



Chairman: Frank J. Vala

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

### **Minutes – February 20, 2018**

Present in Springfield: Frank Vala  
Bill Black  
Ed Bedore

Via Telephone: Larry Ivory  
Rick Morales

Chairman Vala called the February meeting of the Procurement Policy Board to order.

Member Bedore made a motion to allow Rick Morales, and Larry Ivory to participate by via telephone. all Members voting “aye”, and the motion carries. Member Black made a motion to accept the February meeting minutes. Member Bedore seconding the motion, all members voting “aye”, and the motion carries.

Next on the agenda was lease review. Lease 6061 is a HFS lease serving Kane County. They have been here since 1992. Base rent is \$16.69 with a 2% with annual increases, plus utilities, and janitorial. No improvements are needed at this time. Member Bedore asks how many field people do they have? Because it talks about they go out, so do we have a space for each field person? Ms. Florence replies not typically, but she has not been in this office. Typically, field staff share cubicle space. Member Bedore says do we know how many? Ms. Florence says they don't write that down. Member Bedore says I've been at offices where they have field people, and their desk is sitting there, they have somethings there, but when I would ask where are they; there out in the field most time, is there a way we double up? Ms. Florence replies they have been here for some time, so depending how this office was laid out in 1992. I know that when we program space now we account for field staff, and we assign 2 or 3 per cubicle. Member Black asks we only occupy 20% of the Building? Ms. Florence replied yes. Chairman Vala entertains a motion to enter a letter of no objection. Member Bedore made a motion, with Member Black seconding the motion, all Members voting “aye” motion carries.

Next on the agenda was Lease 5490. This is a DHS Lease they have been here since 1998 and this is the first rental increase since 2012. The rate is \$16.60. We pay utilities, janitorial, and garbage. The area per person is 199 square feet. Member Bedore said again my question is about field people; Ms. Florence says I don't believe that rehab services have a lot of field people. Member Bedore asked about Security and Ms. Florence says there is no security at this facility. Member Bedore makes a motion to enter a letter of no objection with Member Ivory seconding the motion, all Members voting “aye” motion carries.

Next on the agenda was Lease 6050 in Harvey, Il. Ms. Florence says this is an IDES lease and they have been here since 2007 when the facility was built out to suit for them. The proposed

base rate is \$23.45 and we pay for gas, electric and there is a tax exhalation clause. the landlord is providing some improvements request by the using agency and in addition to the IDES will reimburse the Landlord for some electrical work needed for additional partner staff. The area per person is 229 square feet currently but that will come down after they move the partners in on completion of the improvements. This is the first rental increase since 2007. Member Bedore asks about a letter Josh Potts wrote to the CPO stating that the estimated direct cost is within BOMA range and there will be a total rent savings of almost \$44,000. That's almost 10% in the first year. Member Bedore says in this letter he says it's a savings that's misleading. Ms. Florence says rent plus amortization, then there is a total rent savings. Member Bedore says we should welcome him to the Board for a meeting. I also realized over the years, there has been no rent increase in this Harvey Lease, and it's a 30% increase. I have a hard time with that. Ms. Florence says his cost to operate the Building including janitorial, garbage, pest control, mortgage insurance, and whatever other insurance he provides is about \$90,000 a year. Which comes out to about \$5.14 per sq. ft. if you add that to the ending base rent it comes to \$23.25. Member Bedore says we have some leases in Chicago for \$19.13, and \$19.70, and \$18.31 and yet in Harvey were going to pay \$23.45? Ms. Florence says we have other leases in Harvey, and Fairview Heights I looked at the average base rents and total direct cost for those the average base rent is \$20.48 so this is above that. The average total direct cost is \$23.71. Member Bedore says we put in almost \$900,000 dollars' worth of improvements to this person's property. Ms. Florence agree but that was the State's cost he had his own cost. Member Bedore says the State will pay for the cubicles for additional incoming staff and we will pay for related electrical upgrades. Ms. Florence says yes, we're paying for the wiring to electrify those cubicles.

