



Chairman: Jay Stewart

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

### **Minutes – April 9, 2015 Meeting**

Present in Springfield: Ed Bedore  
Bill Black  
Larry Ivory

Present in Chicago: Jay Stewart

Absent: Rick Morales

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

The first item on the agenda was the approval of the Board meeting minutes from March 12, 2015. Member Bedore made a motion to accept the minutes as printed with Member Ivory seconding the motion. The motion was unanimously approved.

The next item on the agenda was an update of Procurement Policy Board Rules. Director Carter stated that we were finally able to, because of scheduling conflicts, nail down a time with the Governor's Office/CMS. They put forward a small list with two or three items and he thought they were reasonable. That meeting just happened on Tuesday and Mr. Blount is working on finalizing a new draft updating the changes that the Governor's Office/CMS asked for and he fully anticipates at the May meeting that there will be a copy that is ready to go to JCAR formally and hopefully everybody agrees with.

The next item on the agenda was Statewide Emergency Purchases. Director Carter stated that at member request we provided an update to give the Board a run down from FY 2008 to present. You can see from the numbers both last year as well as this year there has been a significant decrease in emergency purchases through the agencies and if you look at the line that shows the University's purchases, there was a jump last year, and just an item of note, that large increase jump was due to two federal type programs, one for pharmaceuticals and one for health insurance, so there were some complications. One based on ACA and the other one based on a large pharmaceutical contract the Universities were utilizing and then no longer could, so then they were left with an immediate lurch and had to go forward. Outside of last year the Universities and those two federally mandated program issues, the emergencies have been on a pretty steady drop.

Member Bedore stated that he would like to comment that he is really pleased to see the emergencies, particularly under State agencies, going from \$135 million down to, well this is for three quarters, but even so it's quite remarkable the drop in emergency purchases. He thinks that everyone should be well pleased and that this Procurement Board could take little a credit for that, by bringing all this to light and looking at it every other month a couple years ago. He thinks that it's shown that the Board has brought something to the attention of the past administration, so he commends everybody who has really been working on improving the drop in emergency contracting. Member Ivory stated that he would also like to echo the same comments from his esteemed colleague, but just adding to the fact that emergency contracts obviously never have any minority participation in reference to that. They have been looking at that across the board and he thinks it's important to reduce that as much as possible, because we always see significant disparity between what we have a goal on and what we don't have a goal on, obviously emergency contracts you can't put a goal on. So when we reduce that we also create a level playing field for everyone else to participate. Chairman Stewart stated that he agrees with Member Bedore and Member Ivory and also notes the extensions of previous

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emergencies are also down, so even when they have had emergencies it looks like the agencies and universities have done a good job of a one and done, in terms of getting that emergency, getting through it and then not having to do it with the same frequency the very next year. Chairman Stewart also stated that reducing the extensions is also noteworthy. Do any other Board members have any more questions or comments on emergency purchase contracts? Member Bedore stated job well done. Chairman Stewart replied yes. No further questions or comments were made.

