IN THE MATTER OF: Capitol Strategies Consulting, *et al.*

ADMINISTRATIVE SETTLEMENT AND COMPLIANCE AGREEMENT

This Administrative Settlement and Compliance Agreement ("Agreement") is entered into between the Chief Procurement Officer for General Services for the State of Illinois ("CPO") and Capitol Strategies, Inc., Capitol Strategies Staffing Solutions, Inc., and Capitol Strategies Consulting, Inc. (collectively "Capitol Strategies") (the CPO and Capitol Strategies are referred to generally as the "Parties") under the authority of and in accord with 30 ILCS 500/1-1, *et seq.*, and the implementing regulations found at 44 Ill. Admin. Code 1.5560.

RECITALS

WHEREAS, it is the purpose of the Procurement Code and the declared policy of the State that the principles of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts by or for any State agency. 30 ILCS 500/1-5.

WHEREAS, a Responsible Bidder or Offeror is "a person who has the capability in all respects to perform fully the contract requirements and the integrity and reliability that will assure good faith performance." 30 ILCS 500/1-15.80.

WHEREAS, the Illinois Procurement Code provides "Any contractor or subcontractor may be suspended for violation of this Code or for failure to conform to specifications or terms of delivery. Suspension shall be for cause and may be for a period of up to 10 years at the discretion of the applicable chief procurement officer." 30 ILCS 500/50-65.

WHEREAS, on February 27, 2015, the CPO issued a Notice of Suspension with respect to Capitol Strategies which found cause for suspension pursuant to the CPO's procurement rules at 44 Ill. Admin. Code §1.5560. The Notice of Suspension included factual allegations and conclusions which are incorporated herein (the "Covered Conduct"). The CPO concluded the actions of Capitol Strategies and the subcontractor Berjaya, Inc. warrant suspension under

section 50-65 of the Illinois Procurement Code and the CPO procurement rules at 44 Ill. Admin Code 1.5560. Among other conduct, the CPO concluded that Capitol Strategies was not in compliance with contractual requirements implementing the Business Enterprise Program Act, as well as requirements of the Small Business Set Aside Program.

WHEREAS, by entering into this Agreement, Capitol Strategies does not admit that any of the allegations in the CPO's Notice are accurate and makes no admission of criminal, civil or any other liability.

WHEREAS, pursuant to the applicable administrative rules, if no objection was filed by Capitol Strategies, the Notice of Suspension would have resulted in a suspension of Capitol Strategies with respect to solicitations of agencies under the jurisdiction of the Chief Procurement Officer for General Services and the suspension would have taken effect seven calendar days after receipt of the notice.

WHEREAS, under the governing administrative rules, a vendor who is the subject of a notice of suspension may submit a written objection and request a hearing, and no suspension shall take effect unless and until the objection is evaluated and a decision made on the merits of the objection. *See* 44 Ill. Admin. Code §1.5560.

WHEREAS, the Parties agreed to a schedule for the filing of Capitol Strategies' written objection, issuance of the CPO's preliminary decision, filing of Capitol Strategies' request for a hearing, and issuance of the CPO's final decision after the hearing, all in accordance with the CPO's administrative rules.

WHEREAS, Capitol Strategies voluntarily agreed that it would not apply or be eligible for any new State business until March 30, 2015, in exchange for the extended schedule for the filing of its objection. Contracts and subcontracts were included in the term "new State business." Capitol Strategies' voluntary agreement did not extend to Capitol Strategies' existing

contracts with state agencies under the CPO's jurisdiction, and the Parties agreed that Capitol Strategies could continue to perform services under the existing contracts.

WHEREAS, the Parties thereafter agreed to defer action on the CPO's Notice, including the filing of an objection and hearing, to enable the Parties to pursue a potential administrative settlement.

WHEREAS, Capitol Strategies agreed to extend its commitment that it would not apply for or be eligible for new State business under the CPO's jurisdiction while the Parties' settlement negotiations were ongoing.

WHEREAS, under 44 Ill. Admin. Code §1.5560, the CPO is authorized to administratively settle and resolve disputes.

WHEREAS, to resolve this matter, Capitol Strategies has agreed to undertake, and has undertaken, remedial measures to ensure compliance with disadvantaged, minority and women-owned business enterprise and equivalent programs of federal, state and local governments in Illinois, including the State's minority and women-owned business program ("BEP").

