



Chairman: Frank J. Vala
Members: Ed Bedore, Ricardo Morales, Larry Ivory, Bill Black

Minutes – January 19, 2017

Present in Springfield: Frank Vala
Ed Bedore
Bill Black
Larry Ivory

Via Telephone: Rick Morales

Chairman Vala called the January meeting of the Procurement Policy Board to order. All Members were present. Member Bedore made a motion to allow Member Morales to participate by via telephone phone. All members voting in favor by saying “aye” and the motion carried.

Member Black made a motion to accept the minutes from the December 14, 2016 meeting as printed. Member Ivory seconded the motion and all members voting in favor by saying “aye” and the motion carried.

First on the agenda was Capital Development Board and Veterans Affairs to present information regarding the use of the single prime procurement method and veteran goals on contracting. Don Broughton, administrator of contracts at CDB was present along with Jessie Martinez, the administrator of fair and employment practices, and Ron Wright, administrator of construction. Mr. Broughton stated that the single prime delivery method is an unusual term for many people to understand. It’s simply a name for the most common delivery method, in the construction industry that is simply the method of contracting with one contractor and any associated trades are consider sub-contractors. Single prime is not a method of selecting an exclusive contractor with no competitive bidding. Rather single prime bidder submits competitive bids just like any other competitor bidding method. Legislation decades ago caused CDB to use multi prime bidding to answer concerns of specialty contractors of bid shopping of sub-contractors by the primary contractors. The multi prime method is where each trade is bid separately and then CDB contractors with each trade separately. Recent legislation has allowed the gradual use of single prime for CDB. The compromise reach in the legislation resulted in protection of major sub contractor’s limited dollar thresholds, for the limited use of single prime, and the reporting to the PPB. On Veterans business goals CDB has been a champion as a State agency in leading the efforts implemented Legislation regarding minority and veterans owned businesses over 8 years ago when SB 351 was implemented it required changes in bidding to protect contractors from bid shopping and CDB was the first agency to implement those requirements, and created a model for other agencies to follow. The Veterans Business preference was legislated CDB again took the lead by inserting DVA goals into its projects even when there were few DVA certified by CMS; CDB felt if we provided them with the opportunity the veterans would see that opportunity, and then would seek certification. Although much more work is needed increasing the number of certified veterans, CDB has noticed a small increase. At CDB’s December 2016 board meeting a DVA was selected it has a prime architect engineer providing 80% of the project design services, and 9 of the remaining of the 11 projects selected that day included minority consultations arranging from 3% to 10%. We feel at CDB there’s really 3 prong process increasing Veterans business participation. The first is awareness and messaging by the Department of Veterans Affairs. The second is the certification of DVA by CMS, and the third is through opportunities in bidding and outreach



Chairman: Frank J. Vala

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

semesters by contracting agencies such as CDB. CDB looks for to collaborating with CMS and DVA to increase the participation by Veteran business.

Ron Wright stated when we do project delivery methods, we brought single prime through the variations through the years, one at a time to this community on the larger projects. We have done 19 of those in the last 14 years. When IMEA got started right after 911 we were asked to find away to build a 60 million dollar facility in 8 months, we thought it was the most productive, we tried it and it worked. We also meant all of the goals as well. Through the years the legislator and PPB office has been a partner. We think about what delivery method were going to use. Multiple prime, single prime, and sometimes the work itself is called elevator, or roof we call that trade by its work, it's only going to one contractor. Every one of those 3 methods are low bid, so there is no sole source on competitively bid jobs at CDB even the emergency projects we bring 3 to 4, 5 firms to our Emergency Coordinator then again the CPO looks at that as well, and those are few. As we go through our projects regardless of which way we do business with contractors. Veteran's goals, minority goals, and Female goals are reviewed by Mr. Martinez and his team separately at the 100% design stage, but then we break out the disciplines of work. Wherever that analyzes leads us Mr. Martinez sets the goals for construction and the goals are critical and they cut across any delivery method we use On the single prime delivery we now started to use it on all projects in balancing this last year in a half. We have a method of single prime that has protected sub contractors, and major disciplines as well as the MVFB firms by law. So on bid day firms are called out on the bid forms by name, and by price. Bid shopping before a bid is business. Bid shopping after a bid is bad business so we want to stop that. So we hold them accountable for that. They may not be terminated without CBD permission, and they may not have their prices changed, and in 14 years of doing business with over 60 MAP partners not one has asked to be released, expect for one gentlemen that passed away and their company dissolved. So we believe that it has a partnership that is working.

Jessie Martinez stated that he wants to emphasize that the VB Program is treated identical as a minority and female program. It might have separate acts, but within our process it is treated the same way. We monitor minority goals the same way as female goals, and veteran's goals. I want to clarify the difference between pre-qualification, and certification. If you want to be a prime with CDB you actually want to work for CDB projects, you have to be pre-qualified. We measure you on your ability to do the work. Certification on the other hand for veteran minority female, CMS certifies, and they are looking for ownership and control. Does that veteran own 51% of the control of the firm. Once those firms, are certified by CMS then they participate in our program so we don't certify anybody. But we do work for CMS in referring firms, contractors, with the ability who are interested in doing our work. When we set goals, or my team sets goals we look at factors at 50% 100% design. We look at the amount and scope of work available. We look at dollar amount, the area in which the project is being conducted, and then we look at who is certified in that area. Who is available to participate, so when the prime contractor puts, there bid together and puts their partners together it's a realistic goal that could be met. So that's how the goals are set, and goals are also split. We set minority goals, veteran goals, and female goals. Because CMS will certify you as a minority female, or veteran, and you could be certified in all 3, when you come to CDB, and you have minority female or veteran goal, you cannot satisfy all 3 with one firm. You have to select one, and that's how we make sure that one firm is not always being used to satisfy all the requirements. We also monitor these projects. There is a big difference between committed goals, and then actual goals, how many dollars were committed vs how many dollars were actually provided. So we have site visits for compliance and if anything changes on the CSV then they need to sign off from us, to make sure the individuals, or the BEP firms that were selected are still getting paid and we get lien



Chairman: Frank J. Vala

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

waivers. That's how we assure that those firms are getting paid so if they sign those lean waivers, it gives us satisfaction or at least a monitoring site that those firms got paid. Final lean letters are important, because that's how we measure the actual goals to the actual dollars being provided at the end of the project. It's from the cradle to the grave we monitor these projects. My sole responsibility at CDB is to increase minority, females, and veterans, and I take all three of them just as important. We do outreaches through the State. Currently there are limited projects so that's obviously a factor in the State right now, but with the small projects we have, we do the outreaches. We at CDB have reached out to Veterans Affairs and were going to collaborate together. Because if I'm a veteran usually Veteran's Affairs is my point of contact, so we have spoken to the Deputy Director and they're going to have staff and our outreaches, so at least staff is aware of how we do business and aware of our opportunities. So if a firm does reach out to them, they know who to refer it to.