Member Bedore asks about the warehouse space being turned into offices. Ms. Florence says it's not a warehouse it's a storage room where they store paper and office supplies. Almost every office has a storage room. Member Bedore says now that's another issue every office having a room for storage. Ms. Florence says where would you suppose they store things. Member Bedore says isn't there a central DHS. Ms. Florence there is in Chicago. John Rogers, General Service Manager said he is handling the remodeling. He said the space that Mr. Bedore is talking about it was file cabinets back in the day. We got a directive to get rid of all these file rooms, and convert them into office space. It was cleaned out and all the records down to the Record Commission. Then surplus pulled the file cabinets. Now they are ready to convert that space into 3 supervisors space. This will be better use of the space. Member Bedore asks about the new real state taxes escalation where we are going to pay over a stop of \$6.00 a sq. ft. Ms. Florence says he has worked with the Village of Harvey to keep this at Class A tax status which is a much lower, I believe its s residential rate its taxed at 10% as supposed to commercial buildings within Harvey that are taxed at 25% so he's been able to keep the taxes lower on this building. The \$6.00 stop is based on bills over the past several years. It's a base year and that is the way this lease was originally written 10 years ago. Member Bedore asks can you explain how this works? Ms. Florence says it's based over \$6.00 a sq. ft. we would pay our portion share of. Member Bedore asked so there is a potential of another increase here? because were going from \$8.00 to \$6.00? Ms. Florence says yes however under the \$8.00 stop no taxes were paid in 2016 or 2017. Member Bedore says what about the partners moving into the space? Ms. Florence also says that DES must be co-located with partners to be in compliance with the Federal Rules on which they operate. Ms. Florence that's part of the push to do these improvements so they can move these partners in here, so they can maintain compliance the Federal Workforce Innovational

Opportunity Act. Janice Taylor Brown says she is with the IDES under the Workforce Opportunity Act, they are required to be co-located with other workforce partners. In this case were moving workforce partners into the office so we can maintain compliance but also have a better customer service environment for the constituents in that area. Chairman Vala asks does the federal program reimburse or does the State of Illinois pay. Ms. Taylor Brown says we pay for the sq. ft. through our budget which is Federally funded. Member Morales asks with co-location have we been in violation of that is that something new? Ms. Florence says DES over the past year, or year and a half have been in the process of bringing their offices into to compliance so this will insure compliance in this particular location.

Chairman Vala says we have paid \$873,000 plus 10% interest for 10 years. Ms. Florence says that price included the interest. Chairman Vala says and that was \$7.91 that's been retired, but where did the \$7.91 go in the lease price to us? Ms. Florence says were no longer paying the \$7.91 but we have increased the base rent by \$5.36 which is roughly the amount that it costs him to operate the building on an annual basis to provide building insurance, janitorial, pest control all those things. We only pay for gas and electric in this Lease. Member Bedore asks have you gone out on a RFI on this? Ms. Florence says it was bid 10 years ago. Member Bedore says do you think in 10 years something has come up? Ms. Florence says I did a search online for available properties in Harvey, and Chicago Heights it there was very little that I found. Member Bedore says looking at this the owner knows he has us over a barrel because we put in over \$900,000 dollars and he knows we are not going to move with that much invested. I have a problem with the 30% increase. Ms. Florence says well again he hasn't had a rental increase in 10 years. His operating cost continue to go up and any landlord would include his cost to operate the building in the base rent. Ms. Florence says we can put it back out on the streets, then were going to pay build out costs again. Mr. John Rogers said one thing we have done in the last 5 years with the guidance of the Board, and CMS we have consolidated 3 offices in Harvey, and we consolidated the Kankakee Office we have shut down the Chicago Heights Office and we closed an office on 87<sup>th</sup> and Cottage. So, all those zip codes went in the Harvey location. It is a considerable amount of money saved by consolidating 4 offices. Member Bedore if we spent \$900,000 for improvements to accommodate these other offices correct. John Rogers says yes but you have \$900,000 in saving to sir. Chairman Vala says you're paying a 29% increase for rent and its difficult enough to get landlords to work with us this is scary. Member Ivory says that we are at a disadvantage. I'm sure we don't have much a of an alternative but I'm sure if we could make a transition from this Property to another one that was cheaper, we would. Ms. Florence says certainly if we put this Lease into place which I hope that we do, nothing precludes us from publishing a RFI on the open market. Member Morales recommends that CMS do just that. Member Bedore says he would like a letter to object to the lease. Ms. Florence asks what does the Board recommend for occupancy for this lease? I have to have a lease in place until sometime to program a RFI to get it on the street, to get offers. Ms. Florence says she needs at least a year to get offers out. Member Bedore asks he won't renegotiate? Ms. Florence says this the best were going to do. There is any empty grocery store, an industrial building and I think that is it for office space in Chicago Heights. Chairman Vala makes a motion to issue a letter of no objection for one year and Member Bedore seconded the motions. With all Members voting "aye" motion carries.

Next on the agenda is Lease 4058 in Springfield. IEMA been here since 2001 this the first rent increase since 2013. Base rent is \$5.21 with a 2% increase in year four. We pay utilities, janitorial, and garbage. Member Bedore says he toured this facility years ago its different, and the space is used for many different things, for \$5 and something I don't have any objection to this. Chairman Vala makes a motion enter a letter of no objection, Member Black seconded the motion. With all Member voting "aye" motion carries.

