

**Business Enterprise Program Council for Minorities,
Females and Persons with Disabilities Meeting Notes**

MONTHLY COUNCIL MEETING MINUTES

100 W. Randolph
Room 9-040
Chicago, IL 60601

401 S. Spring St.
Room 500 ½
Springfield, IL 62706

Monday, March 23, 2015- 1:30 PM

COUNCIL MEMBERS IN ATTENDANCE

Fred Coleman, Larry Ivory, Corinne Pierog, Jesse Martinez, Perry Nakachi, Hedy Ratner, Denise Barretto, Beth Doria, Samantha Hufnagel (Phone), Charisse Witherspoon (Phone)

COUNCIL MEMBERS NOT IN ATTENDANCE

Lynne Turner, Susan Shaw, Charles Lowder, Edward McKinnie, Kacy Bassett, Karen Eng, Rodney Lewis

COUNCIL CHAIR

Tom Tyrrell, Chairman

COUNCIL SECRETARY

Paul H. Cerpa

CMS STAFF IN ATTENDANCE

Elias Ricks Ngwayah II, Harry Reinhard, Ellen Daley, Ben Jones, Leslie Taylor, Ignacio Cuevas, Mike Basil, Jeanetta Cardine

OTHERS IN ATTENDANCE

Gustavo Geraldo, John Cieslik, Ceale Johnson, Linda Clarke, Ron Warren, Ira Thompson, Thomas Harris, Vincent Gilbert, Thomas McElroy II, Kaley Martin, Yolanda Washington, Herman Strahan, Dr. Moriel McClerklin, Edgar Lopez, Travis Bloomfield, Louis Patterson, Wayne Gatery, Wole Adeoye, Deanna Rossetto, Ben Bagby, Van Austin, Michelle Casey, Art Moore, Melissa Hamilton

**PUBLIC NOTICE
STATE OF ILLINOIS**

***Business Enterprise Council for Minorities, Females, and Persons with
Disabilities***

100 W. Randolph
Room 2-025
Chicago, IL 60601

401 S. Spring St.
Room 500 1/2
Springfield, IL 62706

AGENDA

March 23, 2014
1:30 p.m. – 3:30 p.m.

- I. Welcome
- II. Call to Order
- III. Roll Call
- IV. Approval of Minutes of Council Meetings held on February 23, 2014.
- V. Chair's Report
- VI. Posted Business
 - CMS Recognition Certification Policy
- VII. Committee Updates
 - Procurement Committee
 - Business Development Committee
 - Capital Access and Banking Committee
 - Certification Committee
 - Policy, Rules and Enforcement Committee
- VIII. New Business
 - IPHEC Higher Education Diversity Working Group Quarterly Report
- IX. Public/Vendor's Testimony
- X. Adjournment
 - Next Council Mtg. – April 27, 2015

Please note: In case you need to connect to the meeting via teleconference, please use the following number and access code:

Teleconference Number
Access Number

888-494-4032
2587213722

I. Welcome

- Chairman Tom Tyrrell welcomes all.

II. Call to Order

- Chairman Tom Tyrrell called the meeting to order at 1:40pm. He asked Secretary Cerpa to conduct the roll call.

III. Roll Call

- Roll call conducted. Quorum was not established.

IV. Approval of Minutes

- Vote was postponed until quorum is established. Members are encouraged to review the minutes and recommend changes if needed in the interim until a quorum is established. Member Beth Doria made two modifications.

V. Chair's Report

- Chairman Tyrrell stated that we are in the appropriation testimony season and that CMS went before the House last week. He informed the Council that the state is in a tough fiscal place and it is not going to change. Notwithstanding, he said we are going to work toward increasing BEP participation. He also informed the Council that the Governor's office had approved the nomination of Kim McCullough as the Assistant Director of CMS. He said Kim is a life-long resident of Chicago and a business woman with some experience in state government from years ago. One of her primary role will be to help us grow this program.