Member Black asks do you have a spread sheet that might be overly simple to read statistics? I hear all these things DVE minority female, Veterans but I never see any statistics on how many on this project, how many on that project. I'm a little concerned about the number of Veterans who continue to tell me I didn't get any work; I can't figure this out. I can't get hired so I'm kind of in the dark I heard what you said and you said it very well but I don't know how that relates to actual job performance. Mr. Martinez states that he could provide a break out report that we could produce every month. Member Black stated that would find that very helpful. Mr. Martinez replies it's broken down by contract, dollar amount each classification female, minority, veteran that's our overall procurement. Member Black replies I know a lot of things are different privacy and you can't give names of firms, but it would be helpful if we would have the name of the firm that provided the labor to do this or that. But you may not be able to do that. Jessie Martinez I'll see what's legal and see what we can disclose and were very transparent in that aspect if it's in our reports and we can share it absolutely. One of our outreaches that I always promote minority firms we have pre-bid meetings some of them are mandatory and some are not. The ones that are mandatory if you're not in the room you can't bid. So I always encourage those minority partners, female veteran partners to be at those pre-bid meetings. It's on our website to guide them through it. Member Black stated he thinks that information will be helpful.

Mr. Broughton states that we care very much about who can bid, and who gets to the table, and then we verify it before we award its partners and then we carry it out every month in the field. Not only on the 28th day on the pay progress, but on the field inspections when Mr. Martinez monitors for compliance. If they have someone on there with no tailor of lien were going to investigate why. We check that every month, we watch that like a hawk. Member Black stated that he knows it's not easy and I appreciate that, people get used to doing business a certain way. Mr. Broughton replies, Member Black you bring a good point in regards to the business and particular the Veterans Business when this first came into implication there were very few Veteran business owners that came through to get certified. It is a process they have to go through and I can't speak of how that process works. But with any process of Government it does it an effort and it has to be frustrating. In the beginning there were few and I think less than 15 or 20 in construction. There was a feeling how could we implement the program, and put goals in our contracts, if there's nobody certified. As I stated earlier CDB took a different approach. We looked at it even though it was less than a hand full of firms available we still put those goals in there where they were appropriate. If you build it they would come, and that was the approach we took, and the numbers had been increasing.

Member Bedore stated, Don you said something about the percent has gone up slightly. What is the percent of Veterans work? Mr. Martinez I think right now, and you have to consider the limited scope of



Chairman: Frank J. Vala

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

work that we have had were about 1.9% overall as total procurement. A lot of our projects were stopped and just recently started up again, so I'm talking about 1.9% at this this phase. The other issue is any project over \$250 thousand has set goals and any project under \$250 thousand, we are not capturing any goals. So we have to understand how many projects are under \$250. So on my breakout I can show you which contracts and how many contracts, by region and by dollar. Mr. Broughton replies one thing we show was a trend on the designer side were we do the QBS process and the selection. For years we have always done well in minority and female participation many times it the prime, certainly as consultant even though we were putting the goals in place we weren't seeing much along the lines of Veterans. We really contribute that to the lack of number of firms certified. What we have start seeing here especially late fall I think it really came to light in our December meeting were we actually had several projects to advertise that we haven't in the past. We started seeing Veterans consultant firms showing up on all those projects, and granted some of them are firms that have done work with us in the past. But the owners were actually Veterans and they finally decided to go through the process which we think is good, and I can't speak to CMS to process the certification but we're seeing that trend of more people getting involved. So again we think because we put the goals out there, and people are seeing that opportunity, and there saying how do I get involved in that and there seeking out getting certified. We think the increase in certification is helping us with those numbers, and as that can continue to increase I think our numbers we show on a spread sheet will show increase in the future. So it's really good news we are certainly not where we need to be but we are better off then what we were a year ago, two years, and three years.

Member Bedore asked, isn't that one of the problems, certification? We have been talking about this for 2 years 3 years. The problem is you have CMS, and then you have Veteran Affairs, and then you have an agency so you got three nobody is in charge. I think this thing really needs to be looked at give it to CMS, give it to Veterans, give it to the agency. It's not working at 1.9% and I'm blaming the process to get certified. What are we doing to advertise to go out and get these people to be certified? Mr. Broughton stated that we feel like in our role as the contracting agency, what we can do in this process is to put as much opportunity advertised as possible so that people will be enticed to go through the certification. Member Bedore stated that he's not blaming IDOT. I'm blaming the system. I've been involved with Government for 35 years. I've never seen a program work where there is no one person in charge. It never works. You need to have one agency responsible for this program, and we don't have it. The only reason why you got it is because of Chicago land. We have been talking about south of I-80 for 5 years, and what has CMS, and Veteran Affairs done?

Member Ivory states a number of years ago, he was part of the task to set the Veteran goal of 3%. That was many years ago when we talked about single prime contracting Ron, Don, Jessie and I was a part of the conversation with a number of Legislators debating if a single prime contracting should move forward. The ways you guys thought we had some fundamental and some intense conversations as you recall, as well as this committee was involved in those conversations, in terms of what the threshold should be. The major concern that came out of that from our side, was single prime contracting going to impact Veterans and other minorities in terms of participation by the near nature of single prime contracting, and we were assured by CDB that it would not have a negative impact upon participation. Just recently I think we've seen a couple of contracts to come out with no Veteran goals, or no minority goals. That's the reason why you're here today because we were wondering what was going wrong here. Maybe there is a particular reason that you could not get minority participation, or veteran participation on none of the contracts that we had identified and seen. But the real question for us is how well we are



Chairman: Frank J. Vala

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

doing in terms of minority participation and veterans. Because you can have some good conversations and I know you guys are good at your job because I've known you for a long time. So I'm pretty interment with the conversation the test is when you take a look at doing a comparative analysis over a number of years, based upon not individual contracts but based upon value of business being done and see how well you have done 2014, 2015, 2016, 2017 because you've only been doing this about one year this far. So at that point in time we can see if we're showing a trend that is somehow leading us backwards, or leading us forwards now you're saying that we're doing okay. Which may be okay we may be doing better than we think. But without the numbers and numbers don't lie, especially if the numbers are correct then it would give us a good sense of what the trend is, and I'm hoping that the trend is showing that we're moving forward because all the negations that we had with the number of senators in the meeting would have been in vain. I know single prime contract is easier for the CDB. The question is does it serve the best interest of the State and the citizens of the State. My question is let's take a look at the numbers, and let's take a look on how well we've done based upon the volume of business that we've done and see how many minorities have participated on the QBS process which has been a big problem. As you know a lot of contractors aren't bidding because when it comes to the QBS and engineering side the margins for the profit is so minor that they just refuse to bid on it. Our members talk about it all the time the ACEC talks about it, I've meant with the Chairman and the President of the organization and I know there is a task force being put together right now that a number of our members are on to help improve that. But I think that the best way is to take a look at the numbers, and see if the numbers speak through something that really identifies how well we're doing. Mr. Broughton states that he agrees apples to apples we haven't had projects so it's hard to measure a year when you have had a lot of projects in the Northern part of the State where you can set high goals and really celebrate the fact that we have 22% and then another year where we have very little projects in the Southern part of the State where I can only set 8%. I like to take just a simple example under a \$1 million project if I don't have any minority firms prequalified and I break that project into 4 under \$250, I'm not setting goals. On a million-dollar project because there not prequalified and they can't participate. But on the other hand on the single prime if I have the million dollars' project under one owner all those trades are protected. I will set goals on the million dollars. So in theory this single prime works best increasing our participation with that in mind. But I'm assuming that my numbers will reflect that with everything, so I would say we have time now that the projects are being engaged. Starting back up we will be diligent in monitoring those goals, and how a single prime project really affects the increase of those goals.