The next item on the agenda was the CMS Facilities Report and Franklin Life Building Update. Director Carter stated that Susan Florence, Lease Administrator with CMS, is available to talk about facilities and Franklin Life as well as leases. He also wanted to let the Board know that Ms. Florence provided a list of the breakdown of Franklin Life, if you will, along with projections and so forth. She's available for any facilities, as well as Franklin Life questions. Chairman Stewart asked if anyone had any questions for Ms. Florence? Member Bedore stated that their current headcount is 617. Ms. Florence replied yes. Member Bedore stated that their targeted headcount is 755. Ms. Florence replied currently yes based on hiring projections from ISP and Gaming Board. Member Bedore stated that it's about half of what AIG had when they occupied the building, is there a reason for that? He realizes that ISP has a radio room and they have different operations. He never expected the State to be at 1,300 or 1,400 and he knows it was the previous administrator of this program that kept on using 900 or 1,000, why has it come down to 755? Ms. Florence stated that she actually looked back through past minutes and the last number that Mr. Kanellopoulos projected was 727. We're actually looking at a number above that, but it's primarily just the usable office space is configured much differently when AIG was there. They had a lot of bullpen areas, stenography areas and there were heavily congested areas. The State has it built out with office cubicles. They currently have availability for 720 people built out with offices and cubes. Member Bedore asked if she can explain, he won't talk about the facility building, but you have 2,000 in south and 1,600.... 67 you've got 80,000 square feet for storage. Isn't there something we can do about that? He understands State Police...a lot of their records, but the last time he toured this building they saw stacks of files all over the whole building, so now you've got almost 80,000 square feet of storage. Ms. Florence replied that the last set of information that she provided back in July, and she did not bring that with her, but a large portion of that storage is the former vaults in the basement of the main building. Those are not useable as anything else, the ceilings are low 6-7 foot ceilings. Member Bedore asked if that was the 7<sup>th</sup> Street building. Ms. Florence replied yes. Member Bedore stated ok, but you've got the North Building and they have 26,000 square feet of useable offices and almost 14,000 you have half, of the 40,000 square feet, 14,000 square feet is storage. Ms. Florence replied that she believes again, she should have brought that information with her from her last presentation. She did provide photos and a breakdown of each building and storage area. She can't remember off hand if it's the South Building that has, she believes it's the upper floor is all caged for secure storage, a lot of it is ISP and a couple other agencies do have some space up there. Again, it would take extensive build-out to make that space workable or have it as office space. Member Bedore stated that as the spring months approach he would really like to set up another tour if she didn't mind and if any other Board member would like to walk though the building it will be helpful to see. Ms. Florence replied she would be happy to set that up. Member Black stated that he's just an old country boy, but what are they storing? Ms. Florence replied that the former vault area is all racked and shelved for primarily filed and document storage. All of the DOC inmate records that have to be kept literally forever are stored down there. ISP has evidence files and inmates records as well. Member Black asked if these things are imminently retrievable or are they just piled up somewhere. Ms. Florence replied no they are retrievable. Some are boxed and labeled and some are just files. Member Black stated that if there was a cold case like the I-57 shooting many years ago, somebody could actually find that in short order. Ms. Florence replied yes absolutely. Member Black asked if there are any plans to scan some of those. Ms. Florence replied that she did not know that.

Director Carter stated that he didn't want to speak out of turn, and it's been a while since he has talked to them, but he thinks the Department of Correction's files have pretty stiff regulations on what can be electronic and the amount of time they have to have it. He thinks even a lot of those offender records are lifetime type records, so he thinks there is some sort of rule the last time he talked to them and inmate offender records cannot be scanned. He thinks it would have to require legislative change or something with the SOS. Ms. Florence stated that she thinks that is true, now that he mentioned that. Member Bedore asked if it would be prudent to have whoever is now looking at scanning and all that, maybe at the Board's next meeting. Director Carter asked Ms. Florence if she knew who that is. Ms. Florence replied she did not, but she could find that

out. Member Black stated that he would like to get a copy of a speeding ticket that the ISP issued to me in 1965 because they never did tell me how fast I was going. He thinks the trooper's exact words were "do you know how fast you were going" and his honest answer was no. Member Black stated that he asked what he was going. The trooper's response was "too fast", a \$50 lesson as he recalls. Member Bedore stated that as long as we are talking about facilities, what is the procedure that they have regarding insurance coverage at various buildings? What type of coverage does CMS have? For example, somebody gave him this for CMS which this goes back to 5/28/2010 at our great Bucari Building. It says here that we paid \$670,000 for water damage because there was a flood in the lower level. Shouldn't the owner of the building have insurance to cover that? Ms. Florence replied that she does not know. Member Bedore stated that this is something that he didn't expect answers today, but he does expect maybe at the next meeting we will discuss what type of coverage we have, what do we require these owners of these buildings? Do we have fire insurance? Well here, obviously, \$670,000 was paid for flood damage in their building. A privately-owned building that had water damage and we had to pay for it. Ms. Florence stated that she would have to look into that, that may have been for...Member Bedore interjected stating that it was for files and everything, he understands what it was for, it tells you what it was for. It was the files they had that were to be retained for 99 years and the restoration to damaged files is critical, \$670,000. Doesn't the owner have some responsibility in this building? Doesn't he have some type of insurance? Ms. Florence replied yes absolutely, again she'll have to look into that. Member Bedore stated that he understands that. Ms. Florence stated that they do require in every lease for the landlords to provide a certain level of insurance, yes. Member Bedore asked then maybe why we didn't collect. Ms. Florence replied she doesn't know. Member Bedore stated that it will be something for next month. He knows that he came at her blindsided. Director Carter stated that he would get a copy to her. Member Black stated that it brings up another question, with the amount of storage that you have and the storage that can't readily be scanned and moved to a secure cabinet and the Franklin Life Building is an old building, are there sprinklers in that building? Ms. Florence replied that she doesn't know. Member Black stated that he would be surprised if there was. That would be something else we might want to know, because if a fire ever got started in there, holy mackerel. Ms. Florence replied that she would guess there probably was a sprinkler system in the vault, but she doesn't know that off top of her head. Member Black stated that some of these cases are appealed on a regular basis and he understands why you have to have those records, but if there is no sprinkler system in there, then the storage of thousands and thousands of paper documents may not be the wisest thing to do. Member Bedore stated that he thinks it would be important to give the Board the rules and regulations that you folks have regarding insurance, water damage, fire. He would really like to know what happened back in 2010. Ms. Florence replied that she would get back to the Board on that. The way the landlord's policy was written it may have been in the way of the State's self-insurance, she doesn't know. Member Bedore stated that it would be important to have at the next Board meeting. Ms. Florence replied sure. Member Ivory stated that he's assuming that we have some type of insurance risk management strategy that we lay out in terms of how to mitigate our risk and protect our interest, is that something you guys work on as a means of shifting the cost and reducing our risk, or is that something that is done by each department separately? He's just curious in terms of if there is any type of strategy like that. Ms. Florence asked if that is within the leased facilities or just in general. Member Ivory replied the leased facilities, let's start there. Ms. Florence replied again, the State is self-insured and that is not a function of Property Management. She's not overly familiar with how that works and within each lease they do have an insurance clause where the landlord is required, generally to provide she believes it is a \$5 million umbrella policy for every facility, they do less than that in some facilities. Chairman Stewart asked if there are any further questions. No further questions or comments were made.

