutions and Member Bedore and other members of this Board over the last few years have identified 3 core problems as it relates to paper, storage of that paper, printing of that paper and with the guidance of this Board and with the leadership of the Governor's Office they have really been able to address efficiencies in using their State property. This Board has always told DHS, why would you put all this paper, these file cabinets in good office space, and not take it to warehouse space. They have focused on that and they are recommitting with CMS now to take a little more aggressive dive into it. They need to find more warehouse space, but this was a problem that was identified and they recognized there are many strides that they can make, but they've hit some very good goals and some hard to reach goals in being able to fill up their warehouse space that they currently have and they're committed to continue to reduce the footprint of boxes and file cabinets in their leased office spaces and move them into warehouses. They are going to continue to work with CMS to make sure they find places to put all this paper and with that being said, and as Member Bedore always said, why are we printing all this paper and to hinge on that was why do you have so many printers, and they have addressed both of those issues in addition to reducing their number of printers we have by literally tens of thousands of printers and moving to multi-functional devices. They have reduced the amount of paper they print and they have plans in the next couple years to hopefully substantially limit the amount of paper they print. The integrated eligibility system that is going into Phase 2 now will substantially reduce the amount of physical paper that's needed to be stored at Family Community Resource Centers and as DHS continues to move the files cabinets and they age out they are purging those files, they have full time shredders of both south of I-80 and north of I-80. It's tough to describe it, but in their warehouse there are dates on every pallet that are shrink wrapped that says destruction date based on the statute, when that date hits they purge those files, shred them, and they continue moving files back and forth. DHS is committed to finding further efficiencies, but as those numbers indicated they really want to thank the Board for their guidance these last few years in identifying these issues and hope to continue to make strides. They recognize that some of their offices are still overflowing with paper. Mr. Hammoudeh stated that he talked to the local office managers all the time and they said that they really need to get that paper out of there and the reason they haven't moved it all immediately was because there is a process for inventory tagging and boxing those documents, you can't just throw them in the warehouse, you have list every file that's in there and you have to put that on top of the box and it has to be sealed to get ready for warehouse. What they're planning on doing is working with CMS, although their caseworkers in their local offices are focused on Medicaid re-determinations and all the things related to local office work, they're committed to finding the resources and work with CMS to get a special initiative, a more aggressive initiative so they can tag boxes and those documents and send them off to warehouse space on a more expedited basis. They're doing that today but with some more hands on deck they can get more done and they're committed to that. For efficiency purposes he'll stop talking, otherwise he'll keep going. Mr. Hammoudeh stated that the last slide really summarizes their mission at DHS, which is to continue to follow the lead of the Governor and the Procurement Policy Board, working with their partner agencies, CMS and the Chief Procurement Officer, to find those efficiencies, to reduce the amount of paper they print and store, and continue to move these file cabinets, and file boxes into more efficient warehouse space rather than leased offices.

Member Ivory stated that he just has a quick comment, and it will probably be his only comment in reference to this issue. He has had an opportunity, he thinks it was a couple weeks ago, where Director Carter and himself went to take a look at some facilities in the Peoria area and they went to DHS. He was anticipating finding a lot of boxes, to his surprise when they got downstairs where he was sure there were going to be a lot of boxes, they had moved the boxes to the warehouse. He wanted to commend DHS for doing what he thinks is a great job from both sides here. It will also be great if he could take some credit for your success, but he thinks there's one person that really deserves credit and he's a guy who believes in giving honor where honor is due. Member Bedore has been a tireless champion on printing and on storage. Member Ivory stated that he hears him in his sleep. Mr. Hammoudeh replied tireless champion. Member Ivory stated that he wanted to personally commend him because he surely can't take credit for the focus of this particular Board, but he thinks Member Bedore without a doubt has been consistent on that subject matter, so he wanted to let Member Bedore know that he appreciates him pushing and kept pushing and the State is better because of it. Mr. Hammoudeh replied that he couldn't agree more, Member Bedore's words echo in his head sometimes and continue to resonate because everything that was identified and literally over the last few years these

issues have percolated and lingered with the prompting and nudging of this Board and mainly Member Bedore we have been able to make great progress.