WHEREAS, the CPO has determined that based upon Capitol Strategies' agreement to implement the measures required by this Agreement and information received from state agencies and other BEP certified firms, the CPO can consider Capitol Strategies to be acting in good faith to undertake remedial measures and that it is in the best interest of the State to enter into this Administrative Monitoring and Compliance Agreement.

AGREEMENT

Without admission of criminal, civil, or any other liability on the part of Capitol Strategies, Capitol Strategies recognizes and understands the seriousness of the allegations in the Notice of Suspension, and has agreed to undertake, and has undertaken already, remedial measures. In consideration of the facts set forth above, and the mutual covenants, terms and conditions set forth below, the Parties covenant and agree as follows.

I. General Terms

1. The recitals set forth above are incorporated into and are part of this Agreement.

2. Each of the Parties to this Agreement and the individuals executing it on their behalf, warrant, covenant and agree that the person executing this Agreement is authorized to enter into and execute this Agreement for and on behalf of the party or parties he represents.

3. The Term of this Agreement begins the effective date and ends June 30, 2018.

4. Capitol Strategies is suspended for the term starting March 6, 2015 through September 30, 2016 (the "Suspension Term"). The suspension applies to all Capitol Strategies affiliate companies.

5. During the Suspension Term, Capitol Strategies shall not submit any bids or offers as a contractor or subcontractor on any State-issued procurement including but not limited to any Information for Bid, Request for Proposal, Small Purchase, Emergency, Sole Source or Sole Economically Feasible Source Procurements issued by any State agency under the jurisdiction of the CPO. In addition, Capitol Strategies shall not participate as a contractor or subcontractor on any State contracts with any State agency under the jurisdiction of the CPO except as herein permitted.

6. The CPO agrees it will not pursue any further suspension or debarment action against Capitol Strategies or any of its predecessors, successors, assigns, affiliates, subsidiaries, divisions, and current directors, officers, representatives, and agents with the exception of those individuals identified in Section IV.A, below, based upon any of the Covered Conduct described in the Notice of Suspension. The parties agree that as an exception to the foregoing the CPO reserves its right to pursue future suspension or debarment actions if the CPO becomes aware of facts demonstrating Capitol Strategies materially breached the terms of this Agreement, Capitol Strategies misrepresented a fact material to the CPO or a State Agency with which it holds a

contract under the jurisdiction of the CPO, or there is a criminal indictment of individuals currently employed with Capitol Strategies arising from the Covered Conduct.

7. Pursuant to and consistent with the foregoing, the contractual commitments made by Capitol Strategies in this Agreement also apply to any subsidiary of any of the Capitol Strategies' companies, and to any other entity owned, controlled or managed by John Rooney, during the Term of the Agreement.

8. While the intent of this Agreement is to settle and resolve the Parties' differences with respect to the allegations in the Notice of Suspension, the Parties agree that the CPO reserves its right to pursue further administrative action that the CPO deems appropriate if the CPO in the future becomes aware of facts to support a violation of this Agreement or if there is a criminal indictment or conviction of individuals currently employed by Capitol Strategies. The Parties are not aware of any pending criminal investigation.

9. This agreement also in no way restricts the authority, responsibility, or ability of the CPO to consider and institute, at any time, suspension or debarment proceedings against Capitol Strategies based on information discovered in the future which constitutes an independent cause for such proceedings. Grounds for future suspension and debarment proceedings include, but are not limited to, the following:

a. Upon reliable evidence that Capitol Strategies has misrepresented any material fact in connection with this Agreement, the CPO may initiate suspension or debarment proceedings in accordance with 44 Ill. Admin. Code 1.5560 or other statutory, administrative, or regulatory authority, based on both the violation of the Agreement for misrepresentation of any material fact, and upon the Covered Conduct.

b. Upon reliable evidence that Capitol Strategies has engaged in any material breach or violation of this Agreement, the CPO may initiate suspension or debarment proceedings in accordance with 44 Ill. Admin. Code 1.5560 or other statutory, administrative, or regulatory authority, based on both the material breach or violation of the Agreement, and upon the Covered Conduct; provided, however, that Capitol Strategies will have ten (10) business days from the date of receipt of notice from the CPO of a material breach or violation to correct that breach or violation. If correction is not possible within ten (10) business days, for reasons beyond the control of Capitol Strategies, Capitol Strategies must present to the CPO within those ten (10) business days, an acceptable plan for correction. Any failure to correct the violation, or present an acceptable plan, may constitute an independent cause for suspension or debarment. If such a failure occurs, or if the CPO finds a corrective plan inadequate, or if the CPO finds a cure is not acceptable considering the breach, the CPO will provide Capitol Strategies with a written explanation of its finding. The CPO also will notify Capitol Strategies of its decision on suspension or debarment.

c. Upon a criminal indictment of individuals still employed with Capitol Strategies that would constitute an independent cause for suspension or debarment proceedings.

d. Evidence of any compliance problems with Federal, State, or local laws or ethics requirements not covered by the scope of this Agreement, including any issue that raises questions about the present responsibility of Capitol

Strategies that could serve as a cause for a suspension and proposed debarment referral.