The next item on the agenda was the lease review for Lease #5798. Director Carter stated that this is a lease 5798 for DCFS at 321A Withers Drive in Mt. Vernon, Illinois. Its overall personnel square footage per person is 216, with a year one start rate of \$12.43 and Ms. Florence is here with any questions. This does require a Certificate of No Objection from the Board. Chairman Stewart asked if any Board members have any questions or comments to address to Ms. Florence on this particular lease. Member Bedore asked if they have been in this facility since 2004. Ms. Florence replied yes. Member Bedore stated that he doesn't see any painting or new carpeting, 10 years for DCFS you obviously have a lot of people coming in and out. Ms. Florence stated that this particular landlord or former landlord before he passed away fairly recently, was pretty good about touching up paint every few years and shampooing carpet and replacing squares where needed. He was really good about maintenance, so there was nothing that really needed to be done presently. Member Bedore stated that after 10 years you don't need new carpeting. Ms. Florence replied the carpet has

been replaced more recently than 10 years ago. Member Black stated that he noticed that the building is in probate, has anybody looked into that to see that you don't get surprised by somebody that says, oh by the way 40% of that building was promised to me? Ms. Florence replied that she thinks that all has been pretty well sorted through. They have got all the paperwork in from the courts and his daughter was the only... Member Black interjected stating that you don't anticipate any last minute visits from a lawyer. Mr. Florence replied no. Member Black stated that this has no line item for insurance, so does CMS have to carry insurance on the building? Ms. Florence replied that no the landlord carries insurance. Member Black asked where that is, he doesn't see it. Ms. Florence replied that has never been itemized. Member Black asked if he was looking in the wrong place. Ms. Florence asked if he was talking about on the rent comparison, is that what you're talking about? Member Black replied yes. Ms. Florence replied that they have never included insurance as a separate, they always require the landlords to carry insurance. Member Black stated that he assumes the owner of the building carries sufficient liability insurance, since the State generally is assumed to have deeper pockets, people stand in line to sue the State if they can. Ms. Florence replied that they require a \$5 million policy in virtually every facility. Member Bedore stated that if that's the case, he is really curious how we paid \$670,000 out of our pocket for that building if it was covered, but you will get the answers next meeting. Member Bedore then made a motion to issue a Certificate of No Objection from the Board with Member Black seconding the motion. With the vote of 4-0 it was unanimously approved and a Certificate of No Objection will be issued.