Member Bedore stated that he has a few comments. He too wanted to say DHS has made great progress and he just hopes they just keep up the great work. Member Bedore stated that Member Ivory has given some roses towards me, but he also has to give it to our staff on the Procurement Board and a former staff member of the Procurement Board, CPO Matt Brown. CPO Brown and himself have toured a lot of buildings over the years and found a lot of boxes, printers and you name it. While DHS is here he knows there's a lease coming up. DHS wants to expand because they're adding 15 people in Rockford. Ms. Susan Florence with CMS asked Member Bedore what that lease number was. Member Bedore replied that its lease #5534 and the comments on their explanation is that DHS cannot function in a reduced space at full staffing. Ms. Florence replied that the landlord has, effective at the end of this month, he has leased half of their space. Member Bedore stated that he understands that, but he was just curious because they still have 281 square feet per person and he was just wondering looking at their slide 8 and 9 he doesn't see Rockford on there and he was just wondering if they transferred some of those files out of this space would they be able to accommodate the 15 people? Ms. Florence replied that's a DORS office and they have to have their files on site. Ms. Melissa Wright, the Director of Office of Business Services at DSH, stated that they have to follow the same laws as the FCRC. Mr. Hammoudeh added that Ms. Wright is a big part of this whole process and that they have to have those files on site because it's a DORS office and unlike the FCRC where they can move those files based on date there are federal guidelines in DORS that require that they actually stay in that office, but there is a time or is it perpetual? Ms. Wright stated that once the files are considered closed for a certain period of time, she is honestly not sure on the DORS side if it's 2 years they can be purged and removed to their warehouse where they hold them for 5 years and then they are shredded. Member Bedore asked if they could copy them in some fashion, electronically. Ms. Wright replied that would be wonderful, but there is no additional space to do that, moving back. Mr. Hammoudeh stated that if it pleases the Board he'll have a discussion with Director Hanson who is the Director of DORS and take a look at what they have and see if there is a technology solution that they have that can help reduce the footprint of paper. He's not even sure of the exposure of how much paper they currently have in that office but he's sure it is substantial based on what Ms. Wright just said. If it pleases the Board he wants to be able to follow up with accurate information and a plan, because if that is viable they will look into it. Mr. Walker stated to Mr. Hammoudeh that this is great, let's take a look at it. Member Bedore stated that as long as you're here can you give the Board an overview on their lease number 2776 at Industrial Drive? Mr. Walker replied that it is further down on the agenda did you want to talk about it now? Member Bedore stated that as long as someone is here from DHS he thinks they would have as much information as anyone, if that's alright with the Board. Chairman Stewart replied proceed. Ms. Florence asked if Member Bedore has specific questions. Member Bedore stated that the one question he has is the office space. Is this office space related to the warehouse? Ms. Florence replied that some of it is, the building 5020 is primarily administrative and training space so that's primarily office space. Both the print shop and the warehouse buildings have small amounts of office space for the administrative staff who run those programs within those buildings, it's separate from the administrative building. Member Bedore stated that he is sure that Mr. Walker has looked at the warehouse space and you have determined some of this could be copied or not? Mr. Walker asked what he meant by copied. Member Bedore replied where they could reduce the paper and put it on a little chip. Mr. Walker replied that he wishes it was so easy, right absolutely. Well yes, they looked at the space and it's actually a wonderful operation they do a great job. They've done a lot of consolidation out there, they do a lot printing, they work with other agencies, there's more consolidation that can happen out there as data lines become more useful and are run out to those areas they can continue their consolidation. He thinks currently right now it's a very well run operation it really helps the State out in a lot of places, and they continue to work towards more printing consolidation within the State, so he would strongly advise to continue with this. One thing to consider is if you don't continue it then where are you going to put it and he really doesn't think you're going to find cheaper space out there. Member Bedore stated he doesn't have an argument with the space for the print shop or the warehouse. He does have a concern with the rate of the office space and even why the office space has to be there. Now we're talking about back behind the mental facility, it's in an industrial park. It shouldn't, office-wise, warrant premium dollars when we're paying \$13 for office space, when on the agenda today DHS has other offices that are downtown in premium spaces like the Bloom Building \$12.50, the Alzina Building \$12.50, and yet we're paying \$12.99 for space that's really out there that's not centrally located at all and this owner, and he knows we've this done before, the owner comes in with a higher rate and the Board and everybody