Next on the agenda is Daley & Georges. Mara Georges was present in Chicago. She is an attorney at Daley & Georges. Ms. Georges said that she represents Cerner's Corporation for proposes of protesting U of I Health RFP KRS116. Cerner is the largest standalone Healthcare IT Company in the world, and currently has a presence at UI Health. Cerner is also the electronics record provider at Cook County Health Hospital Systems which recently achieve a HIMSS level rating. The highest level for Cerner electronic records system. Both Cerner, and its competitor Epic share a similar percent of the United States market. With both being recognized as United States leaders. In awarding RFP KRS116 to Epic, UI Health selected an electronic health records System with a total cost between \$135 and \$165 million dollars compared to the all in price by Cerner of \$65 million dollar. RFP KRS116 mandated that responses and I quote "clearly define all costs inspected to be incurred by UI Health during implementation and throughout the term of the contract as elements of the total price proposal". Cerner submits a fix fee of price of \$65.5 million dollars, that included all services designed, filed and implementation for the term of the contract. In contrast Epic's proposal which was higher than Cerner's disregarded the express pricing requirements of the RFP and failed to include billions of dollars of implementation costs. By way of specific example Epic was the only proposer allowed to submit a best and final offer in which Epic reduced its' price by \$4 million dollars, and still came out ahead of Cerner's price at \$62 million.

Furthermore Epic, and only Epic was permitted to demonstrate their product to UI Health with specific functionality criteria like product usability, and ease of use, specifically number of clicks, speed and workflow breath of application features, and functions. These criteria, can only be meaningfully evaluated with demonstration. Despite receiving 3 responses proposals UI Healthcare only allow Epic to demonstrate the system, and awarded the contract after only seeing Epics demonstration. UI Health awarded 190 points to Cerner for the functional response of this element without seeing a demonstration of Cerner System. UI Health then awarded Cerner 276 points overall. Cerner was given a near 86 of a possible 120 points for its price, even though Cerner price was lower than Ethics. After UI Health awarded the contract to Epic, UI Health release a request for information revealing the need for UI Health to procure additional 3<sup>rd</sup> party implementation services. Because of selection of the Epic proposal UI Health decision to select a proposal that cost more than other proposals is unjustified and results from the role that Impacted Advisors played in the process. Impacted Advisors had a role in creating the criteria from the RFP as clearly demonstrated documents we obtained through the FOIA process. Epic relies on a 3<sup>rd</sup> party to implement its system, a 3<sup>rd</sup> party like Impact Advisor. Because Cerner handles its own implementation, Cerner does not require the services of a 3<sup>rd</sup> party like Impact Advisors. The acceptance of Epic proposal allows Impact Advisors to obtain more from UI Health. Impact Advisors was involved in drafting the set of criteria that favorited Epic then sought additional work from UI Health to implement Epic's system. Such actions exhibit Impact Advisors conflict of interest. UI Health disregard of its own criteria combined with Impacted

Advisors participation in the RFP process, violate the Illinois Procurement Code and make a mockery of principals of fair dealing on which the code rests. As a result, Cerner respectfully request that pursuant to the Illinois Compiled Statutes, The Procurement Policy Board review Cerner's claims and issue of a letter of recommendation to void the award to Epic System RFP KRS116. Thank you for your time.

Member Bedore says first of all I want to thank Mara George for being in Chicago. I happen to know Ms. Georges, former Counsel for the city of Chicago. I have high respect for her and her other partners. So, if we come down to a vote I'll have to recuse myself. But before that do you know what the 3<sup>rd</sup> party cost would be? Ms. Georges, replies yes. Epics best and final offer came down to \$62 million, so they reduced their price by \$4 million from their original proposal to \$62 million. Impact Advisors has pegged the entire cost of the Implementation between a \$135 and a \$165 million. So, the difference between \$135 and a \$165 million, or roughly \$75 to \$100 million dollars, is the difference between the price proposals between the Cerner and the Ethic proposal. Member Bedore asks how did you come up with how much their cost would be? Ms. George says they received documents through the FOIA process.