VI. Posted Business

- **CMS Recognition Certification Policy**

Secretary Cerpa stated that pursuant to the BEP Act and Administrative Rules, it allows CMS to accept certifications by outside entities as long as their processes are equal to or exceeds our certification standards. Currently, the BEP Program has instituted certification *Interagency Recognition Agreements* between CMS and the City of Chicago, Cook County, and the five members of the Illinois Unified Certification Program (UCP), WBDC and CMSDC. He explained that these agreements have been in place since 2009. He said the agreements will be expiring this summer in August. We intend to renew them although we realize that some procedures may have changed slightly. He reminded members that the certification process once enacted by CMS, allows CMS to accept vendor's certification from those agencies once they can demonstrate they were certified

at the time of their application with us. Once that was accounted for, CMS then adopted the date on the certification letter consistent with the letter received from the certifying agency.

Overtime, as we pursued that policy, it became conflicting with the overall procedure in place for contract review as well as determining responsiveness of firms being certified at the time of bid. The dilemma lies in the dates of certification of those firms. Secretary provided an example using the assumption of a firm has come for BEP certification March 1st of this year. Unfortunately, their date of certification may be expiring in April 1st of the same year, one month from their original application date. Consequently, pursuant to the policy adopted by CMS, that firm will only be certified for one month.

However, we can all agree it is our overall goal is to ultimately assist firms participate in state procurements, not spend inordinate time attempting to be certified be certified with us. The Recognition certification process is designed to help them having to go through the long full certification process of CMS.

According to Secretary Cerpa, what has happened, we ended up sending them back to their certifying agency for an updated letter in order for them to fall in line with our certification. He reminded the Council that the UCP no longer provides a No-Change letter to their firms. He also reminded the members that according to the Federal Program, a firm is certified for life until they are removed from the program. He then informed the Council that he was presenting before the Council, a policy that he wished to enact within the BEP program addressing a procedure that allows the firm to be certified for a period of one year provided that the analyst can ensure that at the time of its application and us rendering a decision, the firm was certified by its host agency. He said this new policy allows that firm an annual certification with CMS without having to go back to the host agency to receive update letter unnecessarily. To ensure a firm is certified with an agency, we will receive regular updated listing of all certified firms, denied or decertified firms, or removal from an agency's certification program. The UCP's certification updates are already provided on a monthly basis. He said according to the Act and the Rules, this policy approval from the Council is not required for the implementation but as a courtesy to the Council he is presenting to answer any questions and seek any input which can fortify this new policy.

Member Beth Doria said she thinks it is a wise move based on her experience sitting on other boards and hearing from other members. She declared her support for the move.

Member Jesse Martinez said this move would be a big support for his agency in regards to knowing if a firm is certified at the time of bid.

Member Perry Nakachi wants to know what other documents are received from the vendor other than the certification letter at the time of applying for certification. Secretary Cerpa said the key document is the letter from the agency in verifying the certification status. We are also provided financials to ensure they fall under the cap limitation. Member Nakachi wants to know whether the applicants certify that they are indeed currently certified with other agencies. Secretary Cerpa said yes by virtue of their affidavit being signed and notarized. Member further asked if Secretary Cerpa considered all parties to the Inter Governmental Agreement on equal footing or better. Secretary Cerpa responded yes.

Member Corinne Pierog wants to know whether non-governmental agencies such as WBDC and CMSDC fall under this new policy. Secretary Cerpa said yes.

Member Fred Coleman is concerned about having firms fall into a gap period whereby they are not certified by their host agencies but are certified by CMS. Secretary Cerpa noted it more often has to do with the firm still awaiting their certification letter by the hosting agency rather than a decertification or not being certified. He also reminded the Council that agencies are informed when there is a decertification. He said if in fact a firm does get decertified, an agency or university will be informed at least within 30 days per the agreements. Member Coleman is concerned that dollars spent on a firm not certified will not have their dollars counted toward their annual BEP spend. Secretary Cerpa said this policy will allow full accountability of those dollars spent on the vendor.

Member Nakachi wants to know if BEP will make sure that it is not the company fault that there is a delay in their certification. Secretary Cerpa said we will make sure the firm was certified at their time of application with BEP. Member Nakachi wants to know how a company in this limbo state will be legally classified. Secretary Cerpa said they would be classified as being certified. Member Doria said some agencies use their directory as proof that a firm is still certified despite not having a current certification letter.

Member Coleman is concerned about BEP reliance on other agencies to communicate with you when a firm has been decertified. He is concerned about not counting those dollars spent on those companies that fall in the gap.