10. This Agreement in no way restricts the authority, responsibility, or ability of any entity or public agency other than the CPO for General Services.

11. Capitol Strategies does not, by this Agreement, or otherwise, waive its rights to oppose future action(s) under 44 Ill. Admin. Code 1.5560 or any other substantive, procedural, or due process rights it may assert.

II. Remedial Commitments

12. After investigation by the CPO had commenced and concerns about its practices had been communicated to Capitol Strategies, Capitol Strategies initiated remedial actions to improve its compliance with BEP and other minority and women-owned business contracting programs, including:

a. Hiring a consultant to perform a comprehensive review of Capitol Strategies minority and women-owned business subcontracting procedures and practices; Capitol Strategies has implemented the consultant's recommendations; the consultant currently has trained Capitol Strategies' employees with respect to the revised procedures and practices; and Capitol Strategies has retained the consultant to continue providing monitoring and supervisory services, and troubleshooting services as necessary, for the indefinite future.

b. Revamping its minority and women-owned business owned subcontracting practices and protocols to better ensure compliance with applicable laws and regulations.

c. Designating one person as its BEP compliance officer, who was recently hired and who is a former state employee who is experienced and knowledgeable about the BEP.

13. In addition to those items listed elsewhere in Section II, Capitol Strategies agrees to the following remedial provisions to ensure compliance on all future State work where the State agency has included a BEP goal:

a. Capitol Strategies will comply with all requirements, provisions, or contractual terms regarding the Business Enterprise Program and all applicable procurement laws and regulations;

b. Capitol Strategies will meet, if not exceed, any BEP goals on all State contracts, unless Capitol Strategies obtains an appropriate waiver, or other relief from the goal;

c. Capitol Strategies will use BEP firms that are appropriately certified and are independent of Capitol Strategies;

d. Capitol Strategies agrees that any BEP subcontractor must provide personnel independent of Capitol Strategies, such that the proposed subcontractor must not, at the time of bidding, be a current Capitol Strategies employee or under contract as a consultant to Capitol Strategies;

e. As required by applicable contract provisions and administrative rules, Capitol Strategies will only count towards compliance with the BEP goal work actually performed by the BEP subcontractor;

f. Capitol Strategies will ensure the BEP subcontractor is performing the work which will count towards the BEP goal as required by the governing contract provisions and administrative rules;

g. Capitol Strategies will cease the use of master agreements with subcontractors and will instead utilize a separate written subcontract which meets all Article 50 requirements with each subcontractor for each State contract or project;

h. Capitol Strategies will ensure all subcontractors submit invoices to Capitol Strategies for each billing period and will not be permitted to use Capitol Strategies timekeeping system; and

i. Capitol Strategies will retain records sufficient to demonstrate that each BEP subcontractor actually performed the work that is counted towards any BEP goal. Such records will be retained for 3 years following the completion of a contract.

14. Capitol Strategies agrees that it will not download, prepare, or assist with the preparation of the bid for another company under the SBSP.

15. Capitol Strategies will prepare a quarterly report to the CPO of its compliance with this Agreement, as well as the specific compliance on each State contract with a BEP goal, beginning with the quarter starting January 1, 2016 and ending March 31,2016. The report will be issued within 30 days of the end of the quarter. Reporting obligations will continue through the quarter ending June 30, 2018. The form of the report shall be developed cooperatively by the Parties, but shall be subject to final approval by the CPO. Approval by the CPO shall not be unreasonably withheld. The report shall require provision of information describing all efforts by Capitol Strategies to satisfy the BEP goal including a specific description of the work performed by any subcontractor that will be counted towards the goal.

16. Capitol Strategies will provide an accounting for the fiscal years 2013 through 2015 of the actual work done by BEP-certified firms on all State contracts by April 31, 2016.

17. Capitol Strategies will appoint a Compliance Officer to ensure the companies' compliance with all procurement statutes, regulations, and rules, as well as with the terms of this Agreement.