Member Bedore ask who were the people that reviewed this? Ms. George says is was a 17 Member Committee and they will not disclose the names, so I don't know. I did submit a FOIA for that information. It was denied. Member Bedore says we have had experience in the past with the U of I regarding panels, and in my experience, they have never really been above board on everything. I just can't believe with a difference of \$75 million dollars they wouldn't have your company come forward and give a demonstration of its product. Ms. Georges says it was a strange process. In the RPF process it gets narrowed down to 2 companies, and they negotiate against each other to give the Government, or the Agency the best price. So, when your bringing it down to 2 finalists, and they have to negotiate on the best and final offer, and the best of services the agency gets the best package possible. In this case it appears that the entire process was geared towards Epic and it was only Epic that was allowed to move to the demonstration to give a demonstration to make a best and final offer, none of the other proposals were allowed to do so. Member Bedore asks well we have had experience in the past where your down to your 2 your last two finalists, and the winner is usually the Government. I guess in this case the U of I didn't care for saving \$75 million dollars.

Chairman Vala asks why wouldn't the 17 Member Selection Community not be disclosed; how do we know about conflict or anything else? Ms. Georges replies that's a good point, and there is a lot of information I just don't have, because a number of FOIA's I submitted were denied. Chairman Vala asks was it part of the 17 Member Review Board that negotiated or was it people who were working off of recommendations from the 17 Member analyst? Ms. Georges says from her understanding it was the 17 Member Board who made the recommendations to select Epic, and then it went to the Board of Trustee's for approval of that Board's decision. Chairman Vala but you said there were some negotiations made after Epic was picked, was that done by the 17 Member panel who has knowledge of the RFI or done by people outside of it? Ms. Georges replies unfortunately that is information that she does not have. Member Black has some concerns regarding the panel on how the panel was picked. Have you FOIA the Committee to get that list? Ms. Georges replies yes, and it was denied. There were a number of FOIA's denied based on the final contract of Epic is not signed. So, so it is frankly an exemption that the

Governmental Agencies use frequently. Until the process is final there is no need to release anything because it could impede the process going forward. Member Ivory says but you also have a protest period. That once the contract has been awarded, you have a protest period that puts it back in the CPO's hand. In terms of evaluating if the procurement process was fair, and appropriate process. Ms. Georges states that she did file a protest with CPO Ben Bagby who denied the protest. Member Ivory asks what was the grounds of denying the protest? Ms. Georges well it was fairly extensive. Member Ivory replies I have questions in the IT Department with the particular procurement, it seems like it's one side of the story, but there is another side of the story also. I think it's our obligation to do what's best for the State of Illinois. Member Black asks what specific language did the University respond that the FOIA request for the Committee Members, what did they say specifically? Ms. Georges replies that she doesn't have that letter with her but is the tune of the process not final and until it is that information will not be disclosed. Member Black states that not releasing till after it's signed its tax money, and you need to be transparent enough to convince that the taxpayers are being protected. Chairman Vala states that the names could not be released till after the award, but how could you knowing who Members, and knowing who the 17 Members are now you're not rebidding your just trying to gather information to compare apples to apples. Why would they not be released? Ms. Georges says as I mentioned Governmental Agencies use the exemption quite a bit, and really don't disclose anything about an RFP process till after its final. It does put anyone that wants to protest it at a disadvantage. There is a lot of information that I don't have, and I won't be able to obtain that information till that process is final. So, typically they're trying to ensure the process remains untainted by not releasing documentation until its final.

Chairman Vala says by not releasing information it becomes tainted. Have you requested the assistance of the Attorney General they have a facilitator to see if you can get the 17 names? Ms. Georges states that she has not gone to the public access counselor because I do believe that it is an exemption, and Governmental agencies use quite often. I don't know using my time going to the Public Access would yield any positive results for my client. So, I was trying to be a little more streamlined in my efforts trying to figure out what could be the more effectively approach to this. Member Bedore says he will say a couple lines from Ben's letter. The proposal clearly defines all cost expect to be incurred by UI Health. UI Health says all cost necessary to use the vendors software. The 3<sup>rd</sup> party system Epic listed as required are cost to UI Health and intended to incur on its own, and were not part of the scope of the RFP. I can't understand when we're talking about taxpayer's money why that wouldn't have your company make a demonstration to this committee when there is potential of \$75 to \$100 million dollars difference. I guess U of I doesn't care if there is \$75, or \$100 million dollars additional cost to the tax payers. Member Bedore says he finds this appalling why they wouldn't have two firms at the end, and then they would bid against each other, and the U I Health would hear their proposal. I guess cost doesn't mean anything to the U of I. When you look at these numbers we know that there has to be additional cost to implement this, and your Company has included the entire cost the other firm has not? Ms. Georges replies that is correct. Member Bedore says they don't care about the \$75 to \$100 million dollars. I have a problem, but I can't vote. Chairman Vala asks Mr. Bagby has the contract been awarded? Mr. Bagby replies yes. Chairman Vala asks how long does it take to implement the program? Apparently, some type of equipment has to be put in, software? Mr. Bagby replies the University will have to answer that. I believe there already 3 months behind in

the projective timetable. Member Bedore says so the new company is 3 months behind? Mr. Bagby says no the project is 3 months behind.