Member Ivory stated that first we have always has a great working relationship with the CDB I think you guys are an agency that does a reasonably good job. I think the key when you're talking single prime contracting comparing apples to apples because transparency creates accountability. It's difficult when you had projects that have stopped and started but what we need to do is compare apple to apples and it's not that I believe you guys are trying to do anything wrong. It's just sometimes the trend will tell us what's happening what's trend analyst is telling us if our numbers are going down then it forces us to take an internal look and try to identify "why" because it may be a good reason for it. I'm only saying is that it's just good for the state to have transparency to make sure we know actually where we're at to compare apples to apples and based upon the analyst we could then have a good feel for if we're heading in the right direction or headed in the wrong direction.

Mr. Broughton stated one thing we do at CDB that I think we have been pretty successful at it. We look at our numbers, and we look at our processes and how could we put and how can we put emphasis on this process and get some results. Mr. Broughton explained that even though number below I-80 are smaller



Chairman: Frank J. Vala

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

there are still a pretty healthy sum. Mr. Martinez replies he wants to clarify one thing when we say waivers request for a waiver that doesn't mean that they come with zero participation. If the goal is 15 and they come in with 14.5 what happen to my .05, we are that serious about it. It's not a complete zero participation that brought them to the table. We set 15. Anything 15 and above your good, anything 15 below your going through our good faith effort waiver requirements. Ron Wright states and from a clear construction management, there's a reason there are only two states that use multiple prime as a primary method, and that is because you have to go out and get that all difficult bond. The day in and day out work we have is over \$3 million dollars. If there is a \$200,000 dollar or \$400,000 projects and I am a young new firm, my body capacity, if I can get it, is limited and now you're commended to a bid. But if I'm a good electrical, or plumber, and my real ability is to be able to do those trades. Then the general contractor in which it's not general it's a single prime contractor who ever chooses to take that on. It's not a general club only covers the bond, covers the supervision and now I can work, and spread my forces to do the job in Sangamon County, Jefferson County, Cook County depending how far out I range. Fundamentally it is better for new firms in the bulk of our goals and subcontractors, and suppliers, it takes away the bonding iron ceiling I call that in construction. It stops new firms if they want to be a prime, and if they out go do other work in a multiple prime world, they are shut out. We have been doing this for 14 years we have comparison data right now for multiple and single primes, it's always been good to ask good questions. So we can show you how it comes in at because the goals are set regardless of delivery method.

Chairman Vala states I hope you guys don't feel like we brought you to be the beating boys, because this is the first time since I've been Chairman, these members have been here long before me, that we got more than an answer as to why we can't find any Veterans. We have the longest going war anybody everybody's ever seen. Our National Guard units, as you know, and everybody else knows has been out at least five or six times. It amazes me especially that the other people before said we can't find Veterans. I commend you. This is the greatest enlighten that I've seen on this Board and from what I understand working with CDB if I was a Veteran would be a slam dunk. But when I talk to you about a job or you mention or you advertise a job for some specialty I would need, by the time I went to CMS or Veterans Affairs to get phase 2, 3 certifications the jobs over, and I don't have another job to bid on for another 2, or 3 years so I understand your point and I command you for holding the meeting ahead of time. I know IDOT spends a lot of time training people to and I command IDOT for that to. But nobody else no other agencies that's been before us has said we are taking the contractor, we are taking the Veteran, we are taking the female, the minority and we are showing them how to get through it. Member Bedore is right, the problem is not CDB, IDOT the problem is the administrative function that we need to figure out how to straighten out to make your jobs better. I much rather see you out of this buildings instead of sitting here talking to us. I certainly do appreciate all that information

Member Bedore asked if Veteran Affairs ever contact you about you let this contract, or how many Veterans or anything do they check on you? Mr. Martinez replies "no" we reach out to them we have a good outreach. Member Bedore replies no, you answered it. Nicole Mandeville is present from Veterans Affairs and she states that she needs to clarify a little for the Board this morning so you understand what role IDVA plays in the process. IDVA absolutely does not drive the certification process. IDVA responsibility is specifically for outreach and training, and we're working on that. We don't control the certification process at all. So therefore what that means is if a business wants to get certified with the State of Illinois we do hand them off properly to CMS. We help them get any technical assistance that they need with Procurement Technical Centers throughout the State of Illinois. The IDVA does not have



Chairman: Frank J. Vala

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

the capacity to do the certification. We do training, and outreach. So to that end we do work with the State agency and were currently working with the CPO's, CDB, and, IDOT, and the Tollway. We've had multiple conversations about how do we increase the level of certified Veteran owned of business of the State of Illinois. One of the things that has always been identified we are asking folks to bid on contracts, that they do not have the capacity to support. So one of the things that we're helping to encourage is to meet the primes, and have these type of networking events, where primes get to meet the subs, and subs get to establish relationships so they can get bid, get placed on contracts, but at the same time giving them opportunities to learn what the process here is at the State, how do you short cycle it, do you have your paper work in order? Can you get some technical assistance, and will somebody walk them through the process? We are doing those things at the State but you also have to realize that given the political climate and, the economic climate, and financial climate of the State of Illinois all of small business are not willing to take the risk. They see doing business with the State of Illinois as a risk at the current moment. So the thing is how do I if you have suggestions on how I can change that dialogue to give people a level of comfort of why they should do business with the State of Illinois. That is a constant challenge that we face when we're in the field training, and talking to those Veterans who are certified or those we are encouraging to get certified.

Chairman Vala replies well you had mentioned your job is not to certify but to train to outreach; I'm only going to say this to go against Government not against you. Where has there been any outreach or training for Veterans? I've never seen any people appearing before this Board. This is first time I've ever heard of any State agency besides CDB that they take somebody by the hand and get them into the workforce. If your job is training are you coordinating packages with CDB, with IDOT? Ms. Mandeville replies that what we do is we have a planning calendar throughout the year we pick up the phone, and we work with other State agencies to say let's do an outreach event. We are actually having on February 23rd the organizations are coming together; the flyer is not ready yet but these are the kind of things that we do. We post that and then we share it on social media. Now if there is a another avenue we can share that with you, but the goal is to make sure that we at least have quarterly training and outreach events for our Veterans, or those we want to encourage to do business with the State of Illinois. Member Bedore asks where the event is going to be held? Ms. Mandeville stated that no location has been identified yet. We're still planning that but it will be held in the Chicago market. I know you're going to say that's it's not South of I-80 so here becomes the challenge. We know the bulk of the resources. We know that over 50% of the population lives in the Chicago market. So State agencies combined you will be hard pressed to get them to commit resources to traveling 7 hours to Carbondale to do a event to where you may only get 10 Veterans as opposed to getting 50 to 100 in a Chicago market. So partially for our agency we don't have a budget for programming, so the best we can do is partner with other agencies in the area like the small business development center networks, or DCEO, or even the Colleges, or State agencies that have representation in those portions of the State to do training. But the thing I come up with when I say I need to do stuff in Carbondale, or further South in the State, the challenge I always get "well we're hard pressed to do something that far in the State if we don't get a good turnout". Nobody wants to travel for 10 people. The people want the bulk of the numbers, and that's a constant issue that we always have. Especially since we don't have a budget. Chairman Vala asks do you handle one on one does a Veteran come into your offices, and say how do I get certify to be a cement contractor? Give us your input. Do you need money, you need staff, we all have that shortage but we know that CDB has found a way. Ms. Mandeville stated that in all actuality we're planning things were not just going to tell you we got an event, and it's not completing planned out but this event will happen on the 23rd and there's other events planned throughout the year for specifically for primes meeting sub primes. Last year we had 4 outreach



Chairman: Frank J. Vala

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

events throughout the State were primes met sub primes, and then when other State agencies do events the IDVA is on site. I do not certify people that is not my role, my role is outreach. CMS controls the certification process. We do what we need to do to provide for the Veteran. If CMS needs documentation to prove that person is a service member, then DVA at that point we will provide a DVT 14 but the pressure is on the Veteran first to provide the documentation first to CMS. But then on the Flip side the process the certification process at the State is long as well a lot of Veterans are not willing to subject themselves to the certification process of the State of Illinois. It varies from the certification process at the Federal Government so to them it's just easy if they go that route. We don't have a department for that I'm a one-woman shop that covers an entire state, and this is not the only program I have coverage over.