III. Existing State Contracts

18. A list of the Capitol Strategies' contracts and their terms that were in place when the CPO's Notice was issued is attached as Exhibit A. The terms of certain of those contracts have expired, some are scheduled to expire in the near future, and several have the potential for renewal. Given the remedial commitments made by Capitol Strategies and information received from the various state agencies, the CPO has made the determination not to void existing contracts as a result of the suspension and allow Capitol Strategies to continue work under those contracts up to and including June 30, 2017. Each Contract, including all renewal options, shall terminate no later than June 30, 2017, as set forth in Attachment A. Several of the existing contracts contain renewal options. Up until June 30, 2017, the CPO leaves it to the discretion of the state agency that is a party to the contract to determine whether it is in the best interests of the State to exercise the renewal option for the term specified in the original contract, or readvertise for any required future work. If the agency decides not to exercise its renewal option but instead advertises the work for competitive bid or selection, Capitol Strategies shall not be eligible for award of any such contract during the Term of the Suspension.

19. Capitol Strategies is still required to comply with any BEP goals on existing State contracts. Capitol Strategies is entitled to BEP goal credit for any work actually performed by Berjaya (including its employees or consultants) while Berjaya was certified as a minority-owned business in the BEP. Capitol Strategies may demonstrate its good faith effort to comply and obtain an appropriate waiver as permitted by each agency.

20. On those contracts where Berjaya is listed as a BEP subcontractor it may be necessary to substitute a different BEP Certified vendor in order to meet the contract's BEP

goal. If substitution is required, Capitol Strategies will work with the affected Agency to seek the necessary approvals for the substitution and to ensure minimal disruption to State services. To the extent the Agency requests key personnel who are currently employed by Berjaya be kept on the project, the retention of those key personnel on the project as employees of the substitute BEP Certified vendor will not be considered a violation of this agreement.

21. Nothing in this Agreement relieves Capitol Strategies of its contractual obligations with respect to the existing contracts, including compliance with BEP goals.

22. Nothing in this Agreement alters State Agencies' contractual rights under the existing contracts with Capitol Strategies, including termination rights, as set forth in those agreements.

IV. Additional Provisions

A. Individuals

23. If Mr. Rooney establishes new companies or subsidiaries, merges with another company, or transfers the entire company or a substantial percentage of its assets to new owners, this agreement extends to the new company during the Term of the Agreement.

B. Modification of Agreement

24. Any requirements imposed on Capitol Strategies by this Agreement may be discontinued at the CPO's discretion. Other modifications to this Agreement may be made only in writing and upon mutual consent of all Parties.

C. Sales, Mergers, Transfers, Bankruptcy; Survival of Agreement

25. If, during the term of this Agreement, Capitol Strategies establishes new companies or subsidiaries, merges with another company, or transfers the entire company or a substantial percentage of its assets to new owners, Capitol Strategies must notify the CPO no later than ninety (90) days in advance of such action and must provide copies of all corporate documents. This Agreement will inure to the benefit of, and be binding upon, the Parties and

respective successors and assigns; provided, however, that the surviving entity, if other than Capitol Strategies, may request and show good cause why this Agreement should not be applicable to its operations.

D. Public Document

26. This Agreement, any documents referenced in this agreement, as well as the official suspension notice which will result from this agreement, are public documents, and any information in the CPO's possession pursuant to the terms of the Agreement, is subject to the Illinois FOIA, 5 ILCS 140, *et seq*. To the extent that a FOIA request received by the CPO would require production of information provided by Capitol Strategies to the CPO's office or its counsel, the CPO will notify Capitol Strategies that a request has been received and will identify the records in its possession that are responsive to the request. Capitol Strategies will have the opportunity to object to the release of the information.

27. The official suspension notice shall be published to the Illinois Procurement Bulletin. The official suspension notice shall also be available on the CPO's website during the term of the suspension, up to and including September 30, 2016.

V. Administration of Agreement

28. All notices and communications from the CPO to Capitol Strategies regarding this Agreement will be delivered to:

John Rooney
President
Capitol Strategies Consulting, Inc.
2413 Heather Mill Court
Springfield, IL 62704

All notices and communications from Capitol Strategies to the CPO and/or any Contracting Agency, as required by this Agreement, shall be delivered to:

Chief Procurement Officer for General Services
401 South Spring Street
Suite 712 Stratton Office Building

Springfield, Illinois 62706

Additionally, copies may be sent to the General Counsel for any involved Contracting Agencies upon the CPO's discretion.