raises heck and then he reduces it down to where it was. He's done this before. CPO Brown and himself toured this building years ago and it's a great warehouse, it's a great print shop, his problem is with the office space. He doesn't know why they couldn't find space for them downtown in a much cheaper \$10 or \$11 space. These people are not tied with the warehouse. Ms. Florence replied she thinks that Mr. Hammoudeh or Mr. Bassett could speak more directly to that, but she thinks it is beneficial to them. This is sort of a central business operations staff. Member Bedore stated that there is no question about it that their operation is fine for training and everything else, but that could be located someplace else for less than \$12.99 a square foot. You know that and he knows that. Ms. Florence replied perhaps. Member Bedore replies perhaps. Ms. Florence stated that if you look she did do a comp with the HFS facility on Rochester Road, which is really the only comparable facility to this, in terms of the warehouse space and what they do out there and that rate as compared to the blended rate for industrial is virtually the same. Member Bedore stated he's not arguing the warehouse, or the print shop, no, he still contends that they could have prime space downtown Springfield, downtown Peoria, downtown anywhere, prime location for \$12, maybe even \$11, or \$10 and yet we're paying \$13. This is not prime location it's out there in the boonies, it's behind the mental facility. They have been there, so contrary to what some people may say in the best interest of the State, he doesn't think it is. Member Bedore stated that he thinks these clerical people that are not tied to the warehouse or print shop and can be located anywhere at a much cheaper rate or you go back to the owner and say wait a minute, quit with your game of raising the rate you get a little heat and then you reduce it back where you want it to be in the first place. Mr. Hammoudeh replied that he prefers the latter if possible and he knows this lease may be coming up before the Board for consideration and he'd rather not move those employees and incur the cost in moving them if they can get a rate that is beneficial and if the landlord has responded to this Board in a request for revision for that part of the building that Member Bedore mentioned. He would be happy to work with CMS to make those discussions happen and see where it comes in at. Mr. Hammoudeh stated that he is looking at Ms. Wright because he believes there is some level of relationship between what happens there and what those folks do. Ms. Wright stated that about half of the people who are at 5020 in the administrative offices are intricately related to either the warehouse, print shop, or the mail room operations, but they do, in the back of the building they have an area for regional staff, EFCS and the training staff room there as well. The reason training likes to be there is because they have ample parking for when they bring big groups in to train they don't have issues but they could obviously be someplace else. Mr. Hammoudeh stated that the reasons they moved those folks in is to make use of the space in the building that was vacant, with that being said the rate question, especially as it relates to comps for that type of space, they can re-visit with the landlord and CMS. Member Bedore stated that's where he is at and doesn't know about any other Board member. Mr. Hammoudeh stated that it's a timely request because he believes the next couple months it will...Ms. Florence interjected stating that it is actually up now. Member Bedore stated that's why it's up before this Board now. Member Bedore stated that when it comes to a vote he will be against it. Chairman Stewart stated how about the Board hold on to this and have Director Carter work with DHS and CMS to see if they can go back to the landlord to see if this can be further negotiated, in terms of the office space aspect of the lease. He thinks that makes sense, does any member have an objection to doing that? No further questions or comments were made.

The next item on the agenda was Lease #2344 at 100 North First Street in Springfield. Director Carter stated that the DHS lease at the Alzina Building personal square feet per person is 172, proposed first year cost is \$12.50 per square foot. Chairman Stewart asked if there were any questions or comments from the Board?