Member Bedore replies that's the same answer we got 5, 6 years ago when a gentleman sat here and said I'm the only one running this program, and I also do the payroll, and I also make the coffee, I make sure there's cups in there and make sure I do this. I have 10 other things to and 5 years later we're getting the same answer. Chairman Vala asks how many field offices do you have? Ms. Mandeville replies we have 70 field offices. Chairman Vala says so you got 70 people who between making coffee, and making purchases can't find the Veterans in that local area, take them by the hand and say call Jessie at CDB he will show you on that side and then forward you over to CMS? We know that were narrowing problem down to where the log jam is but how are we going to get these other agencies to work together. Ms. Mandeville states I think you misunderstand the role of our field service offices. Our field services offices when you are a Veteran, you come to IDVA to get help with claims, and benefits assistance that is the role of the 70 field offices. IDVA primary goal has been to serve our Veterans in the nursing homes that we administrate. Our VSO's do not have the training to know to take a Veteran by the hand and to walk them through the process. That is handled through the senior level at our office, VSO's they can make a referral back to the Chicago office or to the appropriate person, and they have the resources to know where to go but their sole responsibility is to help with claims not certification.

Chairman Vala states that he understand and that we need to take care of the retired, and the disabled Veterans, and everything else going back to what I said earlier we got a multiyear war going here with thousands, and thousands of good qualified vendors in a lot of things, and part of the problem is Veteran Affairs needs to expand its curriculum to add, how to assist people to get certified. The problem is like the other Board members said I don't want to bid on it because I have to go through all the paperwork so they don't come to your trainings apparently because why should I waste 6 hours in training, when I know that I'm not going to be certified for 9 months, and then job is over. So again were not trying to chastise you, we're trying to chastise Government. How do we as this Board with everybody help that has to work every day with these problems how do we straighten them out? There is away it can be done. We got a prime example we know that IDOT has been doing it for years, and has been doing a very good job. As the Chairman, I always assume that Veteran Affairs was always a part of your goal, get a Veteran job, send them to find a job, I'm finding that out that it's not true. Ms. Mandeville states so at the end of the day if a Veteran comes to us and if they have a need for employment, benefits whether it's looking for housing were going to assist them. Don't misunderstand me if they have a need we will help them. But the primary focus is benefits. Chairman Vala states that you need to have an expansion in your department. Veteran Affairs needs more staff and more money and more people to concentrate on that. I'm assuming that you have certain staff members that concentrate on the in-home care for the veterans that type of stuff.



Chairman: Frank J. Vala

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

Member Bedore says I don't like to be label this but one point you made earlier that is disturbing to me. You said you can't get State employee or agencies to travel 6 or 7 hours to go to Southern Illinois to do a seminar for maybe 10 Veterans. These State employees are on the State payroll I would hope that it wouldn't be too much of an effort on their part to service these 10 Veterans who put their life's on the line. We have a Board member here that drives 3 hours here and 3 hours back not getting paid. So don't ever use that excuse to me its tough getting state employees to travel 7 hours for 10 Veterans. That is totally unacceptable. These people are on the State payroll you can tell them to go Southern Illinois. That's their job to meet with 10 Veteran it shouldn't be any excuses.

Member Ivory states we know that the certification process, and there are some things that we think make it difficult there maybe need a task force to take a look at what's necessary, and what's not necessary that helps reflect certification because it is a long drawn out process, and a lot of stuff in there if you take a look at it brings no real value. You have to jump through a lot of hoops. Veteran Affairs has a enormous responsibility but at the same time it's clear that they don't have the resources to do all the things that we would like for them to do, and we ought to talk to State Reps, or State Senators and find more money for them. Once we give them more money, and they don't deliver then I think we have a ligament right to have all kinds of issues. I'm convinced in spite of where we're today, tomorrow will be better, and the next week will be better and we will have a stronger better State because we stay focused on the right issues. Member Morales states that that the presenters, and the Board staff are all saying the right thing. You want action, get channel 5, or channel 7 actions news to go in there, or an investigator reporter and watch how many politicians step up. That's what will make a difference, but until then it's going to be the same story and this time next year it's going to be the same thing.

Member Bedore states he thinks this should be on our agenda every other month. We have 70 offices across the state none of those people are trained for this. There is an outreach right there 70 offices if it wasn't for IDOT, and CDB there probably wouldn't be any Vet's doing any work. So I commend IDOT and, CDB. You guys, and women have done a great job. We have to keep focused on this is still not working. Chairman Vala stated that we know there is a way for it to be done. Number one it takes money, and number 2 we need to figure out how to change the bureaucratic bologna to get certified. If I'm a Veteran and I come out of the service with a DD214 and I got my license from the Electrical Engineering from the union or whatever it is CDB ought to be able to say I'm qualified. I think we have had very valuable time but we have used enough thank you.

Next on the agenda Director von Behren states there are 3 leases in the Board packet and none of them require any Board action. The board always has the option of objecting any lease. With regards to the Sycamore lease, Member Bedore says the rate compared to a Springfield or other places seems to be a little high. We getting some buildings down here is Springfield for \$10, \$11 dollars a sq. ft. here we're paying \$13.26 plus were paying for everything else that comes out to \$16.21 a sq. ft. Member Black states it seems a little high for him, for a rural area. Director Von Behren says this is a renewal option they were getting \$13 and now they're going to \$13.26 there doing 2% increases every year. Member Black says he knows it's no one here from CMS but one of the things, and the lady from DVA did make a good point I do know some small business not necessarily veterans , but they won't do business with anymore because they don't get paid. I just wonder some of these people who lease property to us are having the same problem because they're not getting paid. Member Bedore states that he looks at personal space it's 313. It seems a little high, were trying to be at 270 but actually were trying to get to 250 but we have been doing 275 but this is 313. Director Von Behren states that it may have something



Chairman: Frank J. Vala

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

to do with this being a client office. The next lease discussed is Illinois State Police. Member Bedore asked why at the DHS office there is janitorial is \$1.20 and now we go to this lease and you have 13 people total head count 10 so we have 23 employees at DHS very busy office, people coming in and out Children coming in and out now we go to the State Police secret operation here Bureau of Investigations and were paying \$3.51sq. ft. for Janitorial. Why? Director Von Behren stated that he believes that CMS bids out those janitorial services. So we can look at find out were those numbers came from. Member Bedore says maybe it's something that CMS can look at possibility bidding in the future, \$3.51 is way out of line compared to every lease that were seeing its normally in a \$1 range and I think this lease we should hold it till you get answer myself. Member Morales states it's a good point. I didn't see that. Member Bedore stated that something else that I don't understand why in 2012 we did improvements of \$15,000 to this building, and we amortized it over 10 years. I think that board deserves an answer on the Janitorial. Director Von Behren states that he will give this to CMS this week and get an answer.