VI. Entire Agreement and Effective Date

29. This Agreement constitutes the entire agreement between the CPO and Capitol Strategies, superseding any prior agreements or understandings, oral or written, with respect to the subject matter of this Agreement. This Agreement is effective on the date of the signature of the CPO.

VII. Signatures

30. Facsimiles and electronic (pdf) copies of signatures are deemed acceptable, binding signatures for purposes of this Agreement. This Agreement may be executed in counterparts, each of which will be deemed an original document, and all of which will constitute one and the same Agreement.

FOR CAPITOL STRATEGIES:

JOHN ROONEY
President
Capitol Strategies, Inc.
Capitol Strategies Staffing Solutions, Inc.
Capitol Strategies Consulting, Inc.

3·23·16
Date

FOR THE CPO:

ELLEN H. DALEY
Chief Procurement Officer
General Services

3-25-16
Date

IN THE MATTER OF: Capitol Strategies Consulting

Attachment A

State Agency	Name of Project	Initial Term	Renewal Term	Agreed Termination Date
Dept. of Insurance	Application Development Initiative II	10/25/14-10/24/15	N/A	Contract will expire with no further work beyond 10/24/2015
State Board of Education	Entity Profile System Program Analyst	10/8/13-6/30/14	through 6/30/18	ISBE may exercise annual renewals at its sole discretion up to and including 6/30/2017.
State Board of Education	EDEN/EDFacts Coordinator	2/3/14-6/30/14	through 6/30/18	ISBE may exercise additional renewals at its sole discretion up to and including 6/30/2017.
State Board of Education	Special Ed Database System (SEDS)	9/9/11-6/30/12	through 6/30/16	ISBE may exercise renewals at its sole discretion up to and including 6/30/2016.
State Board of Education	EIS Application Maintenance & Support	7/23/14-6/30/15	N/A	Contract has expired with no further work beyond 6/30/2015.
State Board of Education	Educator Licensure App. Maintenance & Support	4/30/14-6/30/15	N/A	Contract has expired with no further work beyond 6/30/2015.
Dept. of Transportation	Traffic Safety Project Manager	1/4/11-1/3/13	through 1/3/15	Contract has expired with no further work beyond 1/3/2015.
Dept. of Transportation	ARRA and FFATA	10/1/12-9/30/14	through 9/30/16	Contract will expire with no further work beyond 9/30/2016.
Dept. of Transportation	Safe Routes to School	11/22/10-11/21/12	through 11/21/15	Contract will expire with no further work beyond 11/21/2015.
Dept. of Transportation	DBE Project Manager	1/14/11-1/3/13	through 6/30/15	Contract has expired with no further work beyond 6/30/2015.
Dept. of Transportation	Human Resource Datamart	2/9/12-2/8/16	through 2/8/20	IDOT may exercise additional renewals at its discretion up to and including 6/30/2017.
Dept. of Transportation	Sharepoint (MOSS) Developer	11/22/10-11/21/12	through 5/21/15	Contract has expired with no further work beyond 5/21/2015.
Dept. of	Commercial Vehicle	1/4/11-1/3/13	through 6/30/15	Contract has expired with no further work

Transportation	(CVISV) Developer			beyond 6/30/2015.
Dept. of Transportation	Commercial Vehicle (CVISV) Project Manager	1/4/11-1/3/13	through 6/30/15	Contract has expired with no further work beyond 6/30/2015.
Dept. of Transportation	Traffic Safety Developers	1/4/11-1/3/13	through 6/30/15	Contract has expired with no further work beyond 6/30/2015.
Dept. of Transportation	Traffic Safety CIS Developers	1/14/11-1/3/13	through 6/30/15	Contract has expired with no further work beyond 6/30/2015.
CMS	Mainframe Developer	2/24/14-2/23/15	through 2/23/16	Contract will expire with no further work beyond 6/30/2017.
CMS	EPM Portal Agency	10/1/14-9/30/15	N/A	Contract has expired with no further work beyond 9/30/2015.
DCEO	PIPP System enhancement	2/13/14-2/12/19	through 2/12/21	DCEO may exercise additional renewals at its sole discretion up to and including 6/30/2017.
Public Health	Health Care Worker Registry Modification	7/18/13-6/30/14	though 6/30/16	IDPH may exercise additional renewals at its sole discretion up to and including 6/30/2016.