Member Bedore stated that he has one question regarding the building itself. It's a very nice looking building and looks like it's well maintained. He has a question regarding the electrical cost, \$2.96 a square foot. That seems a little high and also their lease on the Bloom Building, you talked about changing the lights in the Bloom Building to more efficient lights. What are we doing to this building? First of all he doesn't understand how this building could be \$2.96 and another building is \$2.00 and another building is \$0.80 and you compared it with the Bloom Building which you say has inefficient expensive lighting that's not efficient and we're paying \$2.35 and here we're paying \$2.96. What is our policy as far as when CMS goes into a building and say you're over 50%, 60%, 70% of the building, what are they doing to bring down the cost? The Board talked about this a couple years ago and used to get presentations every month, about how great the State was doing regarding, this was under the Blagojevich Administration that's how far back it goes, how great things were at the State and how they were converting buildings and they were doing this and it was the greatest thing since Cracker Jacks. Then all of a sudden it fell off the face of the earth. If they're going to stay in the

Bloom Building then CMS needs to say they want better efficient lights. Why isn't CMS saying this to this building or any other building? We're paying for electricity, the taxpayers are paying for inefficient lighting. Why should we be paying \$2.96 a square foot in this building and the building down the street is \$0.20 some cents and then \$2.50, he could go through the whole list here. This was the highest one. Ms. Florence replied that part of with Alzina, she did do an estimate and under the current lease they pay excess electrical over a stop. They will be taking on the full electrical cost under the new lease which was part of their negotiation for getting a 29% reduction in base rent, so that was a kind of an estimate on her part but she understands his question. Member Bedore stated that beyond the rate he's really talking about what is the policy of CMS or is there a policy, maybe there isn't a policy. Where if they are in a building and say its 60% or 70% of the occupancy of that building, why can't we go to the owner and say, hey we're paying the electrical bills here, this is the system that we want put in. Same thing when the Bloom Building comes up he's going to have the question for her, he's glad to see that they're going to do that, bring in better efficient lighting, but you're giving the person three years to put it in and it says substantial savings. Well if it's substantial savings, why aren't we doing it here and why aren't we doing it in the Bloom Building in a year? Why are we waiting three years and we know that the three years will probably slip to four, but what his point is, what is our policy? Do they have a policy where we demand that the owners put in better lights and maybe better switches when you leave the room? The Board has talked about this, he has talked about this at least 3-4 years ago and here we are still talking about it. It's just like the Veteran Affairs we keep talking about it, and we keep talking about it. Member Bedore stated that he would like to see a policy where at a certain dollar amount we demand, if we're going to renew the lease, that they do this. Ms. Florence replied that it is certainly something they can talk about, there's not a policy in place to her knowledge, they do have an energy management staff at CMS. Member Bedore interjected stating that they also have a committee, he knows that the Board used to get monthly presentations. Mr. Florence replied that where the State pays electricity they do make every effort to use bulk purchasing to bring down costs wherever they can. They are always looking at electric cost and efficiencies, some landlords are more receptive obviously to making those changes, it's not a cheap undertaking. Member Bedore stated that no he understands, but when we're paying for example, forget the Bloom Building we've paid what \$80 million or whatever it was over the life of that building. The Bucari Building on 6<sup>th</sup> Street in the last 10 years we paid \$21 million and as we both know the owner of that building, Mr. Egizii, owns the largest electrical company in Springfield, probably one of the largest in the state. He gets millions of dollars worth of IDOT business, millions of dollars from State, local, and county in the electrical field and yet his building is obsolete when it comes high efficiency lighting, why we're not demanding that is beyond me. CMS has paid this gentleman \$20 million in 10 years. He's not talking about the life of that building, the life of that building we've probably paid \$40 or \$50 million. Chairman Stewart stated that he thinks Director Carter should follow-up and work with CMS to see if they already have a policy, and he doesn't think they do. What would such a policy look like, present it to the Board, he's fairly certain, not a 100% certain, that for State-owned facilities or new construction where the State is going to own it they do have various energy efficiency standards. Chairman Stewart stated that he might be wrong on it and it might be better to see what our standards are as a basis to Member Bedore's point, if we're going to be a significant lessor of 40%, 50%, 60% of whatever threshold is, should we have something that's a direct copy or inspired by that's for further discussion, but he's pretty confident for us if we own it we're taking these steps and have these policies to Member Bedore's point, if we're going to be the majority or a very large lessor of a facility he thinks it's reasonable, and if we could come up with something that is workable, it's going to give CMS leverage as opposed to making it an individual lease by a lease negotiation. If CMS has something to point to and say we have to stick with this it probably empowers CMS to negotiate, if there is a rule or perhaps a law that goes that far, an executive order or whatever the final product might look like. Member Ivory stated, again this is only because we have a number of people that he knows are in the retro-fit business in changing out lights, and he knows there are some federal dollars in resources to do certain things when it comes to energy efficiency and there are a number of companies who play in this arena that he knows for certain that can reduce the cost of changing light bulbs to more energy efficiency and could actually show the savings where people are actually paid for in one or two years. Are we involved in that, in terms of having people who bring a product, have a certain skills who follow the tax credit, the benefits and talking to them, in terms of they're doing it for major companies like ComEd and other places? Are they doing it for us, he doesn't know they may be doing it, but he's not sure they are doing it and if they're not doing it then maybe we should have some people meet with CMS or whoever is appropriate, to sit down and tell them a little bit about what they're doing because he's seen presentations with major corporations who are just stunned by the amount of savings they're taking to switch out lights that are more energy efficient and they're saving an