Member Larry Ivory wants to know if this could lead to vendors taking advantage of not being certified with their host agencies and using CMS certification to get contracts. Secretary Cerpa said the host agencies are required to provide BEP with a listing of companies that have been decertified.

Member Nakachi said he supports the policy despite its risk.

Member Pierog wants to know the time frame between putting in your application and being certified. Secretary Cerpa said 60 days.

Member Doria said her working group is working toward a standardization of all procedures across the board for all certifying agencies.

Member Ivory wants to know why this should not come to the Council for approval. Secretary Cerpa said based on review of the Acts and Rules and legal opinion, this policy would not require Council actions.

Member Pierog wants to know whether once you are certified that means you are certified for life. Secretary Cerpa no, that there will be an annual recertification. Member Pierog asked whether we could one day have a universal certification for all agencies. Secretary Cerpa said he cannot envision that happening in the near future.

Secretary Cerpa thanked the Council for the input and said he will move forward with the implementation of the policy effective April 1st.

VII. Committee Updates

a. Procurement Committee

Chairlady Witherspoon said that she has no committee update.

b. Business Development Committee

Member Barreto said they are meeting in Springfield on April 16, 2015.

c. Capitol Access and Banking Committee

Chairman Coleman said the Capital Access report is enclosed in the meeting packet. He said they have been focused on the criteria these profit and non for profit financial institutions will like to have. Since January the committee has been meeting with financial institutions to share their expertise and to understand how these financial institutions are well suited to make this financial assistance to minorities and females and person with disabilities businesses. They have also been meeting with CMS staff about the database and about liability issues. The report shows the two pages that make up the form that will be used for the vetting. They are hoping to meet with CMS to finalize the criteria with the next three weeks.

Secretary Cerpa wants to know if there is additional vetting going on once the form is received by CMS. Member Coleman stated no, we will only be reporting on the status of the company.

Member Pierog said that the institutions have to be in good standing with the State of Illinois.

Member Nakachi worries how a company can get warrants but does not have equity.

Secretary Cerpa said he does not believe that the aim of the subcommittee was not trying to find a financial institution to work with certification. It was to find financial institutions to work with our certified firms to get financing.

Member Ivory recommended that we deal with the equity issue on a case by case basis since it might affect a small portion of our vendors.

d. Certification Committees

No report.

e. Policy, Rules and Enforcement

Chairlady Doria said there is no report.

VIII. New Business

Member Barreto wants to know why we do not have a space for old business on the agenda. She said it would be a way of circling back to things that were discussed but not yet done with. Secretary Cerpa said we would add another agenda item if we so desire.

Member Ivory told the council about his concerns about transparency regarding the BEP Annual Report numbers. He said it needs to be more detail oriented and have a breakdown reflective of the exemptions and the budget as a whole. He said there will be many people asking him about the report and he will not be able to fully explain it to them. He urged more transparency in this report that will make it clear and understandable to people.

Chairman Tyrrell promised to have clarity on the numbers. He said the actual budget numbers that CMS has control over is in fact much smaller than they seem.

Member Ivory said it is important to have a well educated board that can defend those numbers.

Member Barreto recommended that the area to start to bring about clarity on the numbers would be the "dollar subject to goal".

Member Coleman shared with the Council that the Higher Ed has a working group that just conducted a business fair at Governor State University on March 12, 2015 that turned out to be pretty successful. There were 30 exhibitors of which 6 were Higher Ed institutions. There were about 150 minorities, females, and persons with disabilities attend the fair. They had an impactful panel discussion with 80 vendors in attendance. He said there were questions about how the impacts on these outreach efforts were going to be tracked. He explained that there is a centralized registration process for all vendors who participate. The listing of these companies who registered is shared with the various Higher Ed institutions to match with their database to see if there has been any procurement of goods and services by these institutions. He said on April 1, 2015 the University of Illinois will be hosting its 3rd Annual Professional Services Symposium from 11:30am to 5pm at the University of Illinois Chicago Forum. He said they have had very good success utilizing this approach to introduce professional service firms to the universities. He also said the IPHEC Diversity Working Group has tentatively set late July 2015 as the time frame for hosting the Higher Ed Diverse Opportunity Fair in the Central region of Illinois at the University of Illinois campus. Next, he stated that Northern Illinois is planning a Diverse Business Opportunity Fair in March of 2016. Lastly he stated that the University of Illinois is in the final stage of issuing an RFP for Information Technology Personnel Consulting Services as a model response to the State of Illinois Disparity Study. The RFP is expected out on the street within the next 30 to 60 days.