The Next lease on the agenda is DOIT. Member Bedore stated that we are going to do \$7,200 in improvements and the one thing that is a little disturbing to me, you also have a 1-time option at the end of the 5th year to get out of this contract. The question I have is why are spending that money for restrooms to be enlarged and updated to meet ADA requirement. Well this person that owns this building if they lease it out, has to meet their responsibility to meet the ADA requirements. Why is the State of Illinois paying for this person to bring their building up to the ADA Code? This person should not lease this building out unless he meets the ADA requirements. Member Ivory states that's a very good point. Member Morales states that it probably has something to do with the base rent being so low below the market so there getting an improved building, and reduced the rent that's the thing I can think of. I also have a question, to your point, we are being charged 6% over the initial period so 5 years and 6%. It's kind of high. I don't know how this was negotiated or what this is based on. Why a temporary improvement? Chairman Vala states that without anyone here from CMS we don't know if the ADA is not included in it in this \$700,000 because I know it's 3 buildings being consolidated into one. We're definitely going to need more bathrooms, but so many stalls, so many urinals, door with all of that stuff like you said its standard mandatory requirements. Member Bedore states he would certainly question this lease and Rick brings a point up about the 6%. Member Ivory says that maybe before we vote on this maybe we should have them come and get some verification so we can exercise our responsibility by having some questions answered and they will probably answer them then we can move on right away. Jeff Jurgens states we need to formally object to those and get it on the books to stop it. Director Von Behren because we don't want the 30-day period to expire. Chairman Vala asks what's the pleasure of the board? Member Bedore makes a motion that the lease be held until we get further answers brought up at the next meeting. I don't know how I can say without knowing this person is asking the State to bring his building up to ADA requirements and if he is or she is its wrong. I don't think we should pay to bring someone's building up to ADA requirements. Same way if the building was in validation of the Fire code that's not our responsibility it's up to the owner to certify that his or her building is in compliance with all laws. Member Black second the motion on the motion to formally object to 6628 all member voting saying "aye" and the motion carries.

The last item on the agenda is a RFP for Statewide Permits and Licensing. Director Von Behren says we have two attorneys present here from Freeborn. In person is Declan Binninger and on the Phone is John Stevens. John Stevens states that he has two Executives from the active network Bill Joplin, and Gary Evans who will help if there are any questions. I'm here today to place under review the contract for the Statewide Permit and Licensing Solution as we believe the award is based on significant violations for the



Chairman: Frank J. Vala

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

Procurement code. The Board action is proper in this case, particularly in this case because an agency, DOIT and CMS have adopted a new Procurement Policy without any legal authorization. The courts provided further guidance and interpreting these standards, and those Procurement Process must be public, competition not private negotiation. What I want to point out is the contract that was awarded for licensing to do two things: select a partner to design and build a portal for all licenses issued by the State of Illinois but it's also to select a partner to build subsequent phases of that project. The problem with that plan is the State does not intend to pursue competitive bidding for the future work. They are selecting a contractor to privately negotiate for construction of the future project of the work. So the contract award includes the building of a portal, a doorway into a new system but if there is no guidance as to what the rest of the system is to look like. That's to be negotiated with only the vendors selected and no other parties. This is similar to building a house and bidding out the cost of a front door. Where you don't know what the rest of the house is going to look like, how big it is. That's exactly what we're doing here. In the Smith case Port awarded the contract because the agency approach of selecting a negotiating partner to determine the scope of the work instead of a vendor to perform specific tasks was clearly inappropriate and contrary to law. Similarly a case before the board today the State must not take it on faith that the vendor selected to build a portal will provide the best value in completing the subsequent phases of the work. The Chief Procurement office has already taken a look at our protest over a specification that were filed. We file those concurrently with issuance of with the RFP the state response to our protest relied on a miss reading of Illinois Laws. The problem with that analyst is that the rate card methodology somehow saves this Procurement. Now I'm very familiar with the rate card concept particularly as use by the Federal Government. I cannot find any authorization for the use of a rate card methodology and any Illinois statute or regulations. The matter is the State tries to justify hear is improper. Now at this time I'm going to invite Declan to walk us through a couple clear examples demonstrating my point and I'll return to close.

Mr. Binninger says these are materials I'm handing out have already provided in our protest. I just want to highlight them and illustrate our points here. Director Von Behren states that Declan has actual copies of the wording of the RFP and I didn't send the entire RFP trying to preserve resources. This is pulling from the RFP itself. Mr. Binninger states that's correct this is the RFP of the questions and answer section one document was pulled from a response from of the vendors and that's it. But I will go over those in more detail so everybody knows exactly what we're looking at as we address them. In the RFP the State stressed a clear intent to not open up the follow on statements on competitive bidding, referring it instead to only negotiate the contract awardee. But to complete the subsequent work by creating a truly functional portal that meets needs of every agency under the Governor that issues licenses. If you go to page 1 of this document that was handed out that is page 21 of the RFP which is titled section D specifications and qualifications in the statement of work, in the third paragraph of the section I think the 5th line down it says additional statements are to be executed against this contract. If you go down to paragraph 4 of that same page it says additional SOW's make the negotiated a fixed price or not to exceed a agreements. Now to confirm that the State did in fact mean to use that language to allow it to enter into private negotiations with the person who or with the company that would be awarded this contract we go to pages 2, and 5 of that packet before the Board which are the questions and answers submitted during the RFP process specifically questions 46, 47, and 48 deal with this issue. The State intends to engage in future SOW's with the contract awardee. It does not plan to advertise the subsequent SOW's to other vendors and it attends to negotiate with the awardee for the work and further to build on John's point about the rate card question 48 specifically speaks to the rate card price instructor that the State intends to use during those negotiations with the contract awardee. The problems of having an undefined SOW are



Chairman: Frank J. Vala

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

numerous, cost over runs, pricing over runs, you just don't know actually what you getting yourself into. John's analogy of buying a house based on the cross of the door is really quite apt here because you just know actually wants going to be part of that project. If you look at pages 2, 3 of this packet its detailed agencies specifications provided by a number of agencies that speak to point of sale process, and that point of sale access that would have to build into all subsequent SOW'. If you go to the last few pages of your packets pages 7, and 8 you can see that these risks were in fact pointed out by the successful vendor where they identify that the funding does not exist for future SOW's the timeline for SOW's cannot be meant and the significant change in the scope post minimum valuable product delivered are possible risks of entering into this contract. Now that's very telling because this is the partner that the State will be working with to define those future SOW's and their telling you right now we don't know actually what were getting into but were going to go ahead and work with you that is not the purpose of public Procurement. In reality no one has a property interest in the State contract any work The reality is that the cost of getting out of a contract with the awardee would be prohibit high and force the State into the uncomfortable position by accepting whatever terms are detected by the builder of the initial SOW. And with that I turn it back over to John to close.

Mr. Stevens says let me take a few moments to wrap this up for you. First with a home construction project you just don't bid the cost of the front door and then award a contract to bid a house you don't know how big it's going to be how many rooms, what kind of finish is there going to be what kind of equipment this going to be. There's nothing in this RFP to prevent vendor from initially low ball bid for construction of the front door knowing they can make up for any loses that negotiated in the size, and price of the rest of the house. I've seen it at least once before. I'm thinking the Lottery private management Procurement in 2010. Where an unsupportive promise to deliver value to the State was accepted as a winning bid of course that Procurement was statutory exempt from the Procurement code which eliminated applying all the safe guards from the Procurement code. In the present case the Procurement code clearly applies the States goes with a RFP process. They didn't build full specification, they decided to grant the contract to a vendor with the understanding that the vendor would later subsequently negotiate for the scope awarded and that is simply not allowed under Illinois Law thank you.