enormous amount of money. It's not costing them anything, but he's not sure if we're using that, and if we're not he would surely like to, without breaking any Procurement Codes, to be able to recommend a number of people who serve and pay in that space and maybe they can help us to work with whomever they need to work with, in terms of reducing the State cost and surely the owners' cost would be reduced by having a more efficient building, it seems to make sense in a win win, but we might not be utilizing that at the level way we can. Member Morales stated that he agrees with Member Bedore and that it needs to start with knowing if there is a policy in place or if there isn't, and if there isn't maybe one needs to be considered and the Board should have input on that, but he thinks it needs to start there. And by the way, these conversations that have happened months ago, they actually happened years ago and they keep coming up and action needs to be taken, it's always the, we'll talk about it, we'll talk about it, and after a while we get tired of talking about it. Director Carter stated that for next month Ms. Florence and himself will look and see if a policy exists for anything when it comes to leased facilities, if not they will have a draft or something for the Board to at least look at and talk about. Member Ivory stated that his last comment he did ask a question and doesn't think he got a response, maybe the response or no answer was that it didn't make sense, but he would like to put it back on the table, is that something that the Board should take a look at? It's a value in perhaps doing that to see if...Director Carter interjected stating that to answer his question, we already engage in those things when it comes to State-owned buildings, facilities, and what we're talking about is asking a lessor to do that which becomes a little bit more difficult to suggest who they do business with, but if we were to start with a policy that asks them to contemplate this it would be easier for them to seek those businesses. Ms. Florence replied correct. Member Ivory stated that it makes sense, thanks a lot. Director Carter stated that they will start with the policy. Chairman Stewart asked if there were any further questions from the Board on this particular lease? Member Bedore replied no, but while we are in this transition and since this is one of the largest electrical bills and CMS is saying that's how they came down in price, he is still a little unhappy with the \$2.96, but...Ms. Florence interjected stating again, that's just an estimate. Member Bedore stated that he makes a motion the Board has no objection. Member Ivory seconded the motion and with a vote of 4-0 the motion was approved and a Certificate of No Objection will be issued.