The next item on the agenda was the sole source amendment discussion. Director Carter stated that this is a re-visit from last month. CPO Matt Brown came forward with an item that they had been working on, the issue of gaining some efficiency and the sole source amendment process. Director Carter stated that he did reduce what he and CPO Brown worked on to writing and it is before the Board, CPO Brown is available for any follow-up questions and CPO Bagby is available as well. Chairman Stewart stated that the document is before the Board if there are any questions for CPO Brown and CPO Bagby. Chairman Stewart asked if CPO Brown wanted to comment on this. Matt Brown, Chief Procurement Officer for General Services, thanked the Board and appreciates the considerations the Board has undertaken on this subject. He knows that he had an opportunity, as did CPO Bagby, to meet with PPB staff on the nature of the challenges that they face in sole source and while the presentation that he had put forward deals with the Board's inquiries in the General Services Portfolio, he thinks that CPO Bagby might have some additional comments to make. He is appreciative of the efforts that seem to deal with the situations that he has in General Services, so he will turn it over to CPO Bagby for any additional comments about the subject.

Ben Bagby, Chief Procurement Officer for Higher Education, stated that he thinks that CPO Brown's presentation last meeting was designed to actually bring some issues out into the open so they could be discussed, so we could have a dialog about how we might determine the best way to go about doing sole source procurements and changes that naturally come along during the time of the sole source procurement. He doesn't think that there was a lot of dialog at the last meeting, he thinks it was mostly CPO Brown talking and he hasn't seen the summary, but believes that Director Carter worked with CPO Brown before but he was not a part of that. CPO Bagby stated that he did meet with Mr. Blount and CPO Brown to talk about the idea of when they do a sole source procurement and later on there is a need to make a change to that contract, how best should we do that? What is the mechanism for presenting that to the public and is there any particular methodology that they should be using, should it be uniform and alike? CPO Bagby stated that he thinks that this seems to be a focus on sole source, but he is not so sure that is where the focus should be, although he thinks that should be the second or a subset of it. If we are talking change orders, there are change orders on IFBs, RFPs, P&A and real estate and the like and sole source. CPO Bagby stated that his first question would be, is there a reason to have a distinction on sole source and treat that differently than a change order that is needed on one of the other procurements, associated with one of the other methods of source selection. He thinks that is actually the very first question. They try for uniformity as much as they can between the methods of source selection, recognizing that there is a difference in how they are processed, how they are evaluated, how they are noticed and the like. Sometimes there needs to be a difference. CPO Bagby stated that he doesn't know if there has to be a difference here. He thinks one of the propositions that CPO Brown presented was, should we say that perhaps when the change is under the small purchase threshold they just post a notice to the Bulletin and let people know what it is? Partially on the theory that if it's a small purchase under the small purchase amount, they can just add a separate contract independent and just go ahead and do it, it doesn't even have to be noticed because it is a small purchase. That leads him to his next question, if it's

over that limit should that go through another sole source process, the posting to the Bulletin for 14 days, the identification of what we are buying/plan on buying, the amount, the vendor, the justification that goes along with it, offering a hearing, and he thinks that is one of the things that was brought forth, but really wasn't discussed. There is also another question. There could be a sole source, unfortunately sometimes they do get large and let's say it's a \$10 million sole source and the change is \$1 over the small purchase amount, let's call it \$55,000 just for ease. How efficient is it to go through that posting a notice and the intense hearing process for something that is so small relative to the base contract? If you were in construction you wouldn't do that, if it were an IFB you wouldn't do that, he doesn't know where the dollar limit is, but if it is germane and this is the only vendor you can get it from, you have already had the determination that this is the sole source and so if you are adding another \$1 or \$10 or \$20 whatever, does it really make a difference, maybe sometimes, but he thinks you have to take a look at each and every case and make that case by case determination, whether what you are buying is really different and really something that should be started fresh that maybe there really is the opportunity for someone else to come in. CPO Bagby stated that one situation that he has, well it's two situations, but it was a sole source for some scheduled 340 drugs the Federal Government says you have to, that the seller no matter whom it is, is going to sell it at the same price, you cannot get a better price from anybody. So they did a sole source on that because the accounting system that they got from the original contract, which was a contract they previously entered into, and the accounting system that takes care of all of those drugs, that identifies who they go to and billing is already set. Another vendor would have to replace that, so with the cost of the drugs being equal, the administrative costs would change that would mean that the vendor there is the sole economically feasible source. So now there is a new kind of drug, Hepatitis-C, the same kind of situation, same price from everybody, you have this vendor already in place with all of the systems embedded in the hospital and it is a big jump, but it is an estimate and they have no idea how much will actually be used. So they go to the point of putting the Hepatitis-C drugs through another hearing process and if that is standalone and you can get that drug from several vendors, but it is always the same price and then you have to add another accounting system to deal with the invoicing or whatever, you add an extra cost to bring another vendor in. CPO Bagby stated that he has another situation where it is software. The University has a number of telecom filings and the vendor just announced a new module that does some good thing, but that is a brand new contract. It's a different item, it is not just a schedule 340 drug, it is a different processing that would be added to the existing contract, so that is probably a stand-alone contract, maybe that should be put out for a sole source. Now the likelihood is that the vendor we have on record is going to win, but maybe that's where a distinction might be drawn. Is it the same thing as purchased in higher qualities or is it different item? Now if we had instead of the schedule 340 drugs, if they were going to buy hospital gowns and say that it was sole source, he doesn't think that works, it's not the same thing. So he doesn't know if you can just say that just because there is a sole source that is greater than the small purchase amount, that it is always needing to go to another sole source activity, not efficient, but sometimes it might be the best thing. He thinks that it's something that a discussion with the agency and the State Purchasing Officer (SPO) and occasionally the PPB with the CPO, that is where it needs to be done and even though you would add on, say to an existing sole source through a change order, that's going to be noticed and at least be transparent. There is also another thing, is the existing sole source a firm fixed price, is it a not to exceed, or is it an estimate. Now most of those estimates are not really numbers you can count on, they are based on history. In fact the McKesson one he mentioned all has estimates, they don't have any choice, those are the three categories. The description says this is what they bought in the past, they don't know what they are going to buy in the future, they don't know how many sick people there will be. It's dependent upon forces they don't know. So there are a lot of things that go into this and he doesn't think a firm fixed policy that everything that is over the small purchase amount has to go to a hearing is necessarily the thing that is in the State's best interest. Now if a particular SPO wants to do that, fine he doesn't have any problems with that, but he doesn't think that the flexibility should be taken away to look at situations and make a determination that considers cost, needs and all of those things. He thinks it is a case by case.