Chairman Tyrrell wants to know if CMS is involved in the creation of the RFP. Member Coleman said no. He further explained that they had an approach before the Sheltered Market discussion in the council. Chairman Tyrrell said this could be an opportunity to get involve in order to increase our IT minority representation in BEP IT participation.

Member Ivory clarified that a Sheltered Market is where you show discrimination then you can set aside a contract through a negotiated or non-negotiated bid to correct disparity. He said if this IT bid is open to everybody then it is not the type of sheltered market that he has been pushing for a couple of years .

IX. Public/Vendor's Testimony

Mr. Vincent Gilbert, Executive Director of the Garden Initiative, said he met with members of the State hierarchy 16 months ago including the Secretary and General Counsel of the Department of Transportation. He directed the attention of the Council to a letter signed by Mr. Tom Tyrrell on March 1, 2015.

He said Mr. Tyrrell's mandate for this committee is to provide improve transparency, accountability and cost savings and to be able to monitor and protect three classes: Minorities, Females, and Persons with Disabilities. He referenced the Governor's turn around agenda report regarding these 3 protected classes where he states that a lot of the past practices as it relates relating to them have been egregious and some would say fraudulent. He said he would pay close attention to the \$425 million dollars that was subject to the BEP goal. He said after going through the report some would say that the report that Mr. Tyrrell gave to the Governor is not only fraudulent, but misleading because he only talks about the \$425 million dollars subject to the goal but he failed to mention what the total State budget is.

He said the State's budget is \$17 billion but the BEP goal is only \$221 million. He said since one of Chairman's annunciated goals is to improve transparency, he believes it is ridiculous to report this number to the new Governor. He said based on the numbers there is no way to say 38.5 % of total contract dollars were spent on blacks. He said it may be considered laughable. He said he knows that blacks received maybe ½ of 1%. He said they will take these figures and work with the Governor. He said without true competition, the price to the tax payers goes up. He said the Gardner Initiative will file an RFP with an appropriate law firm in the State of Illinois, to file a class action lawsuit because CMS is in violation of the law. He ended by saying that we have to have transparency with taxpayer's dollars and this is not transparency.

Andrea Paxton from Harvey Area Chamber of Commerce wants to resolve some issues relating to registration of black vendors with the Procurement and BEP registration systems. Noted was it appeared to be creating obstacles in

registering in both systems. Secretary Cerpa said this may not be the forum to address that issue. He reaffirmed her name, organization and phone number and indicated we would get back to her to assist her constituents.

Mr. Wole Adeoye, founder of true Retail Pharmacy of Decatur, Illinois expressed his frustration trying to compete as a BEP in the healthcare arena. It appears his gross margins on contracts he is participating on with major healthcare PBMs may be treated unfairly by insurance companies as it relate to lack of contract agreements sought help from the council. Secretary Cerpa indicate that while that appears to be a business decision or arrangement agreed upon, he asked him for the paperwork and indicated to do some follow-up with the HFS /contracting agency relating to his concerns.

Mr. Kaley Martin, Owner of Cyber Path IT, East St. Louis, Illinois talked about the lack of opportunities for minority businesses within the State's IT procurement. He stated that his business has made 3.4 million within the last 10 years but only 25 thousand dollars with the State over the last 3 years. He said they have the knowledge and need opportunity for growth. He decried the numbers that are being reported for the BEP goals for minorities. He is encouraged by the Sheltered Market because it gives minority a chance to compete. He said there should be consequences for failure.

X. Adjournment

- Secretary Cerpa called for Adjournment
- Member Ivory casts for a motion (moved) for Adjournment
- Member Doria seconded the motion to Adjourn.
- Meeting was Adjourned as of 3:40PM
- Next Council Meeting will take place on Monday, April 27, 2015-1:30 PM