The next item on the agenda was HFS lease #4299 at 201 South Grand Avenue East. Director Carter stated that this is also known as the Bloom Building in Springfield. This lease has a personal square footage of 272, proposed year one base rent is \$12.50. He thinks overall we're looking at a 5 year lease savings of almost \$4 million. Member Bedore stated that he thinks CMS has done a great job in getting the rate from \$17.43 to \$12.50. His only comment would be is that we're converting the lights, three years. He realizes it takes time, but he doesn't know why we can't, but hopefully we'll come up with a package that will say this to all of the owners, but right here the one we have before the Board is for three years. Ms. Florence replied that she would say, as you know it's a large building and it's difficult to change overhead lights over people's heads during the day when they're working, so a lot of the work is going to be done after hours, floor by floor. It's a little bit of a time consuming process when you're trying to work over staff. Member Bedore stated that he knows that this is difficult for him to say, but CMS has done great job on this lease. Ms. Florence replied, thank you, she appreciates that. Member Bedore stated that and then for them to bring up this energy efficient T-8 fixtures, whatever T-8 is, even though he doesn't agree and it should be done in a shorter period of time, but CMS has brought the issue forward and they're changing it, not necessarily overnight but you're changing and he commends CMS on this lease. Ms. Florence replied thank you. Member Bedore stated that since we are now compared to what it was, we are now saving \$3.9 million to the taxpayers of Illinois and not to the owner in Sacramento, California. Member Bedore stated that if there is no other comments he'll make a motion that the Board accepts this lease as presented. Member Ivory seconded the motion and the vote was unanimously approved. With a vote of 4-0 the motion was approved and a Certificate of No Objection will be issued.

The next item on the agenda was DCFS lease #4962 at 2900 North Oakland Avenue in Decatur. Director Carter stated that it's got a personal square footage per person of 251 and a year one base rent cost of \$7.80. Chairman Stewart asked if any members have any questions or comment on this particular lease. Member Bedore stated that it's a pretty reasonable rate and he doesn't know how the Board can object to \$7.80 and electricity only \$0.96. Member Bedore made a motion to issue a letter of no objection for lease #4962. Member Morales seconded the motion and the vote was unanimously approved. With a vote of 4-0 the motion was approved and a Certification of No Objection will be issued.