Chairman Vala asks when you keep saying Illinois Law are you talking about Procurement Statues or what? Mr. Stevens says he is talking about best value and courts have incorporated that value to be a fair bidding process which means vendors can't change their bid after an award and therefore were relying on the case law interpreting the Procurement code that shows an agreement to negotiate a further contract not a proper contract. Chairman Vala it sounds like to me that you're trying to use an analogy that were only bidding on a front door. Sounds like to me were bidding on a 6000 sq ft house that we just don't know how many bedrooms were going to put in it. So there are parameters in my thinking here what the original bid within this sq ft is something will be there. Mr. Stevens says let me point out that the detailed agencies specification those weren't in there to be responded to. Those are not part of the contract. The vendors never responded to any of those. That was kind of our wish list here is what we think we're going to need down the road so be prepared to negotiate with us to provide that work, again an agreement to negotiate a future contract it's not a proper subject of a bid those subsequent statements will work must be bid to comply with Illinois Law. Chairman Vala states but under project risk item number 2, if funding does not exist for future SOW, so whoever is the low bidder if he did low ball it hoping that the future stuff will be larger profitable contracts still took the chance that there may not be any future contract. Mr. Stevens says he agrees with that but all contracts that affects multiple fiscal year must be subject to



Chairman: Frank J. Vala

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

appropriations. Chairman Vala states so what you're trying to use here in defense, I'm not quite understand it because the vendor is at risk that there will be no be future work so if he's trying to back door this project to get to 2017, 2018, 2019 large awards he's gambling just like anybody else because you don't know if it's going to be there if it's in black and white here nobody guarantee there's going to be anymore. Mr. Stevens states that the problem is that opportunity is only offered to a single vendor, for those future contracts. This contract says you're awarded a contract that allows you the exclusive right to negotiate with us for future work, again that's not a contract, that's an agreement to agree at a future date you can't award a bid that's all of a sudden that I promise to give you a good rate later, that's not how the contracting process works. The courts say that the specifications must be included in the contract, and that the recommendation has been use RFQ, or RFI to identify those specifications rather than try to agree to private negotiate. Private negotiation is the vane of public Procurement it goes on behind closed doors, and no other vendors get to participate

Member Bedore asks in one of your analysis on page 3 on one of your papers it says given the acknowledge lack of any define scope or future SOW's and the result is an awardee under the RFP will able to charge hourly for the work that is determined is necessary to produce the product that it seems sufficient to address the functional criteria listed in the RFP. This scheme almost certain potential for fraud, waste, and abuse and according must be stopped would you elaborate on that. Mr. Stevens states it goes back to the private negotiation where a contract term is determined between the state and only a single vendor and no other vendors have an opportunity to submit a competing bid. It's almost guarantee that the state will not receive best value so, were telling the vendor "okay you're going to perform future work" you tell us how many hours it's going to take you. Well another vendor might come and say I can do it for half the hours yet you're bided to the one vendor who won the bid to build the portal of that front door, and telling them you're the only one that you're going to talk to as you build out this multimillion dollar project. That's the exact debate in the Smith's case were the contract was awarded to build a recycling facility in multiple phases, and the courts say that you cannot negotiate to those multiple phases down the road if you change the bid after contract award and to increase the scope you have destroyed the competitive nature of that contract. Does that help? Member Bedore replies "yes" and one other point I've been involved with contracts many, moons ago. Where you get involved with a contractor and your well down the line and you are captive because you look at should we drop and go to another vendor but then you wasted everything, and to start up with another vendor. It's almost guarantee that this vendor will continue for the entire project, just because you don't want to drop a person, and start over. I would have to agree with you that you picking this firm. They're going to be the firm all the way to the end.

Member Ivory states I'm a fairness freak, and just listening to the conversation that's going on and looking at the future opportunity, and not having an opportunity to someone to compete and if they can compete, and the current vendor wins that's competition to not allow competition to not exist this attacks a very hard procurement my honest opinion. Unless there is something at D IT or someone else is going to share with us. I would be open for listening, but I'm a little concerned about a lack of competition on the surface based upon the information I just received, and the conversation I'm listening very carefully to in terms of the comments that are made, at this point and time and I know there's some real experts Ellen and others who is a part of this conversation, and they have a good handle on Procurement, and tend to be very by the letter. I'm concerned that this doesn't look like it's be the letter I'm curious to here the kind of response and the comments coming from the other parties. Then I can make an intelligent decision about where I think things are based upon the other side. Because it's always two sides of a story I like to hear.



Chairman: Frank J. Vala

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

I like to hear the other side and listen very carefully, and then at that point and time I'll draw my own conclusions.

Ellen Daley, Chief Procurement Officer for General Services was present. Ms. Daley states that I think it will be more beneficial rather than me address each point directly to have our General Counsel from DOIT to address the issues, and subject matters, and project matter, expert who is here as well to address the issues, and then I can have my attorney who is present why we believe it is within the process, which was used within the Procurement Code. With permission of the PPB I would like to introduce Mike Basil who is the General Counsel for DOIT and to allow him to respond.

Mike Basil states I hope it is the case that Board members have received, and had a chance to review the October 7th supplemental memo that we prepared. I hope will address really all of the concerns that have been raised already. So if you have not had a chance to review that I would strongly encourage you to read that. If you read that and understand what is written there I think you will realize perhaps the most important thing is that Active Network it not even a bidder on this Procurement, and if this procurement goes through and proceeds they stand to lose \$10 million dollars a year locking the State into a software program that serves only one agency, and is terribly outdated, and terribly incompatible with what the State does, and what the State intends to with this licensing, and permitting new solution. So allow me a minute to inform you of some of these important details that are covered in our October 7th memo. First the concern was raised by the protest that Active Network attempting to prevent the State from being locked into one software platform, one contracted. Members of the Board that is actually where we find ourselves today, and that is actually why were perusing this procurement, it is to alleviate the State from being locked in with one vendor. Remember Active Networks serves one agency DNR. It charges us \$10 million dollars a year and the list of deficiencies, short comings, and weakness and what Active Networks supplies to the state, and what we will solve by going through the Procurement is dramatic, it is complete compelled and it is really important for you to understand that the concern they raise, there trying to avoid the State from being locked in to one software platform it is actually where we find ourselves today and it is actually when were pursuing Procurement we are lock in with a single source 10 yearlong arrangement with a software that is not meeting the State's needs. It is also important for you to realize when they say there is no competitive bidding and there attempting to negotiate a future contract with the State work. Nothing could be further from the truth it is precisely the opposite. We have obtained through a competitive bidding process, bids from 7 different vendors who based on functionality and price for the current set of work that is affordable, we have turned the best fit into the best price for that work, and our rate card for all future work, they were selected for a low price so we are not locked in under this new arrangement. I want to reject the comparison of this building a house and say were just contracting out for the front door and were leaving all the rest for future arrangements. That's not fair at all. A better analogy that we are buying a family plan of mobile phones, and we are a large family buying 20 plus phones, and were buying them all at once, and the plans we will have in the future a voice calling feature, texting feature, and a data feature, and we have not determined who in the State, and which agencies may want one of these phones, and how many minutes they may want of voice plan, how many texts they plan to use month, and how much data we will determine those in the future once we have greater detailed planning. At the moment we know that we a new plan, and at anytime we think a year or two years from now that what's being offered for the data plan for a particular agency let's say the DVA and were giving a bid under this new arrangement for their consumption of a particular feature that's in plan. We can reject that we are not obligated to buy it and we can go back out to bid on that particular feature for this platform. Under the current arrangement we can't do that with Active Networks. We are locked into their