Chairman Stewart stated that looking at some of the dot points that are in front of him, at least from what he is reading, one observation is that he thinks most people feel that the current processes are highly restrictive. There is no exception for anything as he understands it. He is not going to present that what the Board's discussing is going to be the end all, be all solution for that, but it strikes him as whether it is the best answer to provide some flexibility, at least in certain situations, the other issue is by looking at these dot points is that all sole source contract amendments must be approved by the applicable SPO, is not delegable in any way, so it sounds like....we can discuss it further, but he reads it as it doesn't sound like it's an automatic necessarily,

whether it is a small purchase threshold or anything else. The amendment still has to be approved by the SPO, who theoretically is backing the best interests of the State at all times. Again, he is not trying to disagree with any of the points that CPO Bagby made, who is well versed in all areas of procurement. Perhaps a little further discussion with CPO Bagby just to flush out a little bit of what we had. It is the intention of trying to have a clear policy everyone can follow and take the points that CPO Bagby is bringing out is obviously there are some unique fact patterns that maybe the policy would be a great answer 90% of the time and sometimes it won't. Chairman Stewart stated that he thinks a little more discussion is certainly warranted, but if you're trying to streamline sometimes and your policy is pages and pages long, trying to address every single fact pattern, he doesn't know how much you have achieved, but he does appreciate the comments put forward by CPO Bagby.

Member Bedore stated that he would like to hear CPO Brown's response to the comments made by CPO Bagby. CPO Brown stated that he and CPO Bagby have actually had a variety of conversations like this over specific procurements and matters of how the Procurement Code functions and to Chairman Stewart's point, the note that he had taken for the discussion point, his second point was about the tension between process versus judgment. You have a law, you have rules, you have requirements that people look to to validate decision making. Alternatively, you can swing to the other end and say that you've entrusted this person, the CPO or the SPO, to exercise appropriate judgment. Somewhere in the middle is the balance that needs to occur and hanging in that balance is often times efficiency. He very much believes that we are here to get to the bottom of that and not be unduly burdensome to process and outcomes and the belief that we are here to not be bureaucratic and to actually serve the public's interest and do so efficiently. Some of the tenants that they have been asked to uphold by this Board and by others, one of the high tenants that they have always tried to meet is, when in doubt try to be transparent and accountable. Those are standards that he doesn't think that CPO Bagby or himself will not choose to deviate from in whatever outcome and recommendations they work through. That is a high standard that they cannot compromise. To a point, specifically which he made at the last meeting, Chairman Stewart asked the CPOs to consider how to provide processes that ensure the security of decision making, but that have some sort of relief valve in it so we don't become overly bureaucratic where it is either judgment or the signature of an appropriate person gets us through, gets us an executed contract, gets us on to business because that is the outcome every procurement and every contract leads to. Again, not speaking for CPO Bagby, but he thinks that he would likely agree those are tenants that they intend to adhere to, they want to understand how the Board wants them to balance those, whereby your observation and the observation of others, are they leaning too far one way or too far the other. CPO Brown stated that he knows that the conversation from the previous meeting was specifically brought to address questions that the PPB staff asked of the General Services portfolio and his response was, here is the immediate intension that he has, here is where the process can be relieved and seemingly without consequence to put judgment or getting good business results. So that is certainly a catalyst for this conversation. He wants to reinforce as he closes those high standards that they adhere to those aren't things that get compromised as we move forward in these areas and they will continue to strive to balance process and judgment. CPO Brown stated that he knows that the PPB staff looked to some specific transactions, how many of these in each portfolio they have worked with and touched and he still contends that where we are at today provides relief for the General Services side. There may be more additional types of relief available. If that helps foster this discussion then he won't stay engaged as long as the Board would like him to.

Member Bedore stated that he almost feels that this State policy is mainly for the State agencies that you are responsible for. What about Higher Education, what about the Capital Development Board and what about IDOT? CPO Brown replied that generally speaking, the two construction agencies don't encounter these same challenges, so there are some differences. The Code is applied equally, but those two portfolios see less of these sorts of decisions before them, given the nature of how they procure construction so they are less challenged by it. CPO Brown stated that CPO Bagby brought up a point that as we try to find uniformity this is an area that they might be able to find some. He very much agrees with CPO Bagby that there are circumstances that you can identify, a very large procurement worth millions of dollars with change orders that might only be 10% or less than 10% if you quantified it that way, for the very same thing, a consumable that nobody really wants to question just makes sense that we need more of it, why would we go through the rigor of additional sole sourcing, etc. That applies here in General Services. One of the distinctions might be on how the sole sources might originate, in the General Services Portfolio for State agencies, which he has jurisdiction, he has a very rigid methodology that asks the agencies to qualify their sole source needs. You say

one, because you are taking an exception to competition you need to justify that. How long can you justify that for? You need a business plan that ensures anyone looking onto this process that they can legitimately leave competition, go to a sole source or a sole economically feasible vendor, if there is competition, for a certain period of time that the State is best served by that decision. So they ask the agencies to put that in writing for them. Now where you might see some differences is that the Universities procure in the medical area quite often, General Services does not. It is a different consumptive behavior because the goods they buy serve different purposes. The law can be applied pretty evenly, it's just the business at hand and so they ask for all of that vetting on the front end and by the time they are done on the front end usually the agencies have concluded that it's appropriate for them to stop at a certain point. For example, sometimes they give them a sole source for 2, 3, 4 years, but each year they add to the sole source relationship, the scrutiny of that timeline grows and say, agency how do you know that you will be in this exact same situation 4 years from now? How can you justify excluding or leaving competition for 4 years, please explain? They give them added justification, they look upon the history of what they have done with that vendor. How fair does that vendor play, frankly in the marketplace? If there is competition, they look at that and that is where judgment starts to come in. How long can we give them this exemption from competition? CPO Brown stated that he only gives the Board that information to say that again, it is a balance between process and judgment. They apply it very early in the process when the original sole source starts. Their amendments in sole source procurements may ultimately be less complex or have a different dynamic than in Higher Education. He doesn't know if that helps craft recommendations for them, but those are the facts that they deal with on a regular basis or how to be as efficient as possible and ensure transparency and accountability at the same time. Member Bedore stated that this contract amendment that he is talking about, that will apply to everybody, right, IDOT, Higher Ed? CPO Brown replied sure that the application of this law does apply to everyone and as we tailor their....Member Bedore interjected asking how much involvement have they had. CPO Bagby replied that in terms of the dot points that the Board has, he has not seen those. He thinks those were developed when working with CPO Brown and obviously the PPB understands some of the things the Universities have been doing. He would like to see those dot points and would like to take those and look at his operation and see if the things that the Board is thinking would be beneficial will work in this environment the same as they might in an agency environment. CPO Brown did mention that there were differences, but there are also a lot of similarities. The process that he is talking about vetting are very similar, but in terms of the judgment that is applied will differ based on what that product is. The medical things is very difficult to say to a physician or a group of physicians, I'm not going to let them have that left handed stint just because you are all left handed physicians, use the other one. He is not going to do that kind of thing. In the research area where the tolerance has to be very tight in order to do research, you don't need that tolerance on a lawn mower. That's the kind of thing he looks at to determine whether or not the justification makes sense and they started off with the sole source justification form and are getting back answers where the blanks were not filled in, where the answers for the questions were not answering the question that was asked. That has changed, if they don't think that they have shown with some reasonable satisfaction that they have done their homework and what they've said passes a reasonable person's review, it goes back. If they have answers in there that are just thrown in there just to try and make weight, they take that off, but by and large they have done their homework, by and large those are good supportable activities but sometimes whether that's the outset or through the hearing they have to make a change. Maybe the items that are on that dot point list will help focus a little bit, so he would like to see those and look at that, perhaps at the next meeting, we can have discussions in between with staff and then see if there is something. He would also like CDB and DOT to take a look also and maybe they might have opportunity to use that sometime. He doesn't think they have used it based on the reports he has seen, but it is there for them to use and if there is going to be a policy, if it is uniform they need to be chime in, but if it's going to be different he thinks they need to chime in as well.

Member Bedore stated that this is his whole point. He agrees that this isn't soup yet. He believes that we have to get all of the other agencies involved and if you can do it by the next Board meeting then that's great, but he is not comfortable just talking about State agencies, you have Higher Ed, you've got the Capital Development Board, and you've got IDOT and you are all different creatures and you have your different concerns, but he agrees that this should come up for the Board's next meeting with all of the CPOs. Chairman Stewart stated that he thinks that's a pretty good way to go. Again, he thinks this is a discussion obviously and he to Member Bedore's point, he doesn't think that it is soup yet, in addition even if there is an agreed viewpoint at the end of the day, then there is probably legislative State work to be done on that sort of thing first. However this moves forward, there are a lot of steps to go and he does appreciate the staff and the CPOs

for working on this thus far, but like many products this needs further review. He would just ask that as we move forward, discuss with the other CPOs, the agencies and just focus on the low hanging fruit, he guesses as an aspect of things where there is a clear consensus and maybe try to focus on those a little bit, things with a ton of ambiguity. His point is that maybe they don't have to wait for every single aspect of possible changes of sole source to be presented in one package. If there are sort of quick victories that everyone could agree on then we could perhaps focus on those initially and more complex items that perhaps can't be resolved or fully explored. Just because we act on some, doesn't mean we can't act on others in the future, so that would be his only ask. It's probably as pointed out some of the CPOs might have very different concerns that are very nuanced and we don't necessarily have to address it, we can always leave it open for further discussion for something that we can resolve now.

Member Ivory stated that this is a very important topic and sometimes in haste to try and find balance or try to find something that we could agree on, we sometimes make a mistake to hurry the process. He thinks that this is an important enough subject that we need to take our time, have the type of conversation and come back with a real solid recommendation that has been deliberated and given the appropriate time and energy to talk to all the people, the stakeholders who have input and come back to this group and come up with some formal recommendation, because sole sourcing these issues are very critical that impact procurement throughout the whole State and we should get it right the best we can, in his opinion. Chairman Stewart stated that he agreed and asked if there are any other questions or comments?

The next item on the agenda was the Legislative Update. Director Carter stated that he doesn't have anything specific to add at this time. He doesn't think anything is overly offensive or impactful so down the road keep a visual eye on it, but for now he doesn't think anything is reportable. Chairman Stewart asked if the Board has had their appropriations hearing for the House, how did that go? Director Carter replied that we did have our appropriations hearing in the House and it went fine. We are usually the last to go, so at about 8:30 at night or so he spoke for roughly 45 seconds and didn't receive questions and we were out the door. This coming Tuesday will be our hearing in the Senate, so he will see that through and then staff will be able to report to the Board how that went at the next meeting. Chairman Stewart stated that the only reason he knew that is because his agency was barely ahead of Director Carter and they were there until late at night and they similarly did not have many questions, by 7:00 p.m. they start losing a little steam.

Chairman Stewart stated that the next meeting of the Board is scheduled for May 7, 2015 pending Board confirmation.

Chairman Stewart stated that before they go into Executive Session are there any issues from any Board member or does someone in the audience want to address the Board. Member Ivory asked if he could take the privilege, he knows that Director Carter is no longer going to be with the Board and he thinks it would be a tragedy not to acknowledge the terrible sense of loss that we will all experience with his leadership, his help and he has always been attentive and he thinks he was a great asset and it will be a loss for the Board and he hopes they can find someone equally as good and we should take our time and make sure they find someone that will serve the Board as well as Director Carter has served them. He would like to wish Director Carter the very best at his endeavors, but let him know that the Board values his service to the State and that they will sincerely miss his presence and hopes they will get the chance to chat with him in the future.

Member Bedore stated that he thinks that the entire Board has come to appreciate and respect Director Carter for all of his hard work and what he has done for this Board in the last five years. He hates to see him go, but he is being taken from the Board by the great Higher Education. Good luck you to Director Carter and congratulations on your addition to your family of little Henry.

Chairman Stewart stated that he would just like to echo a lot of the sentiments. He is the most junior member of the Board, but his experience with Director Carter has been great. It's a difficult position, obviously we have a lot of stakeholders interested in what the PPB does and sometimes we are the bearer of bad news, which doesn't make you the most popular kid on campus. Director Carter has handled those duties both handling the good news where we can help out and help a procurement occur, but at the same time being tough and saying "no" while even though they understand that it might not be well received, sometimes that is the answer. Director Carter has done an able job of doing that and at the same time maintaining the respect of



his colleagues and as a Board member he very much appreciated Director Carter's knowledge, style, his demeanor, the way he carries himself, not just at the meeting, but even when he is just talking to us individually as Board members. He knows that staff feels highly towards Director Carter and he thinks that is a strong statement to his character, his diligence and he's sure he has served in his current role to the taxpayers, as it is ultimately who we all are reporting to, has served them well and through his efforts and the efforts of the Board a lot of tax dollars have been saved and efficiencies have been gained. Chairman Stewart stated that he wishes him the best of luck in the future, he will not need it his work effort, his intellect and his interpersonal skills, something that's undervalued, he thinks will come forward for his next employer and serve them well too. So we will pass a resolution, or rather he would offer that the Board puts forward a motion to pass a resolution thanking Director Carter for his service. Member Ivory stated that he would gladly second the motion. With a vote of 4-0 a resolution thanking Director Carter for his service will be issued.

With no further business to discuss Member Bedore made a motion to adjourn into Executive Session to discuss personnel matters. Chairman Stewart stated that CMS would like to make a quick announcement before going into Executive Session. Mike Basil, General Counsel with CMS just wanted to introduce Kim McCulla, the new Assistant Director to Director Tom Tyrrell. Ms. McCulla comes to them from AT&T and is in her first week on the job. Ms. McCulla stated that this is day 7 and that it was very nice to meet the Board and she looks forward to meeting and working with the Board on all of their procurements. Chairman Stewart thanked her and welcomed her aboard.

Chairman Stewart stated that a motion has been made to go into Executive Session to discuss personnel matters and the motion was seconded by Member Ivory. The motion was unanimously approved.

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Chairman Stewart stated that they are back in open session and there was a good discussion on a personnel item. Chairman Stewart stated that he was going to put something forward and the other Board members can chime in, as discussed earlier Director Aaron Carter is leaving the Board and they are sad to see him go, but we have to prepare for that day which is coming very quickly and the Board needs someone to take over in the very near future and based on discussions had, he thinks that having Will Blount be the Interim Director with the intent at the next regular meeting of the Board to take a vote to make him the permanent Executive Director. Chairman Stewart stated that he can't speak for others, but that seems to be what we are going towards. He asked if any other Board members have anything to add.

Member Black stated that he thinks it is very reasonable and thinks it has covered all of the bases that he thinks needs to be covered. Member Bedore stated that he would second the motion. Chairman Stewart stated that to be clear the motion is to have Will Blount be the Interim Executive Director after Director Carter's conclusion of his service, with intent to vote on it in a permanent way, for full-time at the next regular Board meeting. With all four Board members being present voting yes the motion was passed. Chairman Stewart asked Mr. Blount, and he knows that he has reached out to several members, but to any member that he has not yet reached out to specifically, he would ask that you reach out to them. He would also ask that he reaches out to Member Morales since he is not here today before the next meeting that would be very helpful. To just express the sentiment of the Board this is where they are heading and where their intentions are and have announced them publically, but there are still some things that need to be discussed between now and the next Board meeting in detail, but the first priority is to reach out to Board members, Member Ivory and Member Morales and they can go from there. Chairman Stewart asked if there was anything else to discuss. Member Bedore made a motion to adjourn and was seconded by Member Ivory. The motion was unanimously approved.