Director Carter stated that the next item on the agenda would have been an amendment for HFS lease #6388 at 609 South Sixth Street in Springfield. CMS has taken a closer look at this and has voluntarily pulled this one back. He thinks Ms. Florence could explain it better, but he thinks upon looking at the space there's space to fulfill their needs as is in the building they occupy, so the Board won't need to take any action on this today. Member Bedore asked what does this do with the Churchill facility. CMS was going to transfer people. Ms. Florence replied that they were, it wasn't a larger number of people and she doesn't think it should significantly affect their plans to restack that building and it doesn't mean that they can't move forward with moving those folks, it just may not happen as quickly. Member Bedore stated that he knows this lease isn't up for a vote today, but he still has to make a comment that he really does believe this is a very bad lease that CMS has, they're paying \$13.91 after the three months. He's toured this building with CPO Brown a few years back and CMS does have a lot of people in the lower level, a boy from Chicago would call that a basement. So CMS does have a number of people that are located in a basement. Ms. Florence replied there's no one in the basement anymore, no people, no files, the basement is empty. Member Bedore asked if there were just files. Ms. Florence replied no files. Member Bedore asked what they do with the basement. Ms. Florence replied that it's currently empty. Member Bedore asked if CMS has reduced the square footage. Ms. Florence replied that's a good question. Ms. Wright stated that they do not pay for the basement, they relinquished the basement and the 6<sup>th</sup> floor, they are just on the 1<sup>st</sup> through the 5<sup>th</sup> floor. Member Bedore stated that's great, but forget the three month rate, you're at \$13.91, if you look at the Illinois Commerce Commission building on Capital and 6<sup>th</sup>, a very comparable building, very well maintained, both of them are well done, and we're paying \$10, we're paying \$0.22 for electricity. Ms. Florence replied that's another property where they only pay electrical above and beyond a stop, so it's going to be much less than what they're paying where they have a full load. Member Bedore stated that they're paying \$2.37 in this building. This building that should have the state of the art electrical. This should be the prize of CMS, the prize of Egizii. Ms. Florence replied that she doesn't disagree that there's room for improvement in the rate. Member Bedore stated that he thinks the rate's out of line by \$2 or \$3. The rates are out of line and the electrical costs are out of line, if you're going to, say to the Bloom building, you've got to have better, efficient lighting and you're going to say your quote, it's going to save a substantial amount of money, well here's a man that owns a large electrical business here in Springfield, his company holds contracts with the city and with IDOT, all their lights and street lights and everything else and yet we're not state of the art in this building and so the owner doesn't care, we're paying the bill. He could go down to his truck and convert the building, so he really believes that before CMS puts anybody else in this building that they have to have a hard look at his rate and at the electrical cost. There are other buildings downtown here that would love to have people and a lot cheaper than almost \$14 a square foot. He knows this isn't up for a discussion today or a vote, but he had to get his comments out there. Chairman Stewart stated that he thinks the agency should listen carefully to what Member Bedore just said particularly with the base square footage costs, the electrical yes, but just the flat rate does appear to be significantly different than a comparable building, so hopefully HFS, who's occupying the building, we should reach out to HFS to make sure they're aware of the concerns expressed. Member Bedore stated that HFS is here. Chairman Stewart stated that they can reach out again. Member Bedore asked what's the cancellation on this building. Ms. Florence replied she believes its 90 days, but she doesn't know that off the top of her head for certain. There's no firmness to her knowledge. Member Bedore asked that CMS can cancel this lease if they had to? Ms. Florence replied affirmatively. Chairman Stewart stated that he thinks the Board is done with individual leases and thinks the only thing left is legislation. Member Bedore stated that there are a couple other leases that have come for Board review. There is one Chicago lease #6269 on West Fulton. If anybody is not familiar with the city of Chicago, West Fulton 2400 is roughly Western and Fulton, which is not far from the center of town, near north side. Member Bedore stated that first he would like to read this, it says here this is a Family Service Center serving lower northern side of Cook County. Does anyone know how far up Cook County goes? It goes up pretty far. It goes beyond the city limits, it goes up to Kane, Lake, McHenry counties, it's quite a distance and yet CMS went out for a bid and the boundaries were north of Chicago Avenue, Roosevelt Road which is 1200 South, Halsted which is 800, and Kedzie which is 3200. This is all in Chicago, yet CMS says they serve the northern side of Cook County. Cook County, this building is at 1200 North, Chicago goes up into the 70s and then beyond that in Cook County, so why did they limit it in such a small area? Ms. Florence replied that she will verify that with DHS, the boundaries are the service boundaries for that facility and was provided by the agency. Member Bedore stated that he is sure the agency provided that to them, but it doesn't match with the language. Ms. Florence replied that she actually pulled... Member Bedore interjected saying that the language says northern side of Cook County. Ms. Florence replied that she actually pulled that from the agency's space request, that may



have been a missed number on their part and quite frankly, she's not familiar with the city of Chicago. Member Bedore stated that he could almost see it if it said the northern side of Chicago. Ms. Florence replied that perhaps is what it should have said. Member Bedore stated that even with that it doesn't apply either, because this is only 1200 North and Chicago goes in the 70s north. Ms. Florence replied that she will verify that with DHS. Member Bedore stated that he'd like to just put a hold on this. Ms. Florence replied that this is just a 364-day and they actually have, as you know, as you mentioned CMS has put out an RFI. Member Bedore stated that it's the RFI he has a problem with. Ms. Florence replied, oh with the boundaries. Member Bedore replied yes. Ms. Florence stated that the offers are already in, she supposes they can re-advertise if that's what he is asking. Member Bedore stated no, if they come back with an explanation why the boundaries are so restrictive. Ms. Florence replied that she will do that. Member Bedore stated that it certainly doesn't match with the language. Chairman Stewart asked if there were any other questions or comments by the Board. No further questions or comments were made.

The next item on the agenda was Legislation. Director Carter stated that he doesn't have anything new to add in the way of legislation.

Chairman Stewart stated that the next meeting, what are we currently looking at. Director Carter stated that the staff will get back to Board members.

With no further business to discuss a motion to adjourn was made by Member Ivory and Member Bedore seconded the motion. The motion was unanimously approved.