Chairman: Frank J. Vala

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

proprietary software, were locked into just one agency, were locked into a system that is filled with deficiencies. It is a terrible disturbance to the State of Illinois to the taxpayers, and to the customers of DNR continue with this when you have the technology and the potential to improve the experience for consumers of that agency, and all State agencies. You need to recognize that the potential for being captive, the holding and wasting taxpayers spare dollars and abuse by a contractor is the solution we are bringing with this new Procurement it is not there were walking into it were walking away from those hazards. I believe that I have addressed the fact that this is not an agreement to negotiate future contracts. This is a master contract type of arrangement for the phases after the portal, and Active Networks complain that this is an agreement to negotiate future contracts couldn't be further from the truth. This is actually why we have master contracts, and it's done all the time in software procurement, at the state level, at the Federal government level, and the private sector. Nobody knows as we sit here today, and no would it be reasonable to go out to market, and say we specified every aspect of the systems we want, at every agency down to the level of how many cash registers, and every feature that we could possible ask for. We would never get the Procurement done; no bidders would have the time of interest to try to provide that level because there are too many uncertainties, too many favors, too many variables that are unknown, we procure this the way that software's procured in the private sector, and in government sector throughout the United States it is the proper best way to do it, and were certain we complied with the Law and that were in the best possible deal for the taxpayers.

Chairman Vala asks if they are not providing DNR adequate and compliance with the contract now is what you're saying? Mr. Basil states no with the list that I provided for you shows what active networks, certainly supply to DNR is not inoperable with other State information technologies systems. It works for a single agency only, it lacks enforcement capabilities, it lacks, up selling and cross selling features, and it issues paper licenses, not digital license which is silly in this day age. It requires the State to use expensive and out dated mainframe computing hardware, and it lacks the ability of customers to save documents while submitting, a no brainier in today's Society in this IT environment it lack adequate search ending capabilities to help customers, it lacks user friendly payment processing feature, and it has no self service capability for costumers. It is a sole source 10 year long \$10 million dollar a year propriety system that we are beholding to. The new arrangement we are pursuing is not propriety, we can as the Chairman pointed out after the portal is built we have the ability fully at all times, to walk away from that vendor, and without losing the volume of what we have already invested in and to other vendors, that is a prime feature, a key feature. Not just on this procurement but one all procurements we are doing everything we can to move away from the propriety systems we are locked in and I want to point out, we were locked in just as we were locked in now through active networks that cannot be over stated, we are locked in now, and what we're doing moves us away for being locked in. Chairman Vala asks by awarding the new contract they would lose their contract? Or would they just finish up their contract? Mr. Basil replies it is a latter. Once we award the contract, and contract the new enterprise solution we will not renew our contract with Active Networks this new system will replace functionally at DNR and then as more than 20 agencies.

Member Bedore states that a lot is being said about Active Network. To be perfectly honest about it I don't care about Active Network. The issue before us is how this was procured not looking back at the short coming of Active Network. I don't know where that has any bearing what so ever on this issue. The issue before the Procurement Board was this Procurement done legally, and according with the Procurement Laws. And what they're going to do in the future is that legal? That's the question I see it before the Board. But are decision was this done according to the Procurement Code. Mr. Basil replies so



Chairman: Frank J. Vala

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

I would like the CPO's office to weigh in with response in that. But I want point out initially it's very important who's protesting. There were 7 bidders on this no one them are protesting the award, there the people who had the ability to determine whether or not it was fair. It is important to recognizes the motivation of Active Networks because they stand to lose a sole source 10 year long \$10 million dollar a year contract. This is understating the people of Illinois so it's not irrelevant.

Gary Evans states a couple things that I think is very important from what we just heard. It's in the protest response my determination which I think the Board was provided with. I think what we need to make clear under the Procurement Code, and under our Procurement Rules there is an ability to do a Procurement such as this for outlining functional performance it's in the administrative code section 1.25. Second thing that is important to note that it was competitively bid, and what we're doing here Gentlemen we have a vendor who have been compared all the vendors across the board who decided to bid based upon the information that was provided. Because we were comparing apples to apples we were comparing rates to rates, so the rates that would be charged as new projects come up were comparably set. So there was a competition here we did have rates set, and in the future the negotiation is not going to be over this allegation that there is going to be a negotiation going forward of a price is simply untrue. What's going to be happening as the needs are determined we have the rates, that we have already established through a competitive Procurement, we just don't know actually what the statements of work moving forward, so as the statements of work are identified we will apply the rates. The question will be when they apply the rate to what the statement of work is whether or not it's in the States best interest to go forward with the current vendor who's awarded it, and if we don't believe if that is the appropriate price, or if it's too expensive we have two options. We have the option of going Procurement that a contract that we already have established with vendors, and see if we could have them perform the same statement of work or if that would be lease expensive, so can go with them rather than the current vendor. If we think the work is too expensive under the current vendor. The other option is we can simply put that statement of work out for another Procurement for a bid so any allegations that we are doing private negotiations with the vendor is unfounded we have the rates set, we just don't know what the projects are so we did compete to get the rates set, and to met the ability to do this enterprise wide type of procurement, what we're doing here now is trying to fulfill the vision, and it's not my vision and it's not my duty to tell the agency for the Governor's office what the division of how the State should run on a IT bases. What they have decided to do rather than have one particular vendor serve the entire the State, and all the agencies with the ability to do this type of work in a standardized process that was done in a comparative manner. I think everyone knows that when you add more agencies, more ability to do work to procurement, you make it a larger procurement. The price goes down because the leveraging the interest of the bidders to do business with the State because, here is a lot more business doing business with 20 agencies then with one agency. So were more like a competitive Procurement point of view to get better pricing, because there is more work to be had. So addition to fulfilling the need and the wants of the agency, and the Governor's office from a Procurement Code it's a good idea. It allows us to save money at that's what Procurement is all about, so I'm confident under the rules, as I have sighted in protest response that this is allowed method of doing Procurement. We didn't have to do a RFI, we don't do RFQ's in Illinois. We did it properly under the specification section under the administrative rules secondly we compared apples to apples we have a set rate there will not be further negotiation expect to the fact when we calculate formal of what the works needs to be done be the rates of the winning vendor, if it's to high then we decide whether we go the other Procurement the enterprise resource planning Procurement we can go to them to see if we get better pricing, or whether we go back out on the street. It was competitively procured legally under the Procurement Code, under the rules I would respectfully



Chairman: Frank J. Vala

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

suggest that some of the Law that was provided to you is old case Law, and that we need to look at what our current rules, and code provide and its clear in my protest decision that there is a rule that allows us to do it and that this Procurement was properly done, and I did consider the arguments of both active, as well as the response for the agencies, and I think the point that Mr. Basil was trying to say if this was such a bad Procurement and was really unable to be answered properly then the specification, and the way it was written was so badly done we had to throw the whole thing out.

Member Black asks CPO Daley, if I heard you correctly you adequately and absolutely say that your proposal was in a concert with all Law and all the Laws regulations and policies of a fair Procurement correct? Ellen Daley replies, yes. Member Black says that he will stand by that. Member Black replies, do you anticipate this going to a court of Law? Ellen Daley replies, Member Black there is always the opportunity that this could end up in a court of Law.