Member Ivory says Ben from what I understand from the Procurement process once they file the protest for the 14-day period, then once the CPO either denies or agrees to the protest. Then that procurement gets off the ground and begins to run at that point in time, am I correct on that? Mr. Bagby replies that is correct. Member Ivory in terms of the procurement process you don't always have 2 people that they give the best and final offer. I've seen a number of times, where you have 1 person selected ask to give their best and final offer. I'm not concern with that as much as the transparency and tax payer's dollar, and the perception that this is not open and not very transparent at all. There is a conflict of interest with the 17 people. Is there any minority participation in this procurement do you remember Ben? Mr. Bagby replies he doesn't not remember. Ms. Georges replies there was in the contract. Member Ivory asks did they meet that requirement? I don't think either was criticized for not meeting it any of the responders. Director von Behren states he would like to make some procedural clarifications as far as the RFP is concern. The way the process usually works, the technical responses are reviewed. Each response had to meet a minimum score in order to move on to the presentation. Once the 3 technical responses were scored, I believe only one company met the minimum amount of points to move on to the presentation which was why only one company was allowed to have a presentation. The price is not opened till after all technical responses have been reviewed. As far as the FOIA is concerned once a FOIA is submitted, the Government does have several exemptions. I can tell you there are some Attorney General opinions on whether or not the actually identities of the RFP responses must be revealed or not. Chairman Vala asks Director von Behren you said when the reviews come in did they analyze it; and was it not based on Price? Director son Behren says they don't look at price initially when a typical RFP processes price and technical responses are submitted separately, and the review committee reviews the response and scores it, and then then they move on to the next step, which in this case was the presentation. The way I'm reading it is that only one company meet the minimum score that was set prior to bid opening that you had to meet to go on to presentation, and only one company met that.

Jeff Jurgens states we have not had a lot of challenges submitted but this under this section of the procurement code that allows by a 3/5<sup>th</sup> vote for the Members to review a contract. What we could do is the Board can make a motion to review this and invite all parties, given notice parties, and have them come back, and answer these questions, and have a full review of this at a further hearing. Chairman Vala says will that stop the contract? Jeff Jurgens replies I don't know if that stops the contract at least under 5-5H we would provide notice as well. At this point it seems like the options are either the Board takes a look at this or were not interest in taking up this review at this time. Member Morales asks Ms. Georges have you ever rejected a FOIA? Ms. Georges replies absolutely I think it's a standard form, and routine denial the Governmental Agencies use. I'm not trying to suggest anything another then I was asked a question for which I don't have the answer, and the reason why I don't have the answer is because I can't obtain the answer at this time. Member Morales replies with regards to the contract has it not be executed? Ms. Georges states she not sure if they have executed a contract with Epic or not. Member Morals ask will that effect the protest? Ms. Georges replies well the protest was denied by CPO Bagby. Member Morales asked Director von Behren to the bidders meet certain criteria to move

forward, if there is only entity that meets that criteria that's the only one we would move forward and have a presentation with? Director Von Behren replies I'm not sure if that was the procedure here it depends on how the RFP was written. I haven't read the RFP itself. If it's written to say that you have to meet the minimum in order to make it to presentation or price, then maybe we only open one price. Is there anybody from the University of Illinois present? Yes! Director Von Behren asks would you like to say anything can you tell us if the contract has been executed? No because we were not invited here to present either, and so incongruence with the CPO if you want to entertain a full hearing, and provide notice then we can come and present. Member Morales recommend moving forward to review this once we get all the facts. Member Black states can we have people here to cast some kind of light on this. This is public business the University of Illinois is a world class public university, and I get damn tired of them operating in just the opposite like there Harvard. University of Illinois is better a school then Harvard but there a public university, and they have to answer questions and they have to be transparent. Every time the university gets into trouble it's because they won't say what they're doing. I move that we get the parties together. I don't know our responsibilities what powers we have. This is public business and I want an answer given publicly. Director von Behren says procedurally it looks like under section 5-5H the Board can vote to put this under review and we can give all parties 14 calendar days' notice to appear. that's plenty of time for them to be here at the next meeting. Member Black with the ordinance of that section I make the motion ask that this be under review. Member Morales second the motion. With all Members voting "aye" motion carries and Member Bedore recuse himself.

Chairman Vala makes a motion to adjourn. Member Bedore seconding the motion. All members voting "aye" meeting adjourned.