Mr. Stevens says let me just take a minute to speak to some of the things that came out that was clearly false. First Active Network is a well-respected vendor for the State their contract is nowhere near \$10 million dollars a year in fact it's about a third of that, not that the State is taking advantage of Active, or Active taking advantage of the State. Second we were accused of trying to lock in software platform we never said anything about software platforms. What we are locking in is the vendor who through private negotiation has to have an exclusion right to multi years of contract. Once the State chose to go the RFP route they had to chose a lane and stay in it. Staying in that lane means the price has been evaluated and here pricing is to be determined later that is hours times rate to be determined later then the contract award today is invalid.

Mr. Evans says I appreciate the ability to speak. We have had a relationship with DNR for over 10 years it is an old system it is a custom system that is designed by the specification from DNR 10 years ago. We have been trying to move you to a next generation system for DNR which is a massive portion of this portal bid and DNR through turnover was not able to get a RFP out. We were told that they were almost ready to do that and that was blocked and wants to go into this larger Procurement so we acted in away were we tried to get you guys on a better system with licensing like we're doing like you asked. I appreciate John addressing the facts per year. I don't see how someone can come in and be off by a magnitude of \$300% on how much where charging the Sate. We are trying to be fair actors in this; we just want our fair opportunity. The reason we did not bid is we didn't want to take a leap of faith that we understood the specs. We asked for a 90-day extension so we could find partners to work with it was denied. So this seems like it was going down a road in a certain direction so again were just trying to get to a place where this teeth is barely bent and I would also challenge that this could go to a place where the DNR work would go to a open Procurement SOW two which is the DNR work as it put into the bid assume that if you win the bid you get that work as well. The reason that's the case from that is from the quantity of licensing out there, one of the highest volumes of licenses that vendors can recruit there cost through transaction fees.

Member Bedore says in your analysis from Mr. Stevens it says here a partner with successful afforded in a master contract and negotiation SOW's and build out agency level functionally in a phase manner. When pressed with to explain the process of determining the scope of future SOW's under the RFP the State respond in a question and answer. That it does not plan to advertize subsequent SOW's for other vendors to bid during the term of a master agreement is that a true statement? Mr. Stevens states that is true Member if you look at the packet that exact question was included on page 6, 7. Member Bedore



Chairman: Frank J. Vala

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

states who did that CMS? I believe says Mr. Stevens. We believe those questions answers came from CMS but they are official governmental response that was posted on the Procurement Bulletin to guide all of the other 7 vendors to go forward, it was clear that everyone was told that the aware of this initial phase of the project is going to have sole and exclusive rights to negotiate for future work under the future statements of work.

Member Bedore so when I stated this question, and answer from CMS and you said it's been posted the answer was "CMS we do not plan to advertize subsequent SOW's for other Vendors to bid during the term of the Master Agreement" Mr. Stevens states that is correct Member that is on page 4 I think it was provided for in question number 47. Member Bedore says so there saying upfront were not going to bid this again. Ellen Daley states no that's not actually what we're saying Member Bedore, The SOW's will not be bid as part of this contract; what the answer is and I take great offense on behalf of my colleagues that they think they would be acting in anything but the best interest of the State, and trying to get the best price of the State that they would somehow be increasing. The amount of work done in order to give this vendor more money the winning vendor more money, I find that absolutely offensive. I think the answer to this question was meant to say is that we don't anticipate it because we anticipate being able to work with this one vendor what would happen is the SOW would not be bid out there would be a new Procurement done that's a different thing. So were not going to take a little SOW out of this big contract, and bid it out. We would do a new procurement, and might I add master contracts are done this way all the time. We have a contract with someone we have pricing set out we may not know how many goods we need but when we determine were going to go ahead and get those goods. Then we apply the pricing to the amount of eggs we need, to the amount of bread we need this is not anything that is outside of the Law it is in the best interest of the State. I encourage the Members to carefully read my protest response determination which clearly states where we are allowed to do it, and how we are allowed to do it in sights the Law. There is not going to be quote unquote negotiation all is going to be done, when the State decides they need to do something, they will issue a statement of work, and the pricing will be applied. At that point in time if the Governor's agencies decide that is too high of a price for that we will remove that part of the work, from this contract and do it as a separate Procurement, so no the answer is correct we don't anticipate bidding out statements of work. Chairman Vala asks for clarification, you're bidding a portal and what happens once one vendor gets that portal then whatever agency wants to use that for licensing that vendor will be paid to program whatever it takes to give you that license correct? CPO Daley replies that is going to be done up front that's statement of work number one. That's the main thing they're going to do is to build the foundation the all of the agencies can use the SOW's will be things that come into the future, but the main thing that we need to have done has been carefully set out, and determined and that will be the foundation upon which everything else is built. Chairman Vala states so your building the foundation so we can decide what type of house to put on, how we bid out the house will come later whether it just being passed on to the existing vendor of re-bid so this is a started point for consolidating 20 agencies hopefully into one computer whatever you call it to get me a FOID Card, Fishing License whatever. Ellen Daley replies that's correct, that's the first statement of work the foundation is right now, we don't know what's going to happen in the future and the mechanism to do that is through these statements of work so when we know that extra work that may need to be done in the future, we have pricing for it already established we apply what the new item might be to what the pricing that's already established.

Member Bedore state knowing what your plan is it sounds legitimate I understand getting the State of Illinois up to the 21st century or even getting it up to the 20th century would be very helpful, but there's



Chairman: Frank J. Vala

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

got to be a large amount involved how is this going to work with this upcoming budget? You're talking \$10 of millions of dollars additional where is this money going to come from? You think you're going to have the General Assembly saying this is a great program. Let's give them another \$20 -\$30 million dollars. Member Ivory states that we respect both comments from both parties, but it doesn't seem like it's enough information for me to change my opinion that staff did exercise their right it seems like a reasonable Procurement. Member Ivory states I'm saying deny the protest I don't see enough significant evidence that's based upon both conversations, and this is the best we can do. I'm giving my own personal opinion based upon hearing both sides, of the issue I think the group did a good job of defending there position but I think also there's clear grounds that. It seems to be certain things that you cannot get a handle on, and I don't see enough reason for me to object to overall that at this point and time I've made myself clear. Member Bedore says I would like some further discussion of this after some more analysis done by the staff, and the CPO I understand Mrs. Daley I'm not disputing anything your saying. I don't know if I can honestly say one way of another today. So I would say I know it's going to delay it a month that's what I would do. Member Ivory I will take the motion off the table if you want to deliberate and get some clarity. Mr. Stevens states we will be happy to respond to what was presented today so if you would put this under review we will fully address the issues for you and clear up any misapprehension what were saying, but it's pretty clear from where were sitting you can't award millions of dollars for a further contract without competitive bidders. Member Ivory I'm going to rescind my motion I make a motion that we take a moment to look at all the factors and come back and give an official opinion at a time when we have a little more time to analysis this is a bid decision and we ought to take the time out and yield to that. Member Bedore second the motion all in favor say "aye" motion carries.

Next on the agenda is a Legislation update. Director Von Behren states the SB 8 was filed and the staff has started to review it. The only real major change that affects the Board is that it takes the Board 30-day review for all contracts reduced it to 14 days. Chairman Vala states the next meeting is scheduled for February 16 2017. Member Black made a motion to adjourn and Member Bedore seconded. All Members voted by saying 'aye' and motion carried. The meeting was